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

FORM 10-Q

(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to

Commission File No. 001-35711

CROSSAMERICA PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware	**45-4165414**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
645 Hamilton Street, Suite 400 **Allentown, PA**	**18101**
(Address of Principal Executive Offices)	(Zip Code)
	(610) 625-8000
	(Registrant's telephone number, including area code)

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 Units	CAPL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of August 2, 2024, the registrant had outstanding 38,046,688 common units.

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COMMONLY USED DEFINED TERMS

The following is a list of certain acronyms and terms generally used in the industry and throughout this document:

CrossAmerica Partners LP and subsidiaries:

CrossAmerica	CrossAmerica Partners LP, the Partnership, CAPL, we, us, our
Holdings	CAPL JKM Holdings LLC, an indirect wholly-owned subsidiary of CrossAmerica and sole member of CAPL JKM Partners
CAPL JKM Partners	CAPL JKM Partners LLC, a wholly-owned subsidiary of Holdings
Joe's Kwik Marts	Joe's Kwik Marts LLC, a wholly-owned subsidiary of CAPL JKM Partners
LGWS	Lehigh Gas Wholesale Services, Inc., an indirect wholly-owned subsidiary of CrossAmerica

CrossAmerica Partners LP related parties:

DMI	Dunne Manning Inc. (formerly Lehigh Gas Corporation), an entity affiliated with the Topper Group
General Partner	CrossAmerica GP LLC, the General Partner of CrossAmerica, a Delaware limited liability company, indirectly owned by the Topper Group.
Topper Group	Joseph V. Topper, Jr., collectively with his affiliates and family trusts that have ownership interests in the Partnership. Joseph V. Topper, Jr. is the founder of the Partnership and a member of the Board. The Topper Group is a related party and large holder of our common units.
TopStar	TopStar Inc., an entity affiliated with a family member of Joseph V. Topper, Jr. TopStar is an operator of convenience stores that leases sites and purchases fuel from us.

Other Defined Terms:

AOCI	Accumulated other comprehensive income
ASU	Accounting Standards Update
Board	Board of Directors of our General Partner
Bonus Plan	The Performance-Based Bonus Compensation Policy is one of the key components of "at-risk" compensation. The Bonus Plan is utilized to reward short-term performance achievements and to motivate and reward employees for their contributions toward meeting financial and strategic goals.
CAPL Credit Facility	Credit Agreement, dated as of April 1, 2019, as amended by the First Amendment to Credit Agreement, dated as of November 19, 2019, and by the Second Amendment to Credit Agreement, dated as of July 28, 2021, and by the Third Amendment to Credit Agreement, dated as of November 9, 2022, and as amended and restated by the Amendment and Restatement Agreement, dated as of March 31, 2023, as amended by the First Amendment to Amendment and Restatement Agreement, dated as of February 20, 2024, among the Partnership and Lehigh Gas Wholesale Services, Inc., as borrowers, the guarantors from time to time party thereto, the lenders from time to time party thereto and Citizens Bank, N.A., as administrative agent.
DTW	Dealer tank wagon contracts, which are variable market-based cent per gallon priced wholesale motor fuel distribution or supply contracts; DTW also refers to the pricing methodology under such contracts
EBITDA	Earnings before interest, taxes, depreciation, amortization and accretion, a non-GAAP financial measure
Exchange Act	Securities Exchange Act of 1934, as amended
Form 10-K	CrossAmerica's Annual Report on Form 10-K for the year ended December 31, 2023
Internal Revenue Code	Internal Revenue Code of 1986, as amended

IPO	Initial public offering of CrossAmerica Partners LP on October 30, 2012
JKM Credit Facility	Credit Agreement, dated as of July 16, 2021, as amended on July 29, 2021 among CAPL JKM Partners, Holdings and Manufacturers and Traders Trust Company, as administrative agent, swingline lender and issuing bank. The Term Loan Facility was paid off and the JKM Credit Facility was terminated on March 31, 2023.
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Omnibus Agreement	The Omnibus Agreement, effective January 1, 2020, by and among the Partnership, the General Partner and DMI. The terms of the Omnibus Agreement were approved by the independent conflicts committee of the Board, which is composed of the independent directors of the Board. Pursuant to the Omnibus Agreement, DMI agrees, among other things, to provide, or cause to be provided, to the Partnership certain management services at cost without markup.
Partnership Agreement	Second Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated as of February 6, 2020
Predecessor Entity	Wholesale distribution contracts and real property and leasehold interests contributed to the Partnership in connection with the IPO
SOFR	Secured Overnight Financing Rate
Term Loan Facility	$185 million delayed draw term loan facility provided under the JKM Credit Facility, which was paid off and terminated March 31, 2023
U.S. GAAP	U.S. Generally Accepted Accounting Principles
WTI	West Texas Intermediate crude oil

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROSSAMERICA PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars, except unit data)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,490	$ 4,990
Accounts receivable, net of allowances of $755 and $709, respectively	38,931	31,185
Accounts receivable from related parties	88	437
Inventory	63,583	52,344
Assets held for sale	2,486	400
Current portion of interest rate swap contracts	6,478	9,321
Other current assets	8,499	9,845
Total current assets	125,555	108,522
Property and equipment, net	685,306	705,217
Right-of-use assets, net	142,126	148,317
Intangible assets, net	85,819	95,261
Goodwill	99,409	99,409
Deferred tax assets	818	759
Interest rate swap contracts, less current portion	4,873	687
Other assets	20,767	23,510
Total assets	$ 1,164,673	$ 1,181,682
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and finance lease obligations	$ 3,183	$ 3,083
Current portion of operating lease obligations	35,259	34,787
Accounts payable	75,281	68,986
Accounts payable to related parties	7,551	10,180
Accrued expenses and other current liabilities	24,298	23,674
Motor fuel and sales taxes payable	19,821	20,386
Total current liabilities	165,393	161,096
Debt and finance lease obligations, less current portion	786,674	753,880
Operating lease obligations, less current portion	111,946	118,723
Deferred tax liabilities, net	7,877	12,919
Asset retirement obligations	48,607	47,844
Interest rate swap contracts	430	3,535
Other long-term liabilities	51,925	52,934
Total liabilities	1,172,852	1,150,931
Commitments and contingencies (Note 11)		
Preferred membership interests	29,073	27,744
Equity:		
Common units— 38,027,194 and 37,983,154 units issued and outstanding at June 30, 2024 and December 31, 2023, respectively	(47,893)	(2,392)
Accumulated other comprehensive income	10,641	5,399
Total (deficit) equity	(37,252)	3,007
Total liabilities and equity	$ 1,164,673	$ 1,181,682

