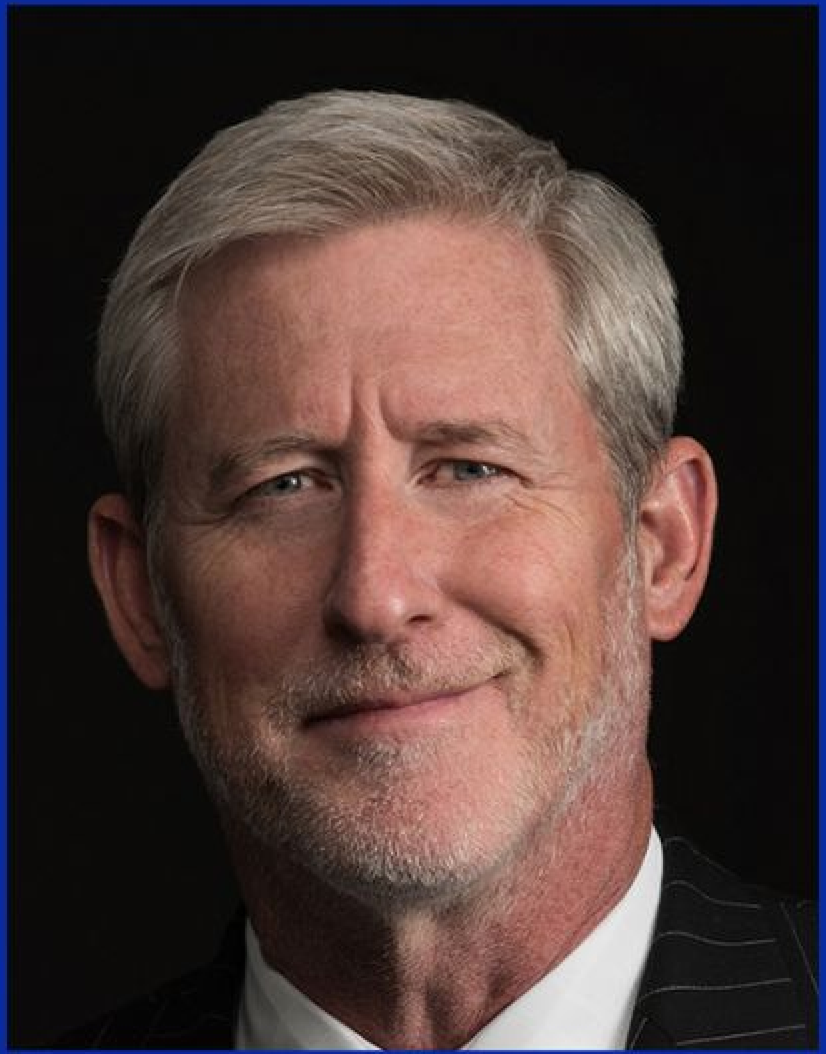
SPENCER CAVALIER

Co-Head, Downstream
Energy & Conv. Retail
Investment Banking
Matrix

SEAN DOOLEY

Managing Director
Matrix



JIM DIERKING

Attorney
Winthrop & Weinstine

JED BREWER

President
Study Groups

Mergers & Acquisitions and Legal Update

SG Study Groups

Study Groups Webinar: February 26, 2025

MATRIX
CAPITAL MARKETS GROUP

WINTHROP & WEINSTINE

Spencer P. Cavalier, CFA, ASA
Co-Head of DER Group
667.217.3320
spcavalier@matrixcmg.com

Sean P. Dooley, CFA, ASA
Managing Director
667.217.3322
sdooley@matrixcmg.com

James W. Dierking
Shareholder
612.604.6651
jdierking@winthrop.com

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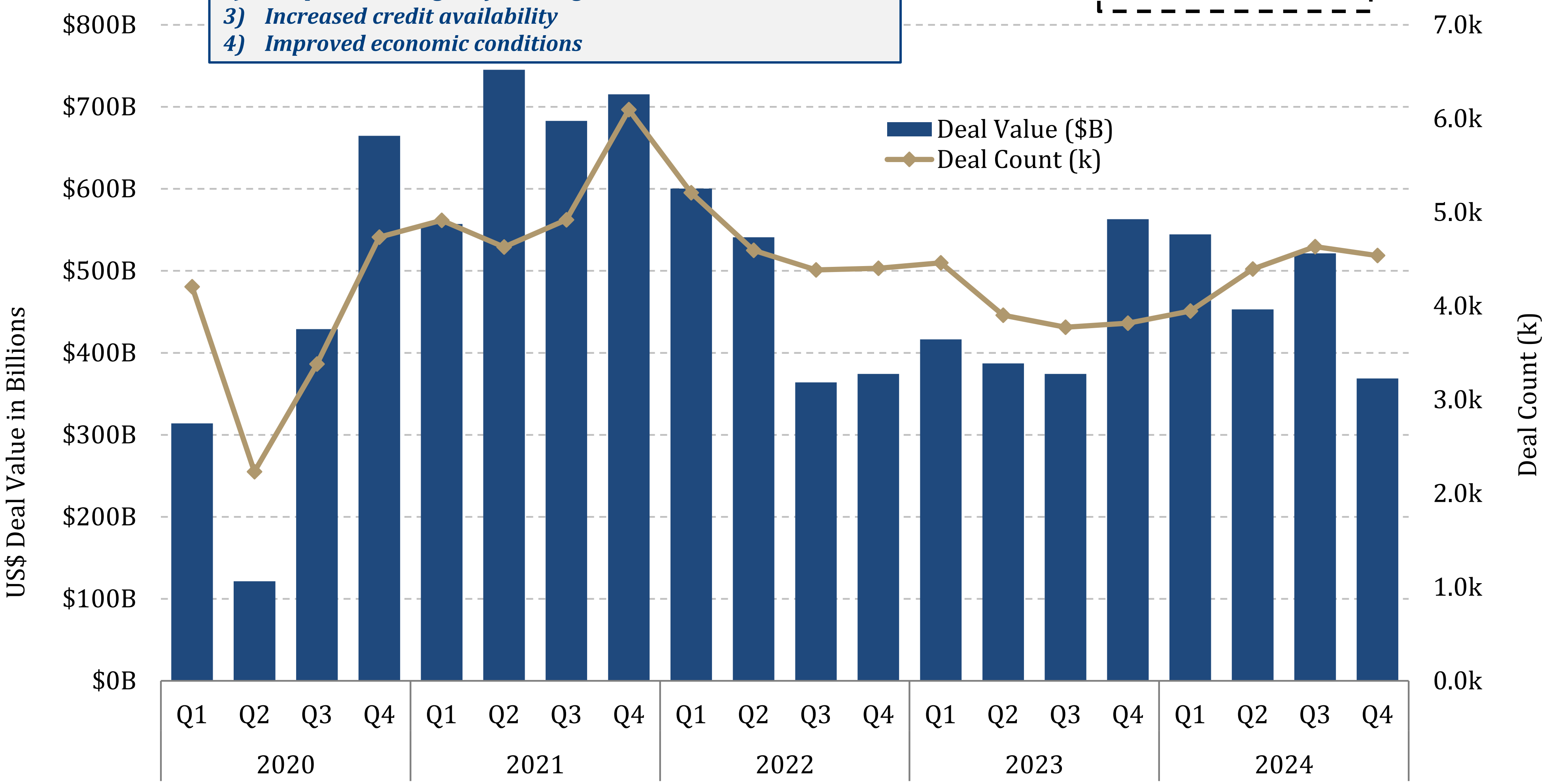
Discussion Topics

North American M&A Activity (All Sectors): Deal Value & Count

Key Factors Leading to Deal Activity Rebound

1) ***Aligned buyer and seller valuation expectations***
2) ***Adaptation to higher financing costs***
3) ***Increased credit availability***
4) ***Improved economic conditions***

2024 Deal Count is up ~10% from 2023



Source: Pitchbook (includes estimates of transactions not yet reported in 2024)

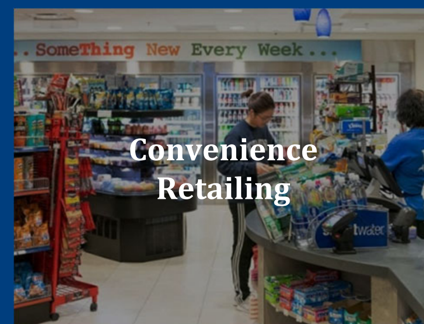
Discussion Topics

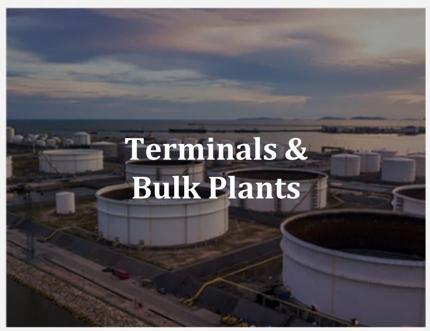
How Matrix Defines Downstream Energy & Convenience Retail

Included in Downstream Energy & Convenience Retail:

Included in Retail & Wholesale Fuels:

(Data for this section)





Factors Driving Consolidation

Factors that are likely permanent:

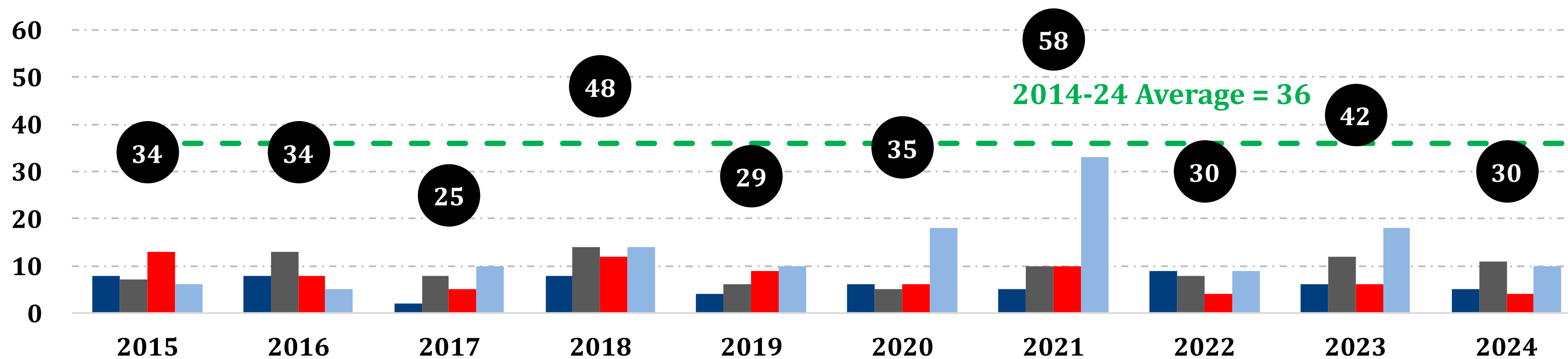
- Industry maturity and the natural evolution
- Continued expansion by highly recognized c-store brands, with established loyalty programs and large format stores
- Continuing need to reduce product acquisition costs and spread overhead across a wider base
- Continual pressure from increases in operating expenses (i.e., wages, insurance, credit card fees, etc.)
- Ability to attract and retain employees
- The needs of existing public and private equity owned businesses to grow revenues and cash flow
- Cost of capital and synergy opportunities differences between smaller and larger operators
- Generational issues (i.e., no potential or desired transition to next generation of family)
- Declining liquid fuels demand due to increasing efficiency of ICE vehicles and growing EV/hybrid market share