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

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of Dollars, except unit and per unit amounts)
(Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating revenues [(a)]	$ 1,133,355	$ 1,145,396	$ 2,074,903	$ 2,161,555
Costs of sales [(b)]	1,028,593	1,047,672	1,888,793	1,981,772
Gross profit	104,762	97,724	186,110	179,783
Operating expenses:				
Operating expenses [(c)]	55,825	49,798	107,853	95,421
General and administrative expenses	7,892	7,475	14,730	13,214
Depreciation, amortization and accretion expense	18,446	19,298	37,167	39,118
Total operating expenses	82,163	76,571	159,750	147,753
Gain (loss) on dispositions and lease terminations, net	5,578	6,700	(11,228)	4,933
Operating income	28,177	27,853	15,132	36,963
Other income, net	158	163	407	424
Interest expense	(14,208)	(10,683)	(24,749)	(22,695)
Income (loss) before income taxes	14,127	17,333	(9,210)	14,692
Income tax expense (benefit)	1,703	2,797	(4,094)	1,135
Net income (loss)	12,424	14,536	(5,116)	13,557
Accretion of preferred membership interests	672	615	1,329	1,216
Net income (loss) available to limited partners	$ 11,752	$ 13,921	$ (6,445)	$ 12,341
Earnings (loss) per common unit				
Basic	$ 0.31	$ 0.37	$ (0.17)	$ 0.33
Diluted	$ 0.31	$ 0.36	$ (0.17)	$ 0.32
Weighted-average common units:				
Basic	38,027,194	37,952,950	38,010,739	37,946,676
Diluted	38,199,490	38,150,236	38,010,739	38,143,697
Supplemental information:				
(a) includes excise taxes of:	$ 82,394	$ 76,191	$ 153,106	$ 146,075
(a) includes rent income of:	17,855	20,523	37,021	41,843
(b) excludes depreciation, amortization and accretion				
(b) includes rent expense of:	5,192	5,658	10,611	11,212
(c) includes rent expense of:	4,497	3,911	8,439	7,709

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

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities:		
Net (loss) income	$ (5,116)	$ 13,557
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	37,167	39,118
Amortization of deferred financing costs	968	2,325
Credit loss expense	81	37
Deferred income tax (benefit) expense	(5,100)	582
Equity-based employee and director compensation expense	574	1,123
Loss (gain) on dispositions and lease terminations, net	11,228	(4,933)
Changes in operating assets and liabilities, net of acquisitions	(5,079)	(4,546)
Net cash provided by operating activities	34,723	47,263
Cash flows from investing activities:		
Principal payments received on notes receivable	81	107
Proceeds from sale of assets	10,733	4,533
Capital expenditures	(11,411)	(11,328)
Lease terminations payments to Applegreen, including inventory purchases	(25,517)	—
Net cash used in investing activities	(26,114)	(6,688)
Cash flows from financing activities:		
Borrowings under revolving credit facilities	70,013	205,900
Repayments on revolving credit facilities	(36,500)	(50,546)
Repayments on the Term Loan Facility	—	(158,980)
Payments of finance lease obligations	(1,513)	(1,417)
Payments of deferred financing costs	(74)	(7,022)
Distributions paid on distribution equivalent rights	(130)	(111)
Income tax distributions paid on preferred membership interests	—	(119)
Distributions paid on common units	(39,905)	(39,843)
Net cash used in financing activities	(8,109)	(52,138)
Net increase (decrease) in cash and cash equivalents	500	(11,563)
Cash and cash equivalents at beginning of period	4,990	16,054
Cash and cash equivalents at end of period	$ 5,490	$ 4,491

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

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME
(Thousands of Dollars, except unit amounts)
(Unaudited)

	Limited Partners' Interest Common Unitholders		AOCI	Total Equity
	Units	Dollars	Dollars	Dollars
Balance at December 31, 2023	37,983,154	$ (2,392)	$ 5,399	$ 3,007
Net loss	—	(17,540)	—	(17,540)
Other comprehensive income				
Unrealized gain on interest rate swap contracts	—	—	9,131	9,131
Realized gain on interest rate swap contracts reclassified from AOCI into interest expense	—	—	(5,133)	(5,133)
Total other comprehensive income	—	—	3,998	3,998
Comprehensive (loss) income	—	(17,540)	3,998	(13,542)
Issuance of units related to 2023 Bonus Plan	17,136	381	—	381
Vesting of equity awards, net of units withheld for tax	26,904	598	—	598
Accretion of preferred membership interests	—	(657)	—	(657)
Distributions paid	—	(20,006)	—	(20,006)
Balance at March 31, 2024	38,027,194	$ (39,616)	$ 9,397	$ (30,219)
Net income	—	12,424	—	12,424
Other comprehensive income				
Unrealized gain on interest rate swap contracts	—	—	3,185	3,185
Realized gain on interest rate swap contracts reclassified from AOCI into interest expense	—	—	(1,941)	(1,941)
Total other comprehensive income	—	—	1,244	1,244
Comprehensive income	—	12,424	1,244	13,668
Accretion of preferred membership interests	—	(672)	—	(672)
Distributions paid	—	(20,029)	—	(20,029)
Balance at June 30, 2024	38,027,194	$ (47,893)	$ 10,641	$ (37,252)
Balance at December 31, 2022	37,937,604	$ 36,508	$ 16,469	$ 52,977
Net loss	—	(979)	—	(979)
Other comprehensive income				
Unrealized gain on interest rate swap contracts	—	—	137	137
Realized gain on interest rate swap contracts reclassified from AOCI into interest expense	—	—	(3,055)	(3,055)
Total other comprehensive loss	—	—	(2,918)	(2,918)
Comprehensive loss	—	(979)	(2,918)	(3,897)
Issuance of units related to 2022 Bonus Plan	15,346	322	—	322
Accretion of preferred membership interests	—	(601)	—	(601)
Distributions paid	—	(19,974)	—	(19,974)
Balance at March 31, 2023	37,952,950	$ 15,276	$ 13,551	$ 28,827
Net income	—	14,536	—	14,536
Other comprehensive income				
Unrealized gain on interest rate swap contracts	—	—	9,898	9,898
Realized gain on interest rate swap contracts reclassified from AOCI into interest expense	—	—	(4,322)	(4,322)
Total other comprehensive income	—	—	5,576	5,576
Comprehensive income	—	14,536	5,576	20,112
Accretion of preferred membership interests	—	(615)	—	(615)
Distributions paid	—	(19,980)	—	(19,980)
Balance at June 30, 2023	37,952,950	$ 9,217	$ 19,127	$ 28,344