Factors that are subject to change:

- Historically low tax rates and favorable accelerated depreciation tax rules
  - Bonus depreciation on eligible property was 60% in 2024, is 40% in 2025, will be 20% in 2026, and is scheduled to phase out entirely by 2027 unless the TCJA is extended by the Trump Administration
- Reduced fuel demand due to many businesses continuing to allow employees to work from home
- Uncertainty about regulatory mandates (i.e., CAFE standards, federal and state decarbonization efforts) that could significantly impact motor fuels volume demand
- Strong interest in the industry by financial sponsors
- Capital availability across the full capital stack for resilient industries and healthy companies
- Ability to sell with strong performance over last few years, especially retail fuel margins
- Inflationary pressures affecting inside sales volumes and consumer trips

M&A Activity by Quarter

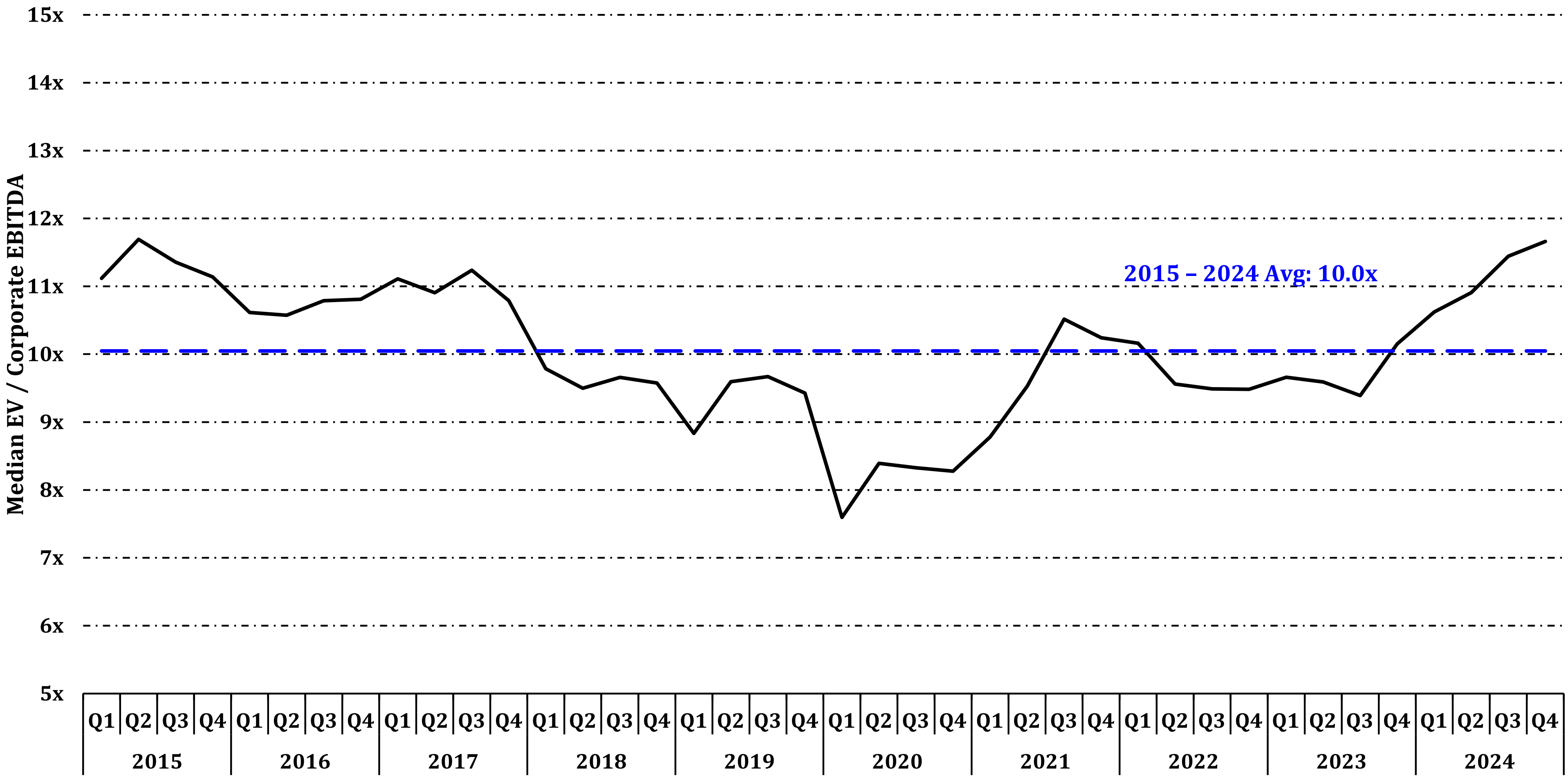
- **Criteria for transactions included in tables below**
  - Transaction has closed and included at least 10 convenience stores or 25 supply accounts or two truck stops, with majority in U.S.
  - Convenience stores and/or fuels distribution business was substantial component of transaction
  - Sale/leaseback transactions not included
  - Financial sponsor buyer type only the case for platform acquisition; considered strategic buyer acquirer for add-ons
- **There have been 81 unique buyers for the 160 transactions from the beginning of 2021 to the end of 2024**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1	8	8	2	8	4	6	5	9	6	5
Q2	7	13	8	14	6	5	10	8	12	11
Q3	13	8	5	12	9	6	10	4	6	4
Q4	6	5	10	14	10	18	33	9	18	10
Total	**34**	**34**	**25**	**48**	**29**	**35**	**58**	**30**	**42**	**30**

Retail & Wholesale Fuels Distribution: Multiples

Enterprise Value / Corporate EBITDA Trading Multiples



Includes:

Select Matrix Wholesale Transactions[1]

	Client A	Client B	Client C	Client D	Client E	Client F
Fuel Vol. per Account (Gal.)	671,000	558,000	1,880,000	920,000	572,000	806,000
Purchase Price per Account	$115,000	$108,000	$156,000	$247,000	$104,000	$231,000
Adj. EBITDA per Account	$33,000	$51,000	$45,000	$51,000	$12,000	$30,000
Adj. EBITDA per Gallon	4.9cpg	8.9cpg	2.4cpg	5.5cpg	2.1cpg	3.8cpg
Adjusted EBITDA, X	*3.4x*	*2.1x*	*3.4x*	*4.8x*	*8.3x*	*7.6x*

(1) Performance and consideration information presented above includes wholesale supply accounts only

Recent Trends in Wholesale Fuels Valuation

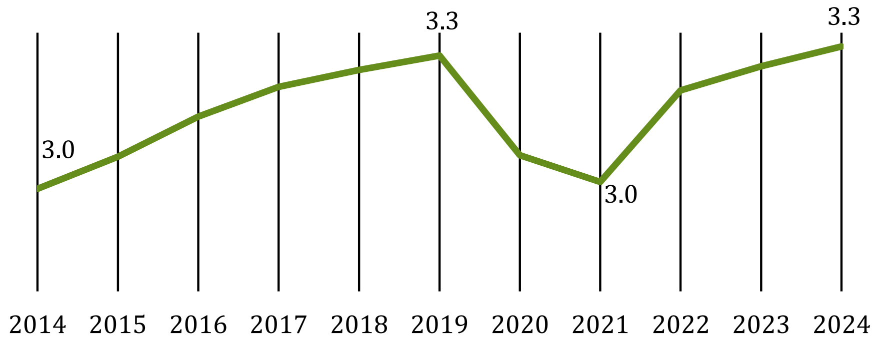
Situation Overview

- Portfolios composed of wholesale fuels distribution assets or accounts have become more attractive in recent years to national aggregators and regional distributors seeking growth
- As a result, businesses in this class of trade have tended to transact at higher valuations than in previous years

Valuation Drivers

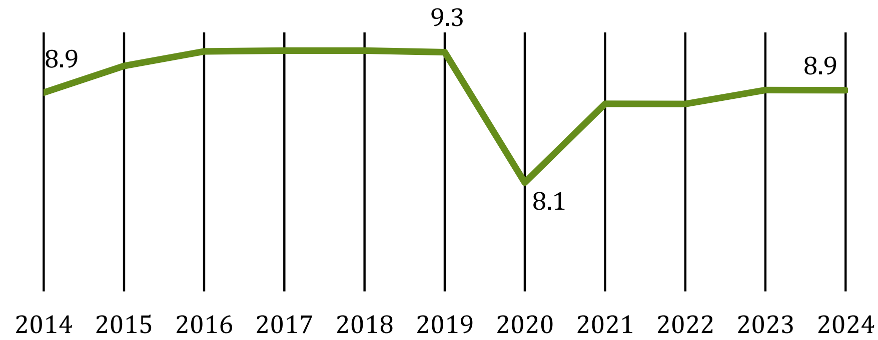
- Key factors that have led to increased valuations of wholesale businesses include:
  - Many jobbers have secured fuel supply contracts with major oil companies at better-than-rack pricing. This, combined with rack-based pricing to dealers, has increased margins and boosted cash flow
  - As competition with unbranded suppliers has intensified and the major oil companies seek to maintain ratable outlets for product, they have become increasingly aggressive with branding incentives that are more lucrative for wholesale distributors
  - In part due to the increased cost of capital beginning in 2022, asset-light businesses such as open dealer portfolios have become more attractive because of their potential for high returns on invested capital
    - Similarly, higher interest rates on lines of credit have made the often limited or sometimes negative net working capital nature of these businesses even more valuable
  - Many fuel wholesalers are becoming more sophisticated in the valued-added services they provide to their dealers, including backcourt branding, pooled in-store merchandise buying power, assistance with foodservice implementation, and other cashflow generating initiatives. These valued-added services tend to result in longer contract durations and generally increased 'stickiness' of dealer relationships
  - While electric vehicle adoption is likely to continue, the general consensus is that the adoption rate may be much slower than what was widely viewed in the last several years, easing this concern for fuel-centric wholesale distributors

Despite Headwinds, Fuel Gross Profit Remains Resilient



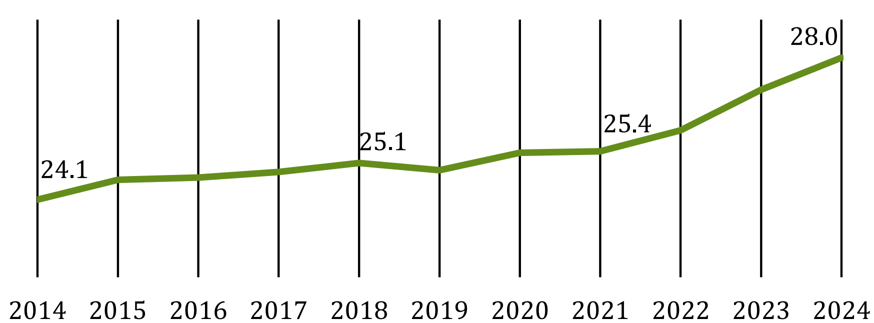
Vehicle Miles Traveled[1]
(miles in trillions)

- Impacted significantly during COVID-19 pandemic
- VMT has only recently fully recovered from COVID-era lows



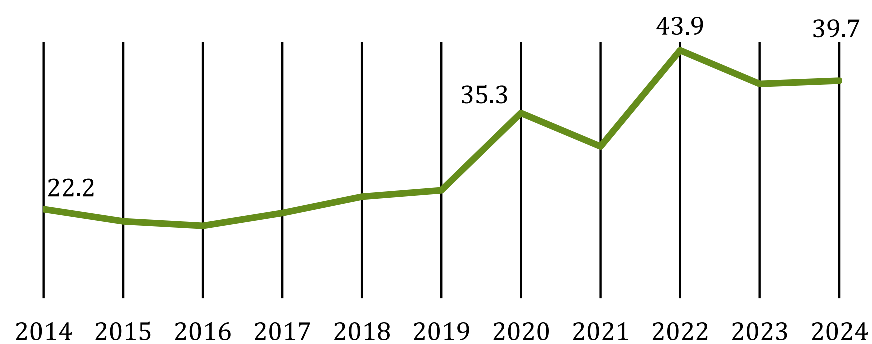
Finished Motor Gasoline Supplied[3]
(Bbls in millions per day)

- Peaked in 2016
- Gradually recovering from COVID-era lows
- Remains ~4% below pre-COVID-19 levels in 2024



Avg. Vehicle Fuel Efficiency[2]
(miles per gallon, MPG)

- 2014-2020: Relatively stable, rising less than 1% per year
- Since 2020: Annual efficiency gains of ~2.5% per year due to increased electric vehicle adoption and CAFE standards

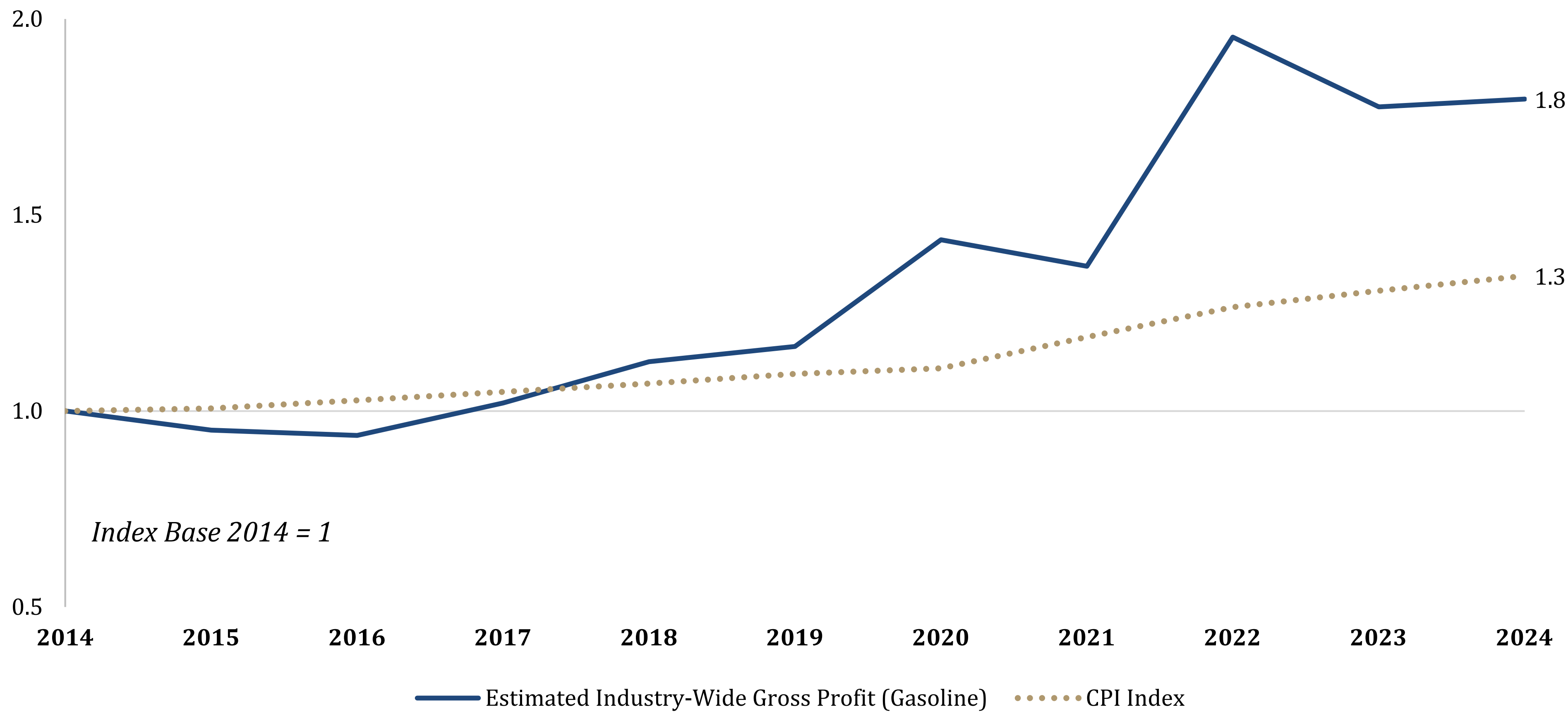


National Avg. Gas Fuel Margins[4]
(cents per gallon, CPG)

- Industry-wide fuel margins have increased substantially from 22.2 CPG in 2014 to 39.7 CPG in 2024

[1] Federal Highway Administration; Traffic Volume Trends
[2] Environmental Protection Agency; Detailed Automotive Trends
[3] Energy Information Administration; Finished Motor Gasoline
[4] Based on average rack to retail margin on gasoline as provided by OPIS

FUEL GROSS PROFIT HAS OUTPACED INFLATION[1]



Estimated Industry-Wide Gross Profit Dollars (Gasoline)

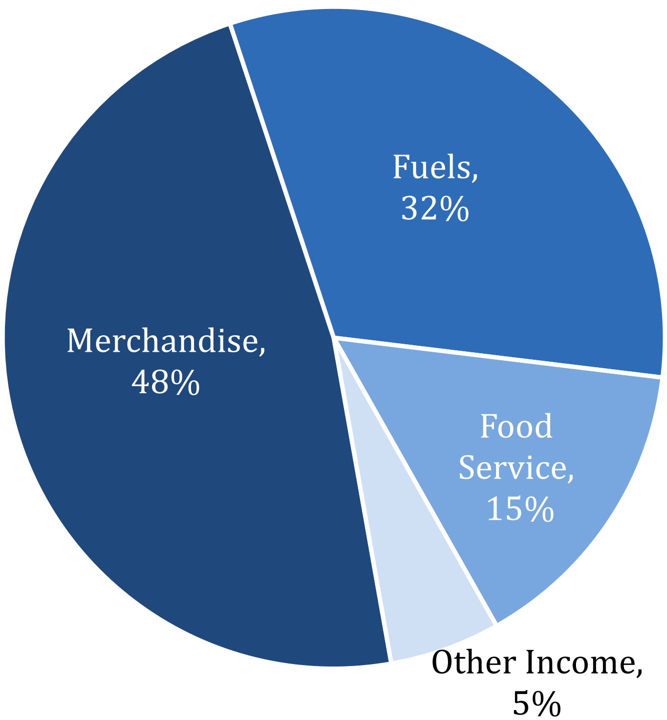
- When combining total finished motor gasoline supplied and national average gas fuel margins, a proxy for industry-wide gross profit dollars for gasoline can be approximated
- **Between 2014 -2024, estimated industry-wide fuel gross profit dollars grew at a CAGR of 5.5%, which was approximately twice the growth in broad inflation (CAGR of 2.7%)**

[1] *Consumer Price Index for All Urban Consumers: All Items in U.S. City Average*

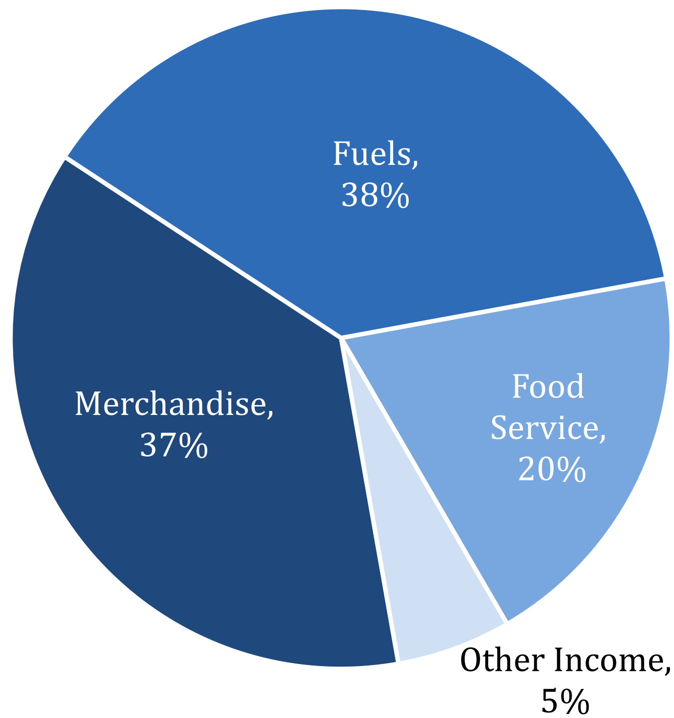
SALES MIX EVOLUTION

- Gasoline and diesel margins have achieved record highs over the past three years
- Food service has surpassed cigarettes to become the largest category in convenience stores sales
- Store operating expenses have partially offset increased fuel margins. For many convenience store chains, direct store operating expenses have exceeded inside gross profits for the past four years