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

Note 1. DESCRIPTION OF BUSINESS AND OTHER DISCLOSURES

Our business consists of:

- the wholesale distribution of motor fuels;
- the owning or leasing of sites used in the retail distribution of motor fuels and, in turn, generating rental income from the lease or sublease of the sites;
- the retail sale of motor fuels to end customers at retail sites operated by commission agents and ourselves; and
- the operation of retail sites, including the sale of convenience merchandise to end customers.

Interim Financial Statements

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and the Exchange Act. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Management believes that the disclosures made are adequate to keep the information presented from being misleading. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K. Financial information as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 included in the consolidated financial statements has been derived from our unaudited financial statements. Financial information as of December 31, 2023 has been derived from our audited financial statements and notes thereto as of that date.

Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. Our business exhibits seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results and outcomes could differ from those estimates and assumptions. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances could result in revised estimates and assumptions.

Recently Adopted Accounting Pronouncements

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Improvements in Reportable Segment Disclosures." The amendments in this new guidance improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. These new disclosures will be required in our Annual Report on Form 10-K for the year ending December 31, 2024 and interim and annual reports thereafter. Although we do not anticipate the impact of adopting this guidance will be material, it will affect our disclosures related to our reportable segments starting in our Annual Report on Form 10-K for the year ending December 31, 2024.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures." The amendments in this new guidance require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. This new guidance also requires certain new disclosures such as income taxes paid disaggregated by federal, state and foreign taxes and further disaggregated by individual jurisdictions in which income taxes paid exceeds a quantitative threshold. This new guidance also eliminates certain previously required disclosures. We will adopt this new guidance effective January 1, 2025. Although we do not anticipate the impact of adopting this guidance will be material, it will affect our disclosures related to income taxes.

Certain other new accounting pronouncements have become effective for our financial statements during 2024, but the adoption of these pronouncements did not materially impact our financial position, results of operations or disclosures.

Concentration Risk

For the six months ended June 30, 2024 and 2023, respectively, we purchased approximately 81% and 80% of our motor fuel from four suppliers. Approximately 23% of our motor fuel gallons sold for each of the six months ended June 30, 2024 and 2023 were delivered by two carriers.

For the six months ended June 30, 2024 and 2023, respectively, approximately 18% and 29% of our rent income was from five multi-site operators.

For the six months ended June 30, 2024 and 2023, respectively, approximately 49% and 47% of our merchandise was purchased from one supplier.

Note 2. APPLEGREEN ACQUISITION AND LEASE TERMINATION

On January 26, 2024, we entered into an agreement (the "Applegreen Purchase Agreement") to acquire certain assets from Applegreen Midwest, LLC and Applegreen Florida, LLC (collectively, the "Sellers") (the "Applegreen Acquisition"). The assets were acquired via the termination of the Partnership's existing lease agreements with the Sellers at 59 locations, for total consideration of $16.9 million. The transaction closed on a rolling basis by site beginning during the first quarter of 2024 and ending in April 2024. The Partnership also acquired for cash the inventory at the locations. The terms of the Partnership's leases with Applegreen Midwest, LLC and Applegreen Florida, LLC could have been extended to 2049 and 2048, respectively, including all renewal options. The Applegreen Purchase Agreement contains customary representations and warranties of the parties as well as indemnification obligations by the Sellers and the Partnership, respectively, to each other.

Of the 59 locations, 31 locations converted during the first quarter of 2024 and the remaining locations converted in April 2024. This transaction resulted in the transition of these lessee dealer sites to company operated sites.

During the six months ended June 30, 2024, we paid $25.5 million of cash and recorded a non-cash write-off of deferred rent income of $1.5 million. We recorded these transactions as follows (in thousands):

Cash consideration		
Lease termination payments	$	16,983
Inventory purchases		8,534
Total cash paid		25,517
Inventory		8,534
Equipment		2,530
Loss on lease termination		14,453
Non-cash write-off of deferred rent income		1,515
Total loss on lease termination	$	15,968

Note 3. ASSETS HELD FOR SALE

We have classified seven sites and two sites as held for sale at June 30, 2024 and December 31, 2023, respectively, which are expected to be sold within one year of such classification. Assets held for sale were as follows (in thousands):

	June 30, 2024	December 31, 2023
Land	$ 1,656	$ 240
Buildings and site improvements	1,200	380
Equipment	1,387	418
Total	4,243	1,038
Less accumulated depreciation	(1,757)	(638)
Assets held for sale	$ 2,486	$ 400

The Partnership has continued to focus on divesting lower performing assets. During the three and six months ended June 30, 2024, we sold ten sites for $11.9 million in proceeds (which includes $1.3 million of proceeds initially placed in a Section 1031 exchange escrow account), resulting in a net gain of $6.5 million. During the three and six months ended June 30, 2023, we sold six and seven properties for $7.8 million and $8.2 million in proceeds (both of which include $3.8 million of proceeds initially placed in a Section 1031 exchange escrow account), resulting in net gains of $6.1 million and $6.2 million, respectively.

See Note 5 for information regarding impairment charges primarily recorded upon classifying sites within assets held for sale.

Note 4. INVENTORY

Inventory consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Merchandise	$ 34,471	$ 26,081
Motor fuel	29,112	26,263
Inventory	$ 63,583	$ 52,344

See Notes 2 and 15 for information regarding the Applegreen Acquisition and other conversions of lessee dealer sites to company operated sites, which caused a significant portion of the increase in inventory.

Note 5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Land	$ 322,485	$ 326,571
Buildings and site improvements	362,180	365,528
Leasehold improvements	17,023	16,434
Equipment	360,434	356,160
Construction in progress	8,969	4,462
Property and equipment, at cost	1,071,091	1,069,155
Accumulated depreciation and amortization	(385,785)	(363,938)
Property and equipment, net	$ 685,306	$ 705,217

We recorded impairment charges of $0.2 million and $0.4 million during the three months ended June 30, 2024 and 2023, and $0.5 million and $0.8 million during the six months ended June 30, 2024 and 2023, respectively, included within depreciation, amortization and accretion expenses on the statements of operations. These impairment charges were primarily related to sites initially classified within assets held for sale in connection with our ongoing real estate rationalization effort.

Note 6. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	June 30, 2024			December 31, 2023		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply contracts/rights	$ 194,626	$ 110,263	$ 84,363	$ 234,501	$ 140,714	$ 93,787
Trademarks/licenses	2,133	814	1,319	2,078	761	1,317
Covenant not to compete	200	63	137	200	43	157
Total intangible assets	$ 196,959	$ 111,140	$ 85,819	$ 236,779	$ 141,518	$ 95,261

Note 7. DEBT

Our balances for long-term debt and finance lease obligations were as follows (in thousands):

	June 30, 2024	December 31, 2023
CAPL Credit Facility	$ 789,513	$ 756,000
Finance lease obligations	9,552	11,064
Total debt and finance lease obligations	799,065	767,064
Current portion	3,183	3,083
Noncurrent portion	795,882	763,981
Deferred financing costs, net	9,208	10,101
Noncurrent portion, net of deferred financing costs	$ 786,674	$ 753,880

The CAPL Credit Facility is a $925 million revolving credit facility maturing March 31, 2028 that is secured by substantially all of the Partnership’s assets.

Letters of credit outstanding totaled $5.3 million and $4.5 million at June 30, 2024 and December 31, 2023, respectively.

Taking the interest rate swap contracts into account, the effective interest rate on our CAPL Credit Facility at June 30, 2024 was 6.7% (our applicable margin was 2.25% as of June 30, 2024). See Note 8 for additional information on our interest rate swap contracts.

The CAPL Credit Facility contains certain financial covenants. The Partnership is required to maintain a Consolidated Leverage Ratio (as defined in the CAPL Credit Facility) of (i) for each fiscal quarter ending March 31, 2024, June 30, 2024 and September 30, 2024, not greater than 5.00 to 1.00, and (ii) for each fiscal quarter ending December 31, 2024 and thereafter, not greater than 4.75 to 1.00. For the quarter during a Specified Acquisition Period (as defined in the CAPL Credit Facility), such threshold will be increased by increasing the numerator thereof by 0.5, but such numerator may not exceed 5.25 to 1.00. Upon the occurrence of a Qualified Note Offering (as defined in the CAPL Credit Facility), the Consolidated Leverage Ratio threshold when not in a Specified Acquisition Period is increased to 5.25 to 1.00, while the Specified Acquisition Period threshold is 5.50 to 1.00. Upon the occurrence of a Qualified Note Offering, the Partnership is also required to maintain a Consolidated Senior Secured Leverage Ratio (as defined in the CAPL Credit Facility) for the most recently completed four fiscal quarter period of not greater than 3.75 to 1.00. Such threshold is increased to 4.00 to 1.00 for the quarter during a Specified Acquisition Period. The Partnership is also required to maintain a Consolidated Interest Coverage Ratio (as defined in the CAPL Credit Facility) of at least 2.50 to 1.00.

On February 20, 2024, in connection with our Applegreen Acquisition, we entered into an amendment (the “Amendment”) to the CAPL Credit Facility. The Amendment, among other things, modified the definition of Consolidated EBITDA contained in the Credit Agreement to permit the full addback of certain lease termination expenses incurred in connection with the Applegreen Acquisition and the addback of other lease termination expenses incurred in connection with future transactions, subject to certain terms and conditions.

As of June 30, 2024, we were in compliance with our financial covenants under the CAPL Credit Facility. The amount of availability under the CAPL Credit Facility at June 30, 2024, after taking into consideration debt covenant restrictions, was $111 million.

In connection with amending the CAPL Credit Facility and terminating the JKM Credit Facility in March 2023, the Partnership wrote off $1.1 million of deferred financing costs in the first quarter of 2023.

Note 8. INTEREST RATE SWAP CONTRACTS

During 2024, we held the following interest rate swap contracts (in thousands):

Type	Notional Amount	Termination Date	Fixed Rate
Spot starting	$ 150,000	April 1, 2024	0.413 %
Spot starting	75,000	April 1, 2024	0.298 %
Spot starting	75,000	April 1, 2024	0.298 %
Spot starting	50,000	March 30, 2028	3.287 %
Spot starting	100,000	March 31, 2028	3.287 %
Spot starting	50,000	April 8, 2028	3.282 %
Forward starting April 1, 2024	100,000	April 1, 2028	2.932 %
Spot starting	80,000	March 31, 2028	4.105 %
Spot starting	20,000	March 31, 2028	4.121 %

Our interest rate swap contracts fix the rate on a portion of our SOFR-based borrowings under our CAPL Credit Facility, have been designated as cash flow hedges and are expected to be highly effective. The first three swap contracts above matured April 1, 2024, and as a result, our effective interest rate on the CAPL Credit Facility has increased since that time.

The fair value of each of these interest rate swap contracts was reported as a separate line item within current assets, noncurrent assets and noncurrent liabilities, as applicable. See Note 12 for additional information on the fair value of the interest rate swap contracts.

We report the unrealized gains and losses on our interest rate swap contracts designated as highly effective cash flow hedges as a component of other comprehensive income and reclassify such gains and losses into earnings (interest expense on our statement of operations) in the same period during which the hedged interest expense is recorded. We recognized a net realized gain from settlements of the interest rate swap contracts of $1.9 million and $4.3 million for the three months ended June 30, 2024 and 2023 and $7.1 million and $7.4 million for the six months ended June 30, 2024 and 2023, respectively.

We currently estimate that a gain of $6.2 million will be reclassified from accumulated other comprehensive income into interest expense during the next 12 months; however, the actual amount that will be reclassified will vary based on changes in interest rates.

Note 9. OPERATING LEASES AS LESSOR

During the first half of 2024, we terminated a significant number of operating leases as lessor through our Applegreen Acquisition. See Note 2 for additional information regarding this transaction and the related write-off of deferred rent income.