Gross Profit Contribution (%) - 2009

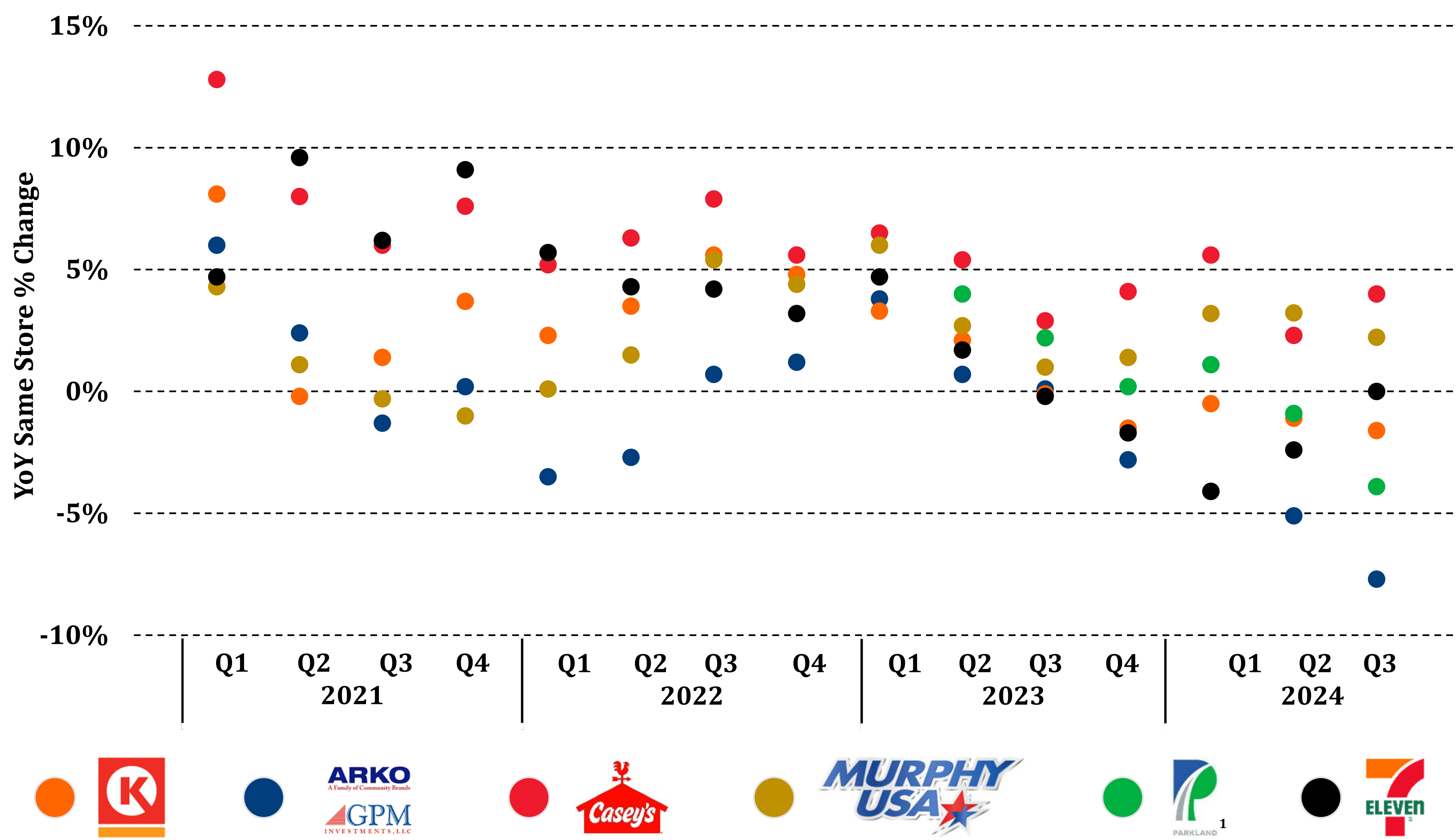


Gross Profit Contribution (%) - 2024



Source: NACS data via Convenience Store News & Petroleum

Year-Over-Year (YoY) Same Store Inside Sales % Change



(1) *Parkland Corporation did not report same store inside sales % change for U.S. stores until Q2 2023*

Growth of Proprietary Convenience Store Foodservice

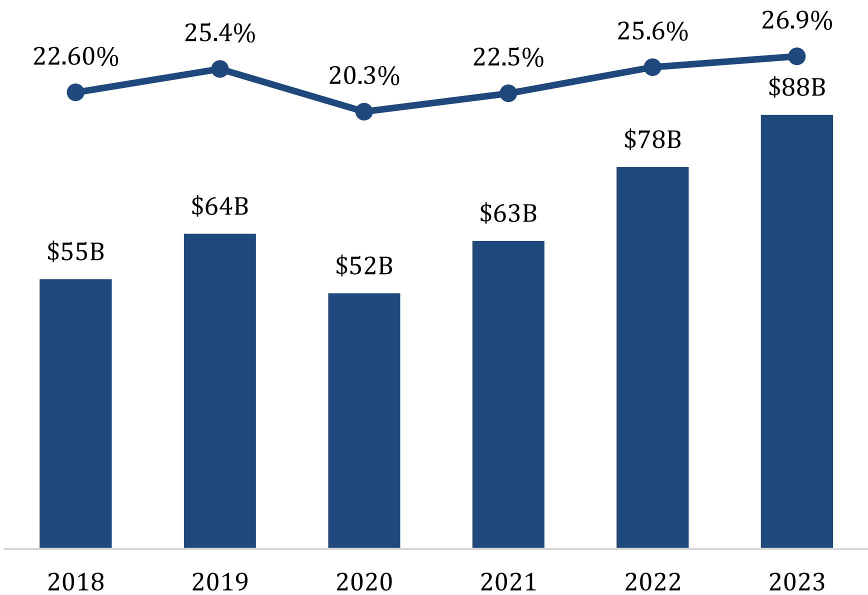
- Proprietary foodservice programs differentiate convenience store operators from surrounding competition
- Select convenience retailers' foodservice items have become destination-worthy meals, with many travelers and locals going out of their way to find their favorites
- These unique, high-quality food items enhance customer loyalty and brand identity in a competitive market
- In addition to establishing popular food items that lead to customer loyalty and brand differentiation, proprietary foodservice programs typically lead to operational and bottom-line improvements as well, through:
  - Control over product quality, menu innovation, and supply processes, allowing operators to quickly respond to customer preferences and market changes
  - Offsetting declining merchandise categories, i.e., cigarettes
  - Meeting the growing consumer demand for convenient menu offerings
  - As QSR menu prices continue to escalate, convenience stores are becoming the primary provider of value meal options
  - Higher margin foodservice items increase and diversify gross profit mix and overall inside sales margins

Notable Convenience Retailers' Marquee Proprietary Food Offering(s)

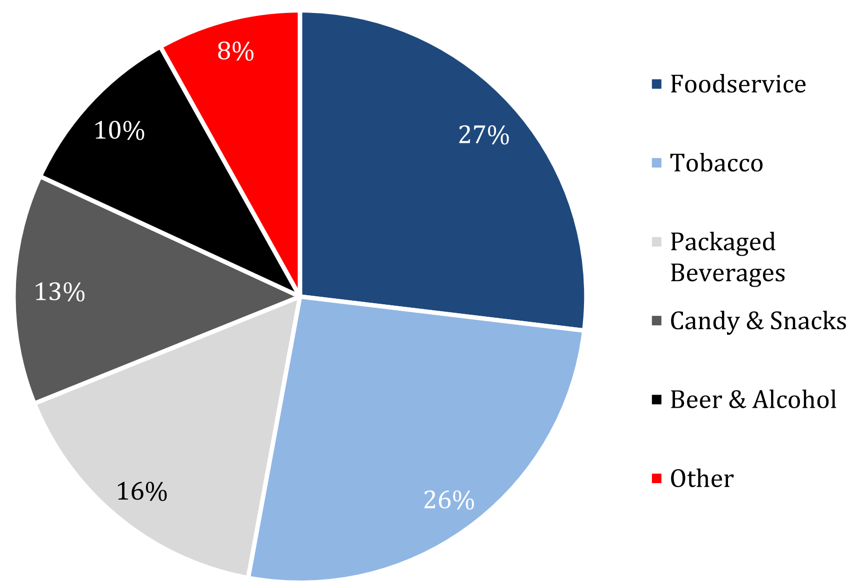
ALLSUP'S	BUC-EE'S	Casey's	ROYAL FARMS	SHEETZ	Wawa
					
Chimichangas	BBQ Brisket Sandwiches	Pizza	World Famous Chicken	Made-to-order (MTO) Menu	Hoagies

Growth of Proprietary C-Store Foodservice, Continued[1]

Foodservice Sales ($) & Inside Sales Contribution (%)



Estimated 2023 Inside Sales Breakout



Industry Leaders have Favorable Outlooks on Convenience Store Foodservice Programs

"Having seen the recently reported earnings for a number of QSRs where same-store sales results were mixed, we believe our prior decision to stay focused on value pricing amidst some of the increasing food cost inflation is paying off… A recent brand survey further updates and reinforces our strong positioning with consumers. And with more innovative offers to come, alongside the enhancements from our digital initiatives, we believe we are very well positioned in the current environment."[2]

Andrew Clyde, CEO & President of Murphy USA

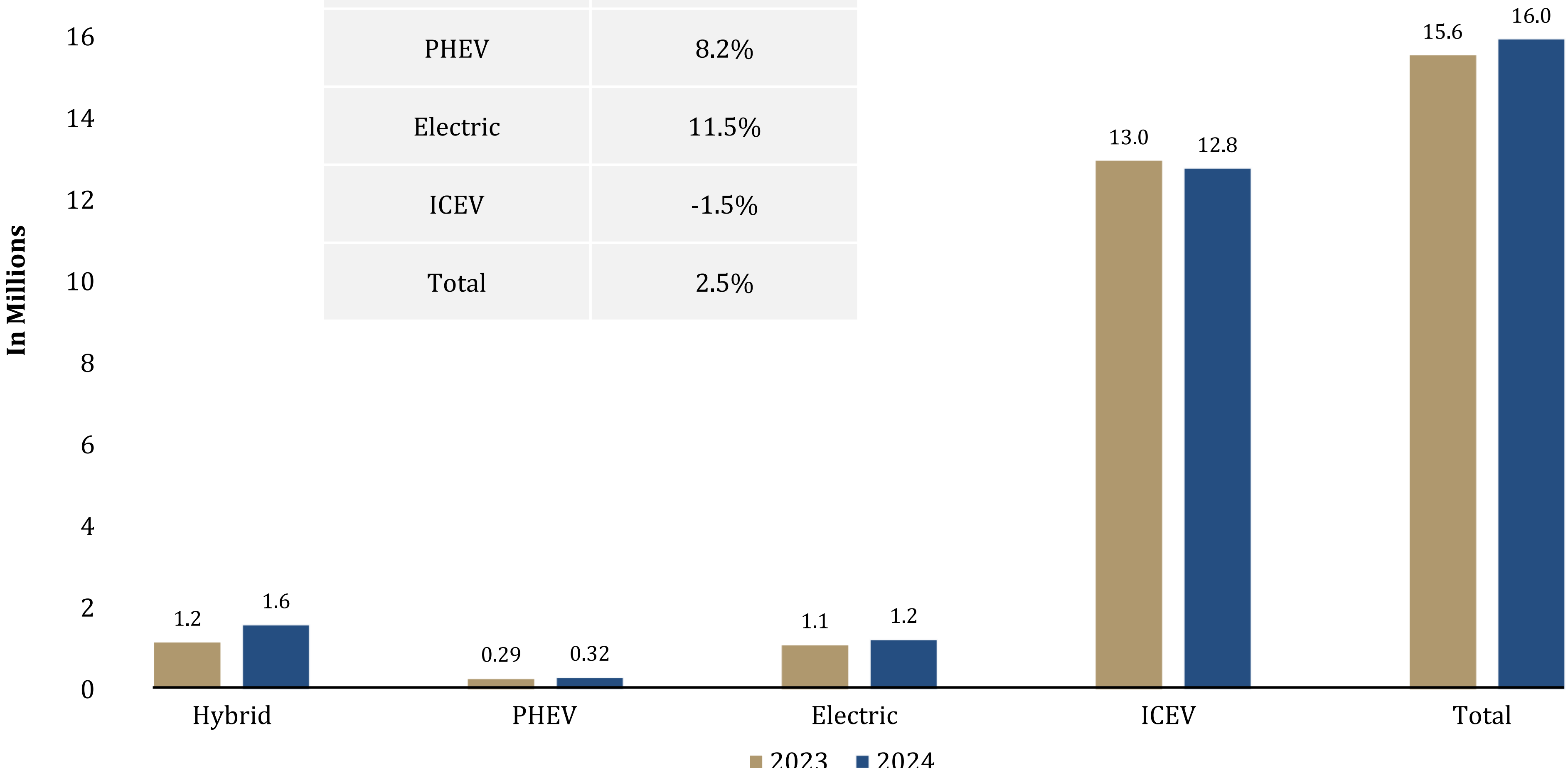
"In 2022, for the first time, prepared foods were the No. 1 margin contributor and the No. 1 sales contributor in store within the convenience-store industry. It is the most profitable, and it's the largest volume based on sales dollars. So having a good portfolio of food offerings for consumers is incredibly important to those retailers…10 to 15 years ago we had gas stations selling food, now, it's morphing into restaurants selling gas."[3]

Eric Steinbach, Director of Marketing, Hormel Foods

[1] *Data via annual NACS State of the Industry Reports*
[2] *Via Murphy USA Q1 2024 Earnings Call*
[3] *Via Hormel Foods 2024 featured report on convenience store foodservice*

U.S. Light Duty Vehicle Sales by Powertrain - Annual

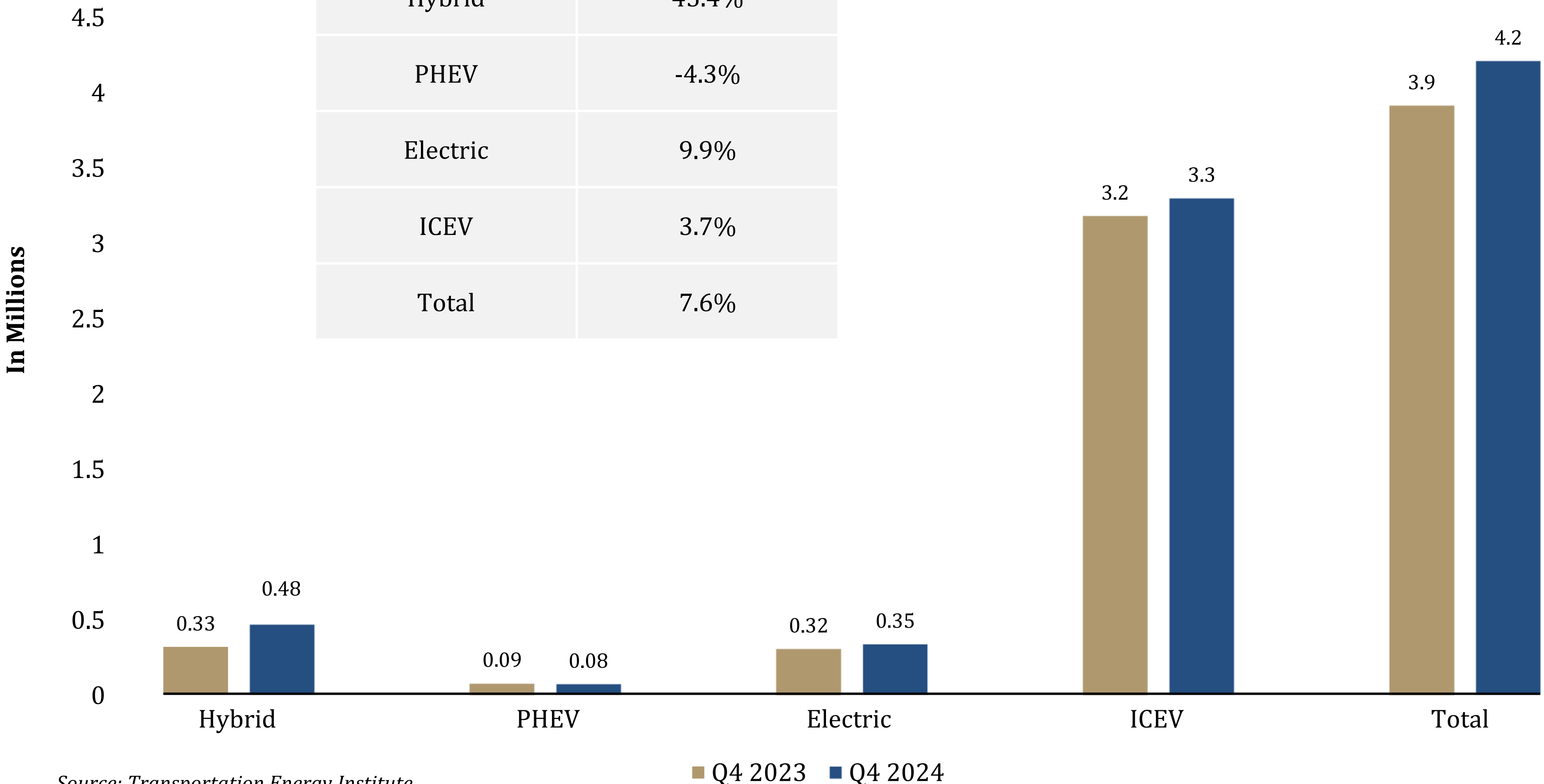
Δ - 2023 to 2024	
Hybrid	36.6%
PHEV	8.2%
Electric	11.5%
ICEV	-1.5%
Total	2.5%



Source: Transportation Energy Institute

U.S. Light Duty Vehicle Sales by Powertrain - Quarter

Δ - Q4 2023 to Q4 2024	
Hybrid	45.4%
PHEV	-4.3%
Electric	9.9%
ICEV	3.7%
Total	7.6%



Source: Transportation Energy Institute

SNAPSHOT OF ELECTRIC VEHICLES (EVS) IN THE U.S.

Despite receiving a significant amount of attention within the press, EVs only represented ~1.1% of all light-duty vehicles in operation (VIO) in the U.S. at the beginning of 2024

~2.3 Million[1,2]

~0.8% VIO[1,2]

BEVs
Battery Electric Vehicles

+

~930 Thousand[1,2]

~0.3% VIO[1,2]

PHEVs
Plug-in Hybrid Electric Vehicles

=

~3.2 Million[1]

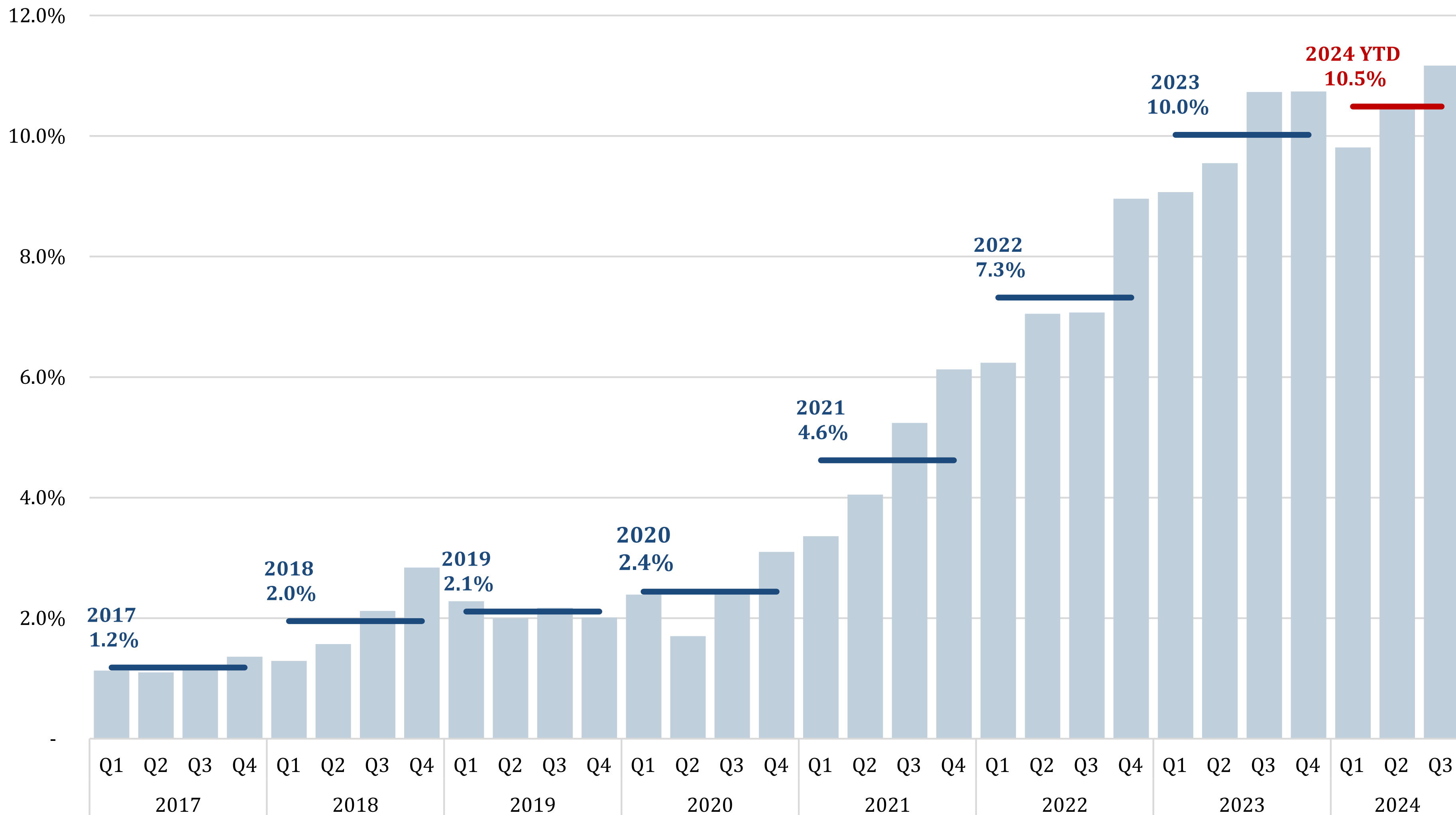
~1.1% VIO[1]

Total EVs
BEVs + PHEVs

(1) S&P Global Gobility; ACA Factbook
(2) Ratio of BEVs and PHEVs estimated per IEA, Global EV Data Explorer, U.S EV Stock (2022)

U.S. EV Market Share (BEV, PHEV)[1] - New Vehicle Reg

Total EV market share of new vehicle registrations modulated in 2024 after several years of rapid growth



(1) S&P Global Mobility (via Alliance for Automotive Innovation)

U.S. EV Market Share (BEV, PHEV)[1] By State - New Vehicle Reg

EV adoption rates vary drastically across the U.S. and are expected to continue to be deeply divided across certain geographies into the future