Motor fuel stations are leased to tenants under operating leases with various expiration dates ranging through 2037. Most lease agreements include provisions for renewals. We generally do not include renewal options in our lease term. Future minimum rental payments under non-cancelable operating leases with third parties as of June 30, 2024 were as follows (in thousands):

2024	$ 19,746
2025	32,804
2026	23,118
2027	12,712
2028	7,838
Thereafter	21,273
Total future minimum lease payments	$ 117,491

The future minimum rental payments presented above do not include contingent rent based on future inflation, future revenues or volumes of the lessee, or non-lease components for amounts that may be received as tenant reimbursements for certain operating costs.

Deferred rent income from straight-line rent relates to the cumulative amount by which straight-line rental income recorded to date exceeds cash rents billed to date under the lease agreement and totaled $3.1 million and $5.0 million at June 30, 2024 and December 31, 2023, respectively.

Note 10. RELATED-PARTY TRANSACTIONS

Wholesale Motor Fuel Sales and Real Estate Rentals

Revenues from TopStar, an entity affiliated with the Topper Group, were $11.9 million and $13.2 million for the three months ended June 30, 2024 and 2023 and $22.5 million and $24.9 million for the six months ended June 30, 2024 and 2023, respectively. Accounts receivable from TopStar was $0.1 million and $0.4 million at June 30, 2024 and December 31, 2023, respectively.

We lease real estate from the Topper Group. Rent expense under these lease agreements was $2.5 million and $2.6 million for the three months ended June 30, 2024 and 2023 and $5.1 million and $5.2 million for the six months ended June 30, 2024 and 2023, respectively.

Omnibus Agreement

We incurred expenses under the Omnibus Agreement, including costs for store level personnel at our company operated sites as well as other cost reimbursements, totaling $33.0 million and $28.3 million for the three months ended June 30, 2024 and 2023 and $60.8 million and $52.7 million for the six months ended June 30, 2024 and 2023, respectively. Such expenses are included in operating expenses and general and administrative expenses in the statements of operations. Amounts payable to the Topper Group related to expenses incurred by the Topper Group on our behalf in accordance with the Omnibus Agreement totaled $5.7 million and $8.4 million at June 30, 2024 and December 31, 2023, respectively.

Common Unit Distributions and Other Equity Transactions

We distributed $7.7 million to the Topper Group related to its ownership of our common units during each of the three months ended June 30, 2024 and 2023 and $15.4 million and $15.3 million for the six months ended June 30, 2024 and 2023, respectively.

We distributed $2.6 million to affiliates of John B. Reilly, III related to their ownership of our common units during each of the three months ended June 30, 2024 and 2023 and $5.2 million for each of the six months ended June 30, 2024 and 2023.

We recorded accretion on the preferred membership interests issued in March 2022 to related parties of $0.7 million and $0.6 million for the three months ended June 30, 2024 and 2023 and $1.3 million and $1.2 million for the six months ended June 30, 2024 and 2023, respectively. We paid income tax distributions of $0.1 million related to the preferred membership interests for the three and six months ended June 30, 2023.

Maintenance and Environmental Costs

Certain maintenance and environmental remediation activities are performed by an entity affiliated with the Topper Group, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of $0.7 million and $0.6 million for the three months ended June 30, 2024 and 2023 and $1.7 million and $1.3 million for the six months ended June 30, 2024 and 2023, respectively. Accounts payable to this related party amounted to $0.3 million at June 30, 2024 and December 31, 2023.

Convenience Store Products

We purchase certain convenience store products from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of the Board, as approved by the independent conflicts committee of the Board. Merchandise costs amounted to $4.8 million and $5.3 million for the three months ended June 30, 2024 and 2023 and $9.5 million and $10.1 million for the six months ended June 30, 2024 and 2023, respectively. Amounts payable to this related party amounted to $1.6 million and $1.4 million at June 30, 2024 and December 31, 2023, respectively.

Vehicle Lease

In connection with the services rendered under the Omnibus Agreement, we lease certain vehicles from an entity affiliated with the Topper Group, as approved by the independent conflicts committee of the Board. Lease expense was an insignificant amount for each of the three months ended June 30, 2024 and 2023 and $0.1 million for each of the six months ended June 30, 2024 and 2023.

Principal Executive Offices

We lease office space from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our Board, as approved by the independent conflicts committee of the Board. Rent expense amounted to $0.3 million and $0.2 million for the three months ended June 30, 2024 and 2023 and $0.6 million and $0.5 million for the six months ended June 30, 2024 and 2023, respectively.

Public Relations and Website Consulting Services

We have engaged a company affiliated with John B. Reilly, III, member of the Board, for public relations and website consulting services. The cost of these services was insignificant for the three and six months ended June 30, 2024 and 2023.

Note 11. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have minimum volume purchase requirements under certain of our fuel supply agreements with a purchase price at prevailing market rates for wholesale distribution. In the event we fail to purchase the required minimum volume for a given contractual period, the underlying third party's exclusive remedies (depending on the magnitude of the failure) are either termination of the supply agreement and/or a financial penalty per gallon based on the volume shortfall for the given period. We did not incur any significant penalties during the six months ended June 30, 2024 or 2023.

Litigation Matters

We are from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, environmental damages, employment-related claims and damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record an accrual when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible. We believe that it is not reasonably possible that these proceedings, separately or in the aggregate, will have a material adverse effect on our consolidated financial position, results of operations or cash flows. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Environmental Matters

We currently own or lease sites where refined petroleum products are being or have been handled. These sites and the refined petroleum products handled thereon may be subject to federal and state environmental laws and regulations. Under such laws and regulations, we could be required to remove or remediate containerized hazardous liquids or associated generated wastes (including wastes disposed of or abandoned by prior owners or operators), to remediate contaminated property arising from the release of liquids or wastes into the environment, including contaminated groundwater, or to implement best management practices to prevent future contamination.

We maintain insurance of various types with varying levels of coverage that is considered adequate under the circumstances to cover operations and properties. The insurance policies are subject to deductibles that are considered reasonable and not excessive. In addition, we have entered into indemnification and escrow agreements with various sellers in conjunction with several of their respective acquisitions, as further described below. Financial responsibility for environmental remediation is negotiated in connection with each acquisition transaction. In each case, an assessment is made of potential environmental liability exposure based on available information. Based on that assessment and relevant economic and risk factors, a determination is made whether to, and the extent to which we will, assume liability for existing environmental conditions.