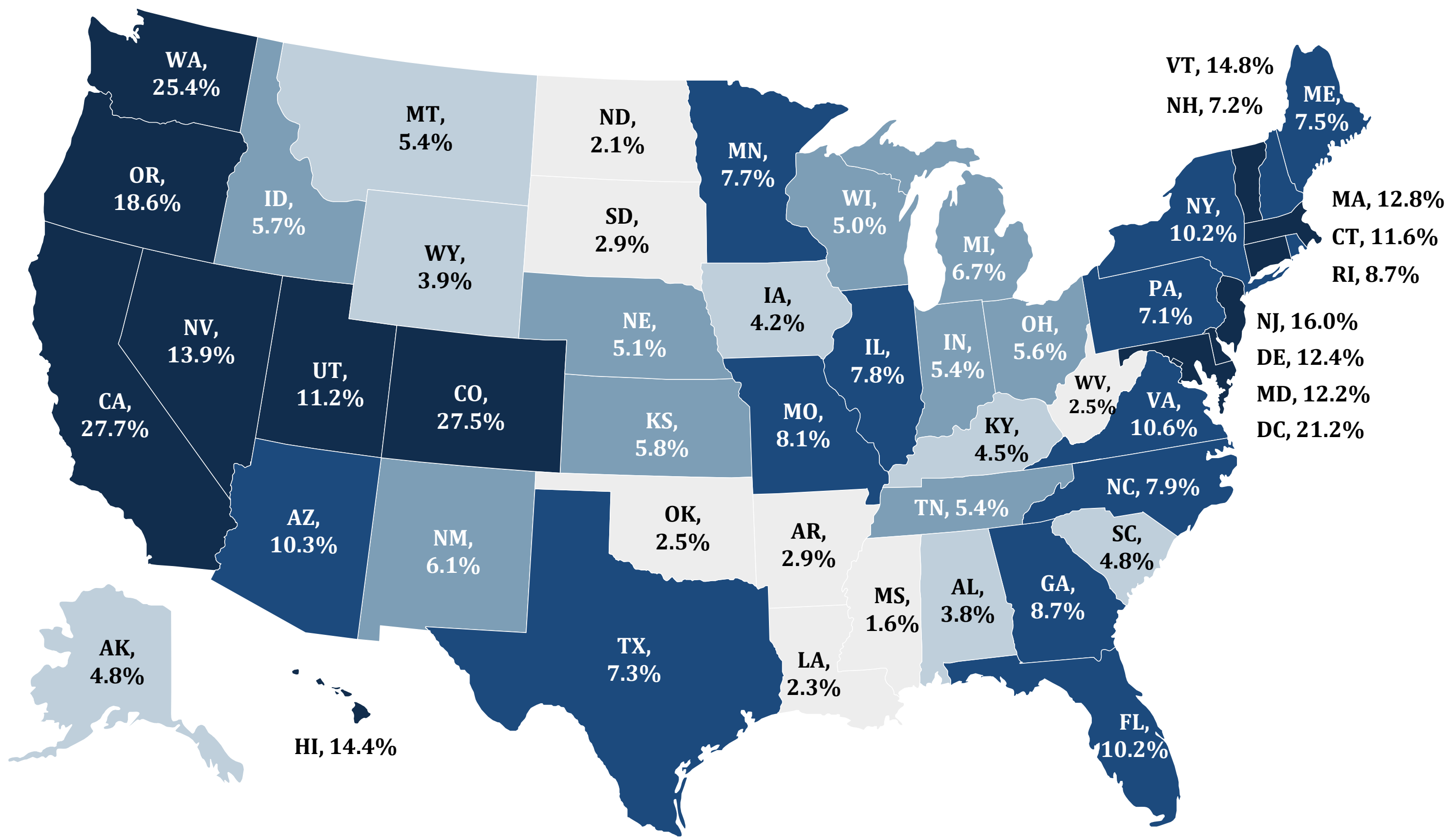
Top 10 - Highest EV Market Share

Rank	State	EV Market Share
1	California	27.7%
2	Colorado	27.5%
3	Washington	25.4%
4	District of Columbia	21.2%
5	Oregon	18.6%
6	New Jersey	16.0%
7	Vermont	14.8%
8	Hawaii	14.4%
9	Nevada	13.9%
10	Massachusetts	12.8%

Bottom 10 - Lowest EV Market Share

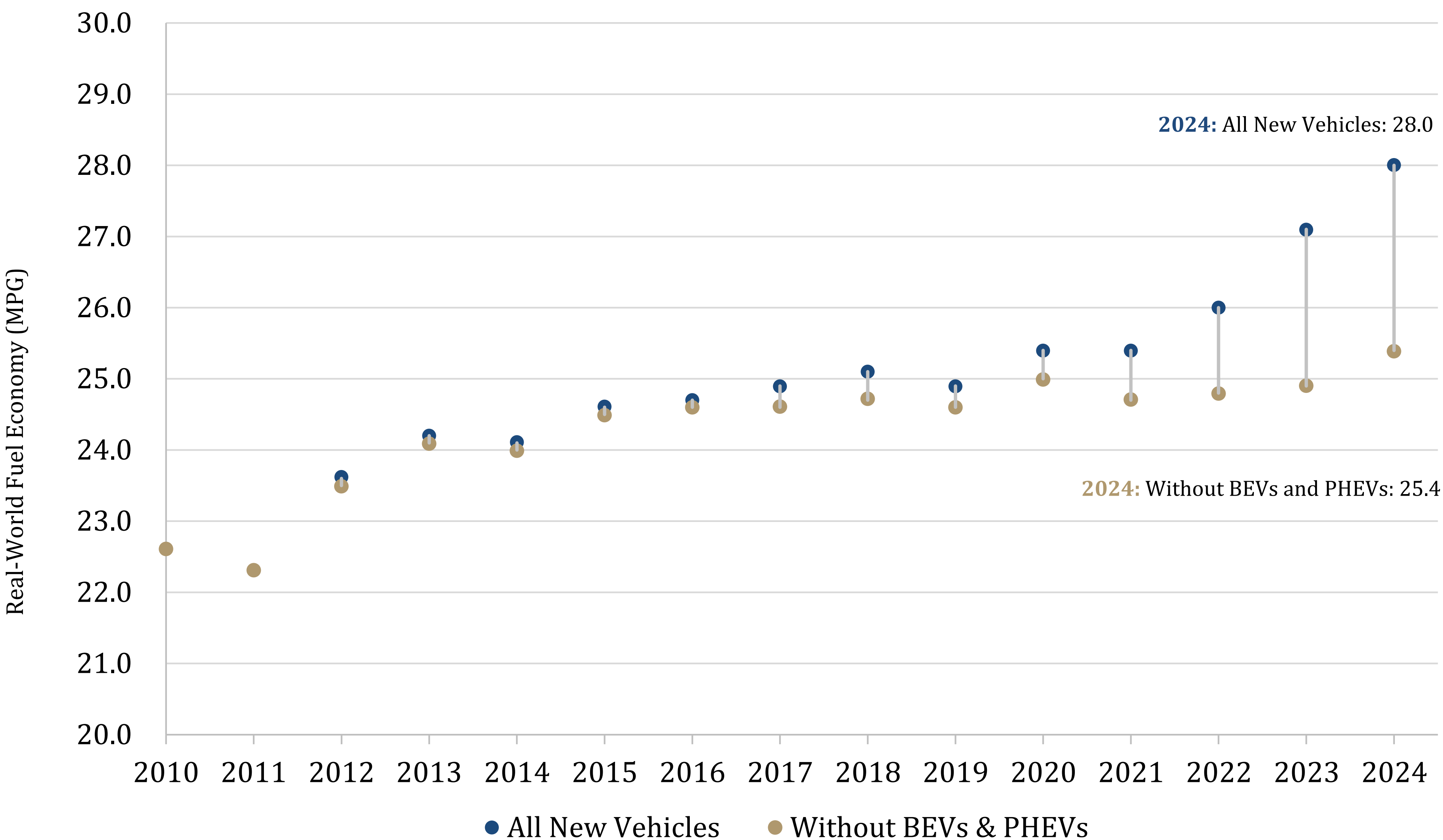
Rank	State	EV Market Share
42	Iowa	4.2%
43	Wyoming	3.9%
44	Alabama	3.8%
45	South Dakota	2.9%
46	Arkansas	2.9%
47	Oklahoma	2.5%
48	West Virginia	2.5%
49	Louisiana	2.3%
50	North Dakota	2.0%
51	Mississippi	1.6%

EV Market Share – Q3 2024



(1) S&P Global Mobility (via Alliance for Automotive Innovation)

IMPACT OF BEVS AND PHEVS[1]



(1) The 2024 EPA Automotive Trends Report

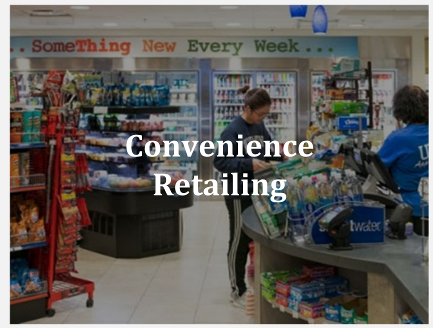
Discussion Topics

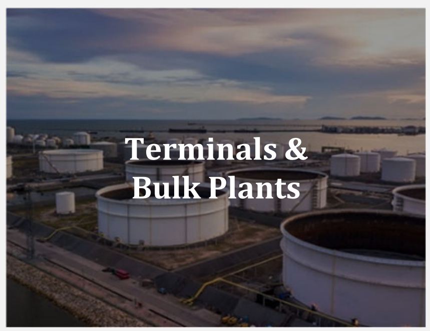
HOW MATRIX DEFINES DOWNSTREAM ENERGY & CONVENIENCE RETAIL

Included in Downstream Energy & Convenience Retail:

Propane Distribution:

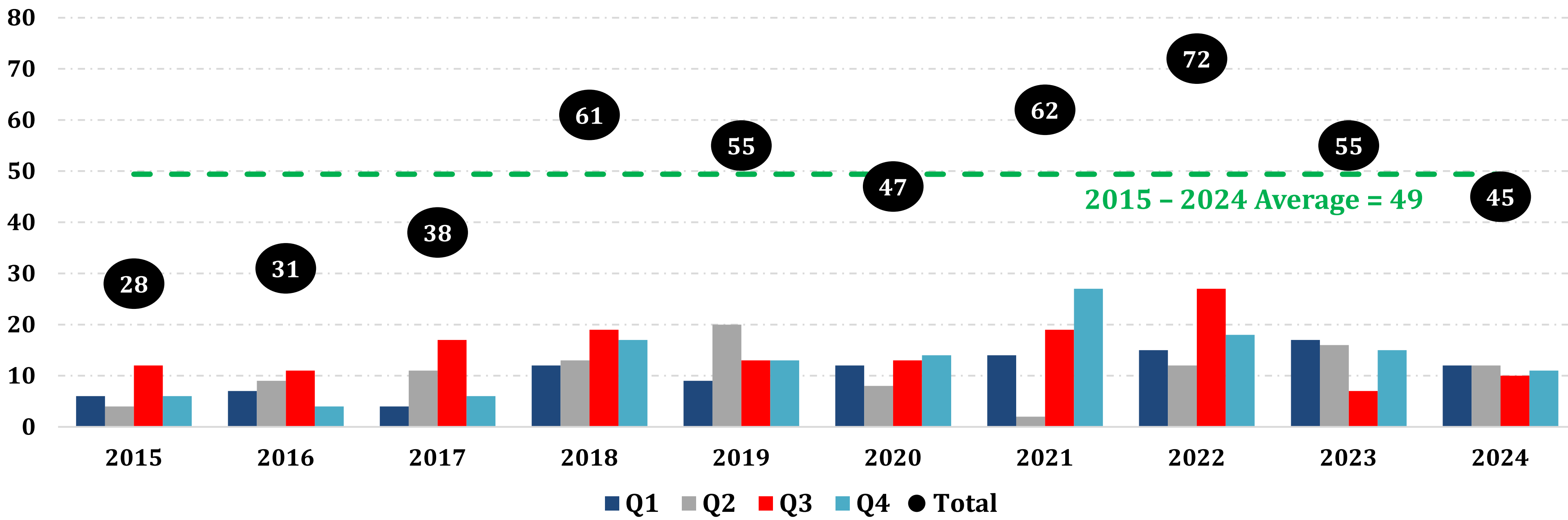
(Data for this section)