Environmental liabilities recorded on the balance sheet within accrued expenses and other current liabilities and other long-term liabilities totaled $8.2 million and $7.4 million at June 30, 2024 and December 31, 2023, respectively. Indemnification assets related to third-party escrow funds, state funds or insurance recorded on the balance sheet within other current assets and other noncurrent assets totaled $5.8 million and $5.3 million at June 30, 2024 and December 31, 2023, respectively. State funds represent probable state reimbursement amounts. Reimbursement will depend upon the continued maintenance and solvency of the state. Insurance coverage represents amounts deemed probable of reimbursement under insurance policies.

The estimates used in these reserves are based on all known facts at the time and an assessment of the ultimate remedial action outcomes. We will adjust loss accruals as further information becomes available or circumstances change. Among the many uncertainties that impact the estimates are the necessary regulatory approvals for, and potential modifications of, remediation plans, the amount of data available upon initial assessment of the impact of soil or water contamination, changes in costs associated with environmental remediation services and equipment and the possibility of existing legal claims giving rise to additional claims.

Environmental liabilities related to the sites contributed to the Partnership in connection with our IPO have not been assigned to us and are still the responsibility of the Predecessor Entity. The Predecessor Entity indemnified us for any costs or expenses that we incur for environmental liabilities and third-party claims, regardless of when a claim is made, that are based on environmental conditions in existence prior to the closing of the IPO for contributed sites. As such, these environmental liabilities and indemnification assets are not recorded on the consolidated balance sheet of the Partnership.

Similarly, we have generally been indemnified with respect to known contamination at sites acquired from third parties. As such, these environmental liabilities and indemnification assets are also not recorded on the consolidated balance sheet of the Partnership.

Note 12. FAIR VALUE MEASUREMENTS

We measure and report certain financial and non-financial assets and liabilities on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). U.S. GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfers occurred. There were no transfers between any levels in 2024 or 2023.

As further discussed in Note 8, we remeasure the fair value of interest rate swap contracts on a recurring basis each balance sheet date. We used an income approach to measure the fair value of these contracts, utilizing a forward yield curve for the same period as the future interest rate swap settlements. These fair value measurements are classified as Level 2 measurements.

We have accrued for unvested phantom units and phantom performance units as a liability and adjust that liability on a recurring basis based on the market price of our common units each balance sheet date. These fair value measurements are deemed Level 1 measurements.

The fair value of our accounts receivable, notes receivable, and accounts payable approximated their carrying values as of June 30, 2024 and December 31, 2023 due to the short-term maturity of these instruments. The fair value of borrowings under the CAPL Credit Facility approximated its carrying value as of June 30, 2024 and December 31, 2023 due to the frequency with which interest rates are reset and the consistency of the market spread.

Note 13. INCOME TAXES

As a limited partnership, we are not subject to federal and state income taxes. However, our corporate subsidiaries are subject to income taxes. Income tax attributable to our taxable income (including any dividend income from our corporate subsidiaries), which may differ significantly from income for financial statement purposes, is assessed at the individual limited partner unitholder level. We are subject to a statutory requirement that non-qualifying income, as defined by the Internal Revenue Code, cannot exceed 10% of total gross income for the calendar year. If non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. The non-qualifying income did not exceed the statutory limit in any annual period.

Certain activities that generate non-qualifying income are conducted through our wholly owned taxable corporate subsidiaries. Current and deferred income taxes are recognized on the earnings of these subsidiaries. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates.

We recorded income tax expense (benefit) of $1.7 million and $2.8 million for the three months ended June 30, 2024 and 2023 and $(4.1) million and $1.1 million for the six months ended June 30, 2024 and 2023, respectively, as a result of the income generated (losses incurred) by our corporate subsidiaries. The effective tax rate differs from the combined federal and state statutory rate primarily because only LGWS and Joe's Kwik Marts are subject to income tax.

Note 14. NET INCOME PER COMMON UNIT

The following table provides a reconciliation of net income and weighted-average units used in computing basic and diluted net income per common unit for the following periods (in thousands, except unit and per unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Distributions paid on common units	$ 19,964	$ 19,925	$ 39,905	$ 39,843
Allocation of distributions in excess of net income	(8,212)	(6,004)	(46,350)	(27,502)
Limited partners' interest in net income (loss) - basic and diluted	$ 11,752	$ 13,921	$ (6,445)	$ 12,341
Denominator:				
Weighted-average common units outstanding - basic	38,027,194	37,952,950	38,010,739	37,946,676
Adjustment for phantom and phantom performance units [(a)]	172,296	197,286	—	197,021
Weighted-average common units outstanding - diluted	38,199,490	38,150,236	38,010,739	38,143,697
Net income (loss) per common unit - basic	$ 0.31	$ 0.37	$ (0.17)	$ 0.33
Net income (loss) per common unit - diluted	$ 0.31	$ 0.36	$ (0.17)	$ 0.32
Distributions paid per common unit	$ 0.5250	$ 0.5250	$ 1.0500	$ 1.0500
Distributions declared (with respect to each respective period) per common unit	$ 0.5250	$ 0.5250	$ 1.0500	$ 1.0500

(a) For the three and six months ended June 30, 2024 and 2023, respectively, 1,258,247 and 1,151,099 potentially dilutive units related to the preferred membership interests were excluded from the calculation of diluted earnings per unit because including them would have been antidilutive. For the six months ended June 30, 2024, 173,663 potentially dilutive units related to the phantom units and performance units were excluded from the calculation of diluted units because including them would have been antidilutive.

Distributions

Distribution activity for 2024 is as follows:

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2023	February 2, 2024	February 9, 2024	$ 0.5250	$ 19,941
March 31, 2024	May 3, 2024	May 10, 2024	$ 0.5250	$ 19,964
June 30, 2024	August 2, 2024	August 9, 2024	$ 0.5250	$ 19,975

The amount of any distribution is subject to the discretion of the Board, which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

Note 15. SEGMENT REPORTING

We conduct our business in two segments: 1) the wholesale segment and 2) the retail segment.

The wholesale segment includes the wholesale distribution of motor fuel to lessee dealers and independent dealers. We have exclusive motor fuel distribution contracts with lessee dealers who lease the property from us. We also have exclusive distribution contracts with independent dealers to distribute motor fuel but do not collect rent from the independent dealers.

The retail segment includes the retail sale of motor fuel at retail sites operated by commission agents and the sale of convenience merchandise items and the retail sale of motor fuel at company operated sites. A commission agent site is a retail site where we retain title to the motor fuel inventory and sell it directly to our end user customers. At commission agent retail sites, we manage motor fuel inventory pricing and retain the gross profit on motor fuel sales, less a commission to the agent who operates the retail site. Similar to our wholesale segment, we also generate revenues through leasing or subleasing real estate in our retail segment.

Unallocated items consist primarily of general and administrative expenses, depreciation, amortization and accretion expense, gains on dispositions and lease terminations, net, other income, interest expense and income tax expense. Total assets by segment are not presented as management does not currently assess performance or allocate resources based on that data.

During the three and six months ended June 30, 2024, respectively, we converted 42 and 95 sites from lessee dealer sites in the wholesale segment to company operated or commission sites in the retail segment, net. The sites converted during the first half of 2024 include 59 sites from the Applegreen Acquisition. See Note 2 for additional information. During the three and six months ended June 30, 2023, respectively, we converted 26 sites and 34 sites from lessee dealer sites in the wholesale segment to company operated or commission sites in the retail segment.

The following table reflects activity related to our reportable segments (in thousands):

	Wholesale	Retail	Unallocated	Consolidated
Three Months Ended June 30, 2024				
Revenues from fuel sales to external customers	$ 509,335	$ 494,450	$ —	$ 1,003,785
Revenues from food and merchandise sales	—	105,393	—	105,393
Rent income	14,667	3,188	—	17,855
Other revenue	1,074	5,248	—	6,322
Total revenues	$ 525,076	$ 608,279	$ —	$ 1,133,355
Operating income (loss)	$ 20,924	$ 28,013	$ (20,760)	$ 28,177
Three Months Ended June 30, 2023				
Revenues from fuel sales to external customers	$ 580,935	$ 455,315	$ —	$ 1,036,250
Revenues from food and merchandise sales	—	83,666	—	83,666
Rent income	17,379	3,144	—	20,523
Other revenue	1,164	3,793	—	4,957
Total revenues	$ 599,478	$ 545,918	$ —	$ 1,145,396
Operating income (loss)	$ 21,775	$ 26,151	$ (20,073)	$ 27,853
Six Months Ended June 30, 2024				
Revenues from fuel sales to external customers	$ 959,914	$ 884,302	$ —	$ 1,844,216
Revenues from food and merchandise sales	—	181,825	—	181,825
Rent income	30,646	6,375	—	37,021
Other revenue	1,994	9,847	—	11,841
Total revenues	$ 992,554	$ 1,082,349	$ —	$ 2,074,903
Operating income (loss)	$ 38,988	$ 39,269	$ (63,125)	$ 15,132
Six Months Ended June 30, 2023				
Revenues from fuel sales to external customers	$ 1,102,860	$ 858,261	$ —	$ 1,961,121
Revenues from food and merchandise sales	—	148,932	—	148,932
Rent income	35,335	6,508	—	41,843
Other revenue	2,411	7,248	—	9,659
Total revenues	$ 1,140,606	$ 1,020,949	$ —	$ 2,161,555
Operating income (loss)	$ 43,444	$ 40,918	$ (47,399)	$ 36,963

Receivables relating to the revenue streams above are as follows (in thousands):

	June 30, 2024	December 31, 2023
Receivables from fuel and merchandise sales	$ 36,090	$ 28,467
Receivables for rent and other lease-related charges	2,929	3,155
Total accounts receivable	$ 39,019	$ 31,622

Performance obligations are satisfied as fuel is delivered to the customer and as merchandise is sold to the consumer. Many of our fuel contracts with our customers include minimum purchase volumes measured on a monthly basis, for which our performance obligations are satisfied as services are rendered. Receivables from fuel are recognized on a per-gallon rate and are generally collected within 10 days of delivery.

The balance of unamortized costs incurred to obtain certain contracts with customers was $9.0 million and $10.0 million at June 30, 2024 and December 31, 2023, respectively. Amortization of such costs is recorded against operating revenues and amounted to $0.5 million for both the three months ended June 30, 2024 and 2023 and $1.0 million and $0.9 million for the six months ended June 30, 2024 and 2023, respectively.

Receivables from rent and other lease-related charges are generally collected at the beginning of the month.

Note 16. SUPPLEMENTAL CASH FLOW INFORMATION

In order to determine net cash provided by operating activities, net income is adjusted by, among other things, changes in operating assets and liabilities as follows (in thousands):

	Six Months Ended June 30,	
	2024	2023
(Increase) decrease:		
Accounts receivable	$ (7,832)	$ (3,554)
Accounts receivable from related parties	349	75
Inventories	(3,045)	(4,658)
Other current assets	2,405	(1,103)
Other assets	1,497	(2)
Increase (decrease):		
Accounts payable	3,829	(350)
Accounts payable to related parties	(2,856)	975
Accrued expenses and other current liabilities	1,396	1,790
Motor fuel and taxes payable	(565)	546
Other long-term liabilities	(257)	1,735
Changes in operating assets and liabilities, net of acquisitions	$ (5,079)	$ (4,546)

The above changes in operating assets and liabilities may differ from changes between amounts reflected in the applicable balance sheets for the respective periods due to acquisitions and other non-cash activity.

Supplemental disclosure of cash flow information (in thousands):

	Six Months Ended June 30,	
	2024	2023
Cash paid for interest	$ 23,085	$ 19,920
Cash paid (refunded) for income taxes, net	96	1,619

Supplemental schedule of non-cash investing and financing activities (in thousands):

	Six Months Ended June 30,	
	2024	2023
Accrued capital expenditures	$ 3,547	$ 1,485
Lease liabilities arising from obtaining right-of-use assets	7,774	5,790
Accretion of preferred membership interests	1,329	1,216

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, credit ratings, distribution growth, potential growth opportunities, potential operating performance improvements, potential improvements in return on capital employed, the effects of competition and the effects of future legislation or regulations. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "guidance," "outlook," "effort," "target" and similar expressions. Such statements are based on our current plans and expectations and involve risks and uncertainties that could potentially affect actual results. These forward-looking statements include, among other things, statements regarding:

- future retail and wholesale gross profits, including gasoline, diesel and convenience store merchandise gross profits;
- our anticipated level of capital investments, including through acquisitions, and the effect of these capital investments on our results of operations;
- anticipated trends in the demand for, and volumes sold of, gasoline and diesel in the regions where we operate;
- volatility in the equity and credit markets limiting access to capital markets;
- our ability to integrate acquired businesses;
- expectations regarding environmental, tax and other regulatory initiatives; and
- the effect of general economic and other conditions on our business.