Propane Distribution M&A Activity by Quarter

- **Criteria for transactions included in tables below**
  - Includes publicly announced transactions in North America with vast majority in U.S.
  - Propane distribution business was substantial component of transaction
  - Includes transactions of all sizes
- **There have been 152 unique buyers for the 494 transactions since the beginning of 2015 through 2024**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1	6	7	4	12	9	12	14	15	17	12
Q2	4	9	11	13	20	8	2	12	16	12
Q3	12	11	17	19	13	13	19	27	7	10
Q4	6	4	6	17	13	14	27	18	15	11
Total	**28**	**31**	**38**	**61**	**55**	**47**	**62**	**72**	**55**	**45**

Select Companies Driving Consolidation: Propane & Refined Fuels

U.S. Public Companies

Suburban Propane

Ferrellgas

STAR GROUP

CHESAPEAKE UTILITIES CORPORATION

SHARP ENERGY

UGI CORPORATION

AmeriGas

Cooperatives

CHS

CountryMark

CO-OP

GROWMARK

MFA OIL

Large Private Regionals

Take Comfort In Blossman Gas & Appliance

Crystal Flash FUELS ON THE MOVE

EASTERN Propane & Oil Since 1932

Paraco Fueling Your Every Day

Financial Sponsors

Platform Company:

THOMPSON GAS

ENERGY DISTRIBUTION PARTNERS

LETTERMEN'S PROPANE KC

HOP Energy

SailEnergy

STAR TEX PROPANE

Sponsor:

REDWOOD

PRITZKER PRIVATE CAPITAL

CIDCAPITAL

DELOS CAPITAL

PRODOS CAPITAL

Renovo CAPITAL

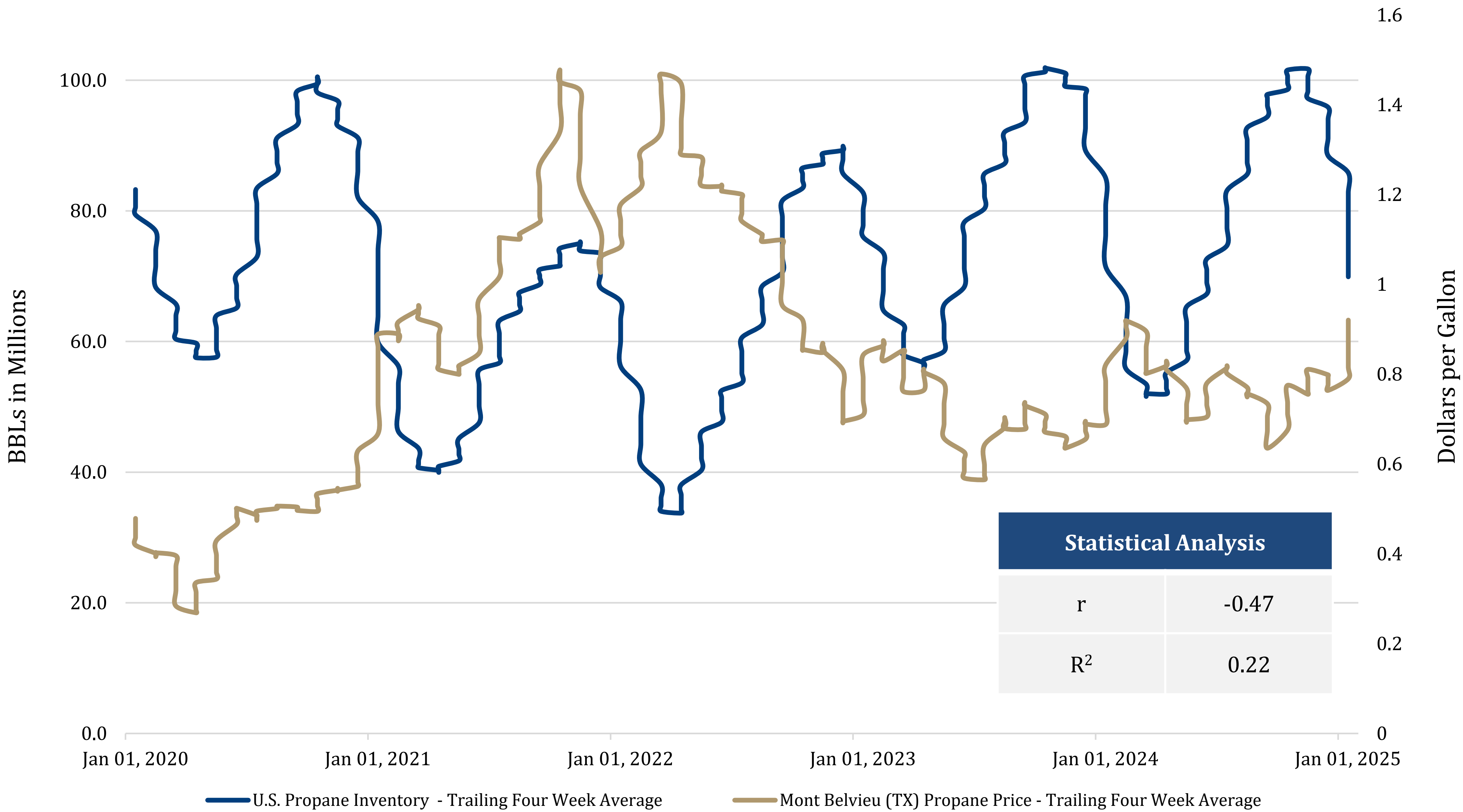
International Companies

DCC

Superior Plus

SHV ENERGY

U.S. PROPANE INVENTORY RELATIVE TO PRICE



Statistical Analysis	
r	-0.47
R^2	0.22

Source: U.S. Energy Information Administration

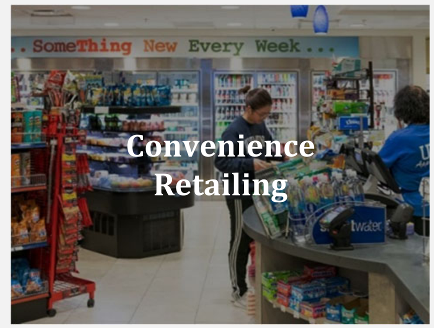
Discussion Topics

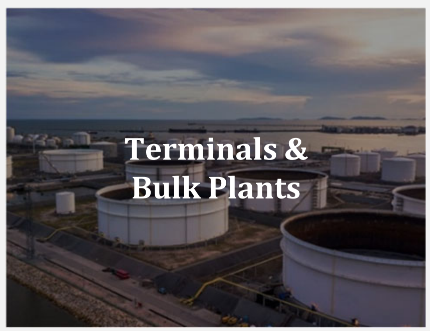
How Matrix Defines Downstream Energy & Convenience Retail

Included in Downstream Energy & Convenience Retail:

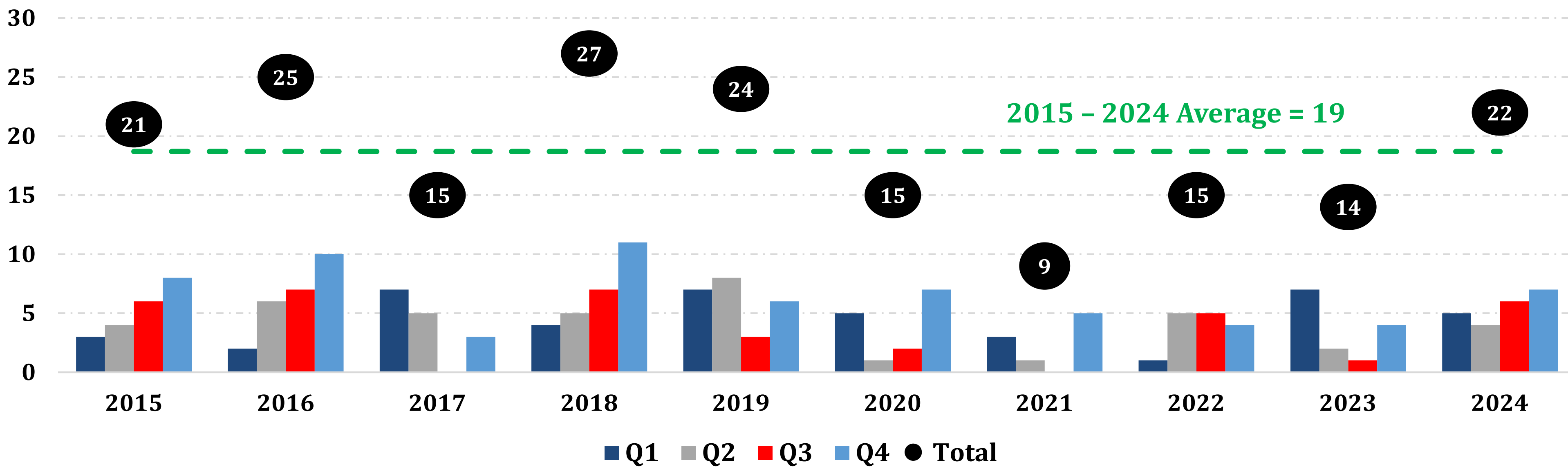
Lubricants Distribution:

(Data for this section)





Lubricants Distribution M&A Activity by Quarter



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1	3	2	7	4	7	5	3	1	7	5
Q2	4	6	5	5	8	1	1	5	2	4
Q3	6	7	0	7	3	2	0	5	1	6
Q4	8	10	3	11	6	7	5	4	4	7
Total	**21**	**25**	**15**	**27**	**24**	**15**	**9**	**15**	**14**	**22**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
RelaDyne, Inc.	4	4	3	6	7	1	0	2	4	1
PetroChoice Holdings, Inc.	1	3	1	1	1	1	0	1	0	1
Parkland Corporation	0	0	0	3	4	1	1	0	0	0
Brenntag AG	2	4	0	1	2	0	0	0	0	0
Total	**7**	**11**	**4**	**11**	**14**	**3**	**1**	**3**	**4**	**2**

Experience with Key Lubricants Companies

Matrix's previous deal discussions and engagements with lubricants marketers provide intimate industry knowledge and enable comprehensive evaluations of lubricants businesses:

AMALIE MOTOR OIL
HALL BRAD HALL FUEL
BRENNTAG
CADENCE PETROLEUM GROUP
WELLSPRING CAPITAL MANAGEMENT LLC
CHRISTENSEN FUELS · LUBRICANTS · PROPANE
Davenport Energy
DIESEL DIRECT
L|G
Englefield Oil Co.
Palmdale OIL COMPANY
FIRSTRESERVE
Hampel OIL
HUTCHENS RENTZ-EDEN
Lyden Oil Company
Mansfield Energy. Simplified.
McPHERSON MOP OIL PRODUCTS
OP OFFEN PETROLEUM
COURT SQUARE
PARKLAND
PARMAN HOLDINGS CORPORATION AN EMPLOYEE OWNED COMPANY
PetroChoice LUBRICATION SOLUTIONS
cosan
moove
Pilot Thomas LOGISTICS
POLSINELLO LUBRICANTS
RelaDyne
AMERICAN INDUSTRIAL PARTNERS
safety-kleen
SAMPSON-BLADEN SINCE 1936 OIL COMPANY, INC.
SC FUELS
Smitty's SUPPLY, INC.
USVenture
VAN DE POL
FOR A CLEANER ENVIRONMENT
VESCO OIL CORPORATION
WALLIS COMPANIES
WOODFORD

Discussion Topics

WINTHROP & WEINSTINE

CORPORATE VEIL ISSUES

FEBRUARY 26, 2025

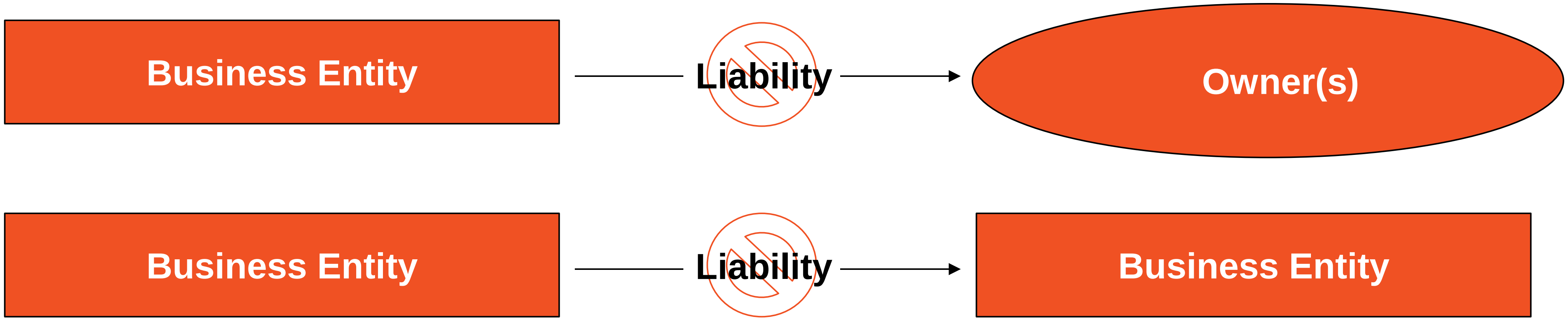
SHAREHOLDER
JIM DIERKING
P/ 612.604.6651
E/ jdierking@winthrop.com

WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER?