In general, we based the forward-looking statements included in this report on our current expectations, estimates and projections about our company and the industry in which we operate. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties we cannot predict. We anticipate that subsequent events and market developments will cause our estimates to change. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- the Topper Group's business strategy and operations and the Topper Group's conflicts of interest with us;
- availability of cash flow to pay the current quarterly distributions on our common units;
- the availability and cost of competing motor fuel resources;
- motor fuel price volatility, including as a result of the conflict in Ukraine or the war between Israel and Hamas;
- a reduction in demand for motor fuels;
- competition in the industries and geographical areas in which we operate;
- the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;
- environmental compliance and remediation costs;
- our existing or future indebtedness and the related interest expense and our ability to comply with debt covenants;
- our liquidity, results of operations and financial condition;
- failure to comply with applicable tax and other regulations or governmental policies;
- future legislation and changes in regulations, governmental policies, immigration laws and restrictions or changes in enforcement or interpretations thereof;
- future regulations and actions that could expand the non-exempt status of employees under the Fair Labor Standards Act;
- future income tax legislation;
- changes in energy policy;

- technological advances;
- the impact of worldwide economic and political conditions;
- the impact of wars and acts of terrorism;
- weather conditions or catastrophic weather-related damage;
- earthquakes and other natural disasters;
- hazards and risks associated with transporting and storing motor fuel;
- unexpected environmental liabilities;
- the outcome of pending or future litigation; and
- our ability to comply with federal and state laws and regulations, including those related to environmental matters, the sale of alcohol, cigarettes and fresh foods, employment and health benefits and immigration.

You should consider the risks and uncertainties described above and elsewhere in this report as well as those set forth in the section entitled "Risk Factors" in our Form 10-K in connection with considering any forward-looking statements that may be made by us and our businesses generally. We cannot assure you that anticipated results or events reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements included in this report are made as of the date of this report. We undertake no obligation to publicly release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events after the date of this report, except as required by law.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following MD&A is intended to help the reader understand our results of operations and financial condition. This section is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to these financial statements contained elsewhere in this report, and the MD&A section and the consolidated financial statements and accompanying notes to those financial statements in our Form 10-K. Our Form 10-K contains a discussion of other matters not included herein, such as disclosures regarding critical accounting policies and estimates and contractual obligations.

MD&A is organized as follows:

- **Recent Developments**—This section describes significant recent developments.
- **Significant Factors Affecting Our Profitability**—This section describes the most significant factors impacting our results of operations.
- **Results of Operations—**This section provides an analysis of our results of operations on a consolidated basis and for each of our segments as well as a discussion of non-GAAP financial measures.
- **Liquidity and Capital Resources—**This section provides a discussion of our financial condition and cash flows. It also includes a discussion of our debt, capital requirements, other matters impacting our liquidity and capital resources and an outlook for our business.
- **New Accounting Policies—**This section describes new accounting pronouncements that we have already adopted, those that we are required to adopt in the future and those that became applicable in the current year as a result of new circumstances.
- **Critical Accounting Policies and Estimates**—This section describes the accounting policies and estimates that we consider most important for our business and that require significant judgment.

Recent Developments

Applegreen Acquisition and Lease Termination

On January 26, 2024, we entered into an agreement (the "Applegreen Purchase Agreement") to acquire certain assets from Applegreen Midwest, LLC and Applegreen Florida, LLC (collectively, the "Sellers") (the "Applegreen Acquisition"). The assets were acquired via the termination of the Partnership's existing lease agreements with the Sellers at 59 locations, for total consideration of $16.9 million. The transaction closed on a rolling basis by site beginning in the first quarter of 2024 and ending in April 2024. The Partnership also acquired for cash the inventory at the locations. The terms of the Partnership's leases with Applegreen Midwest, LLC and Applegreen Florida, LLC could have been extended to 2049 and 2048, respectively, including all renewal options. The Applegreen Purchase Agreement contains customary representations and warranties of the parties as well as indemnification obligations by the Sellers and the Partnership, respectively, to each other.

Of the 59 locations, 31 locations converted during the first quarter of 2024 and the remaining locations converted in April 2024. This transaction resulted in the transition of these lessee dealer sites to company operated sites.

During the six months ended June 30, 2024, we paid $25.5 million of cash and recorded a non-cash write-off of deferred rent income of $1.5 million. See Note 2 to the financial statements for additional information.

Amendment of CAPL Credit Facility

On February 20, 2024, in connection with our Applegreen Acquisition, we entered into an amendment (the "Amendment") to the CAPL Credit Facility. The Amendment, among other things, modified the definition of Consolidated EBITDA contained in the Credit Agreement to permit the full addback of certain lease termination expenses incurred in connection with the Applegreen Acquisition and the addback of other lease termination expenses incurred in connection with future transactions, subject to certain terms and conditions.

Significant Factors Affecting our Profitability

The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit

The prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our cost of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations. For approximately 56% of gallons sold, we receive a per gallon rate equal to the posted rack price, less any applicable discounts, plus transportation costs, taxes and a fixed rate per gallon of motor fuel. The remaining gallons are either retail sales or wholesale DTW contracts that provide for variable, market-based pricing.

Regarding our supplier relationships, a material amount of our total gallons purchased are subject to prompt payment discounts. The dollar value of these discounts varies with changes in motor fuel prices. Therefore, in periods of lower wholesale motor fuel prices, our gross profit is negatively affected, and, in periods of higher wholesale motor fuel prices, our gross profit is positively affected (as it relates to these discounts).

In our retail business, we attempt to pass along wholesale motor fuel price changes to our retail customers through "at the pump" retail price changes; however, market conditions do not always allow us to do so immediately. The timing