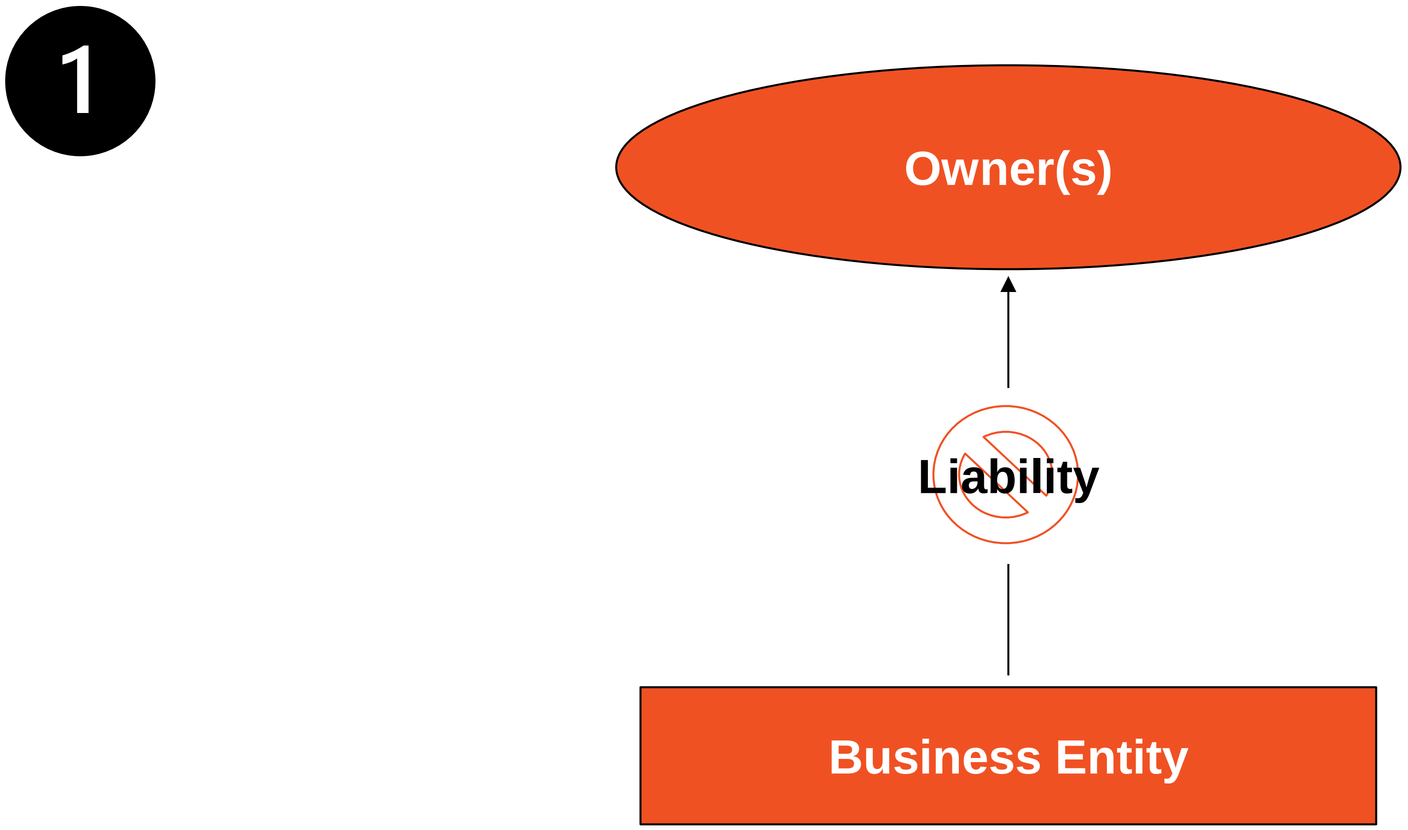
> The importance of your business structure

> In general, the liabilities and obligations of the entity DO NOT flow through to or become the liabilities and obligations of the owners of that company

> Functions as a "liability shield":



WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER? (CONT.)



WINTHROP & WEINSTINE

WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER? (CONT.)

> Many of our clients operate as part of a larger, integrated group of distinct businesses:

> Benefits of separate legal entities:

- Connected through common ownership and control
- Key contractual arrangements

WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER? (CONT.)

Common arrangements:

> Holding company

> Corporations, LLC, LP

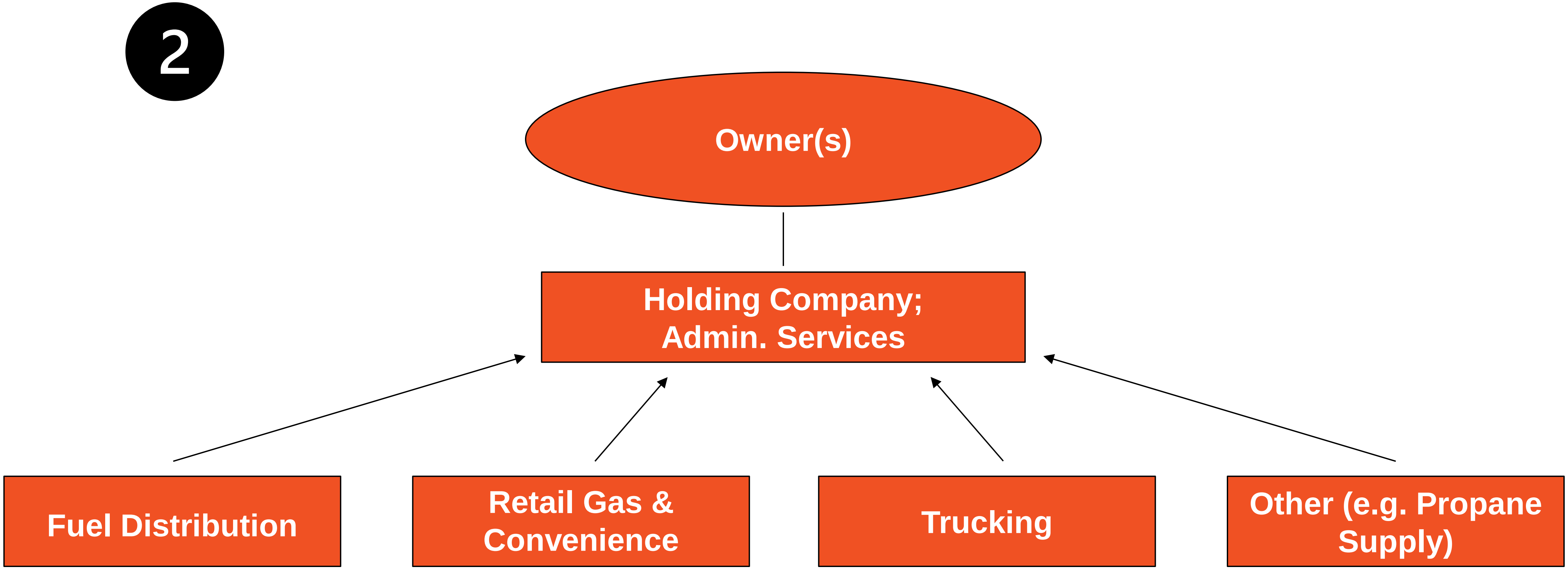
> Ownership & tax considerations

> Single v. multi-level structure

Key Components:

1. Separate legal entities
2. Each wholly-owned by the holding company

WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER? (CONT.)



WHAT IS A "CORPORATE VEIL" AND WHY DOES IT MATTER? (CONT.)

Goals:

1. Isolate the potential risks and liabilities
2. Function efficiently as an integrated enterprise
3. Facilitate future sales
4. Tax considerations

Law generally upholds the "limitation of liability" feature of corporations, LLCs, and similar legal entities.

CAN THE "CORPORATE VEIL" BE ATTACKED?

- "Piercing the veil" through disputes/courts
- If successful, the liability shield can go away or be broken down
- Exposure up & down chain
- Examples

CAN THE "CORPORATE VEIL" BE ATTACKED?

FACTS

CIRCUMSTANCES

- Vary state-by-state & court-to-court
- Principle of "separateness"

"Corporate formalities"

1. Board of Directors/Governors
2. Election of Managers/Officers
3. Annual or periodic board meetings
4. Separate bank accounts
5. Separate books and records
6. Document any "sharing" of funds

CAN THE "CORPORATE VEIL" BE ATTACKED?

- "Corporate formalities" v. "Operational factors"
- Common Considerations:

Is each entity properly capitalized and insured for the business being conducted by that entity?
Does each entity have a board of directors and officers?
Are corporate formalities (such as meetings, minutes, etc…) observed?
Are dividends/distributions paid or accounted for at each entity?
Are corporate funds respected as such, or "siphoned off" to the owners at will?
Are corporate records (shares, minutes, bylaws, etc…) maintained?
Are there written agreements between entities spelling out their business dealings?
Are "loans" or advances to and from shareholders adequately documented?
Is each entity held out to the public as a separate entity?

CAN THE "CORPORATE VEIL" BE ATTACKED?

- No single factor determinative
- Courts look to determine whether separateness of each entity should be respected & whether liabilities are limited

QUESTION:

Isn't this separateness impractical for operating a business enterprise with multiple different divisions?

CAN THE "CORPORATE VEIL" BE ATTACKED?

Minimizing the burdens:

> Some operational concerns can be addressed through contractual arrangements (e.g. accounting, insurance, HR)

> Administrative services or similar agreements allowing for performance by one entity

> Apportionment of costs & expenses among the entities on a reasonable basis

> Written agreements contain customary industry terms and conditions (e.g. the fuel distribution company supplying the gas and c-store company)

THANK YOU!

QUESTIONS?

SHAREHOLDER
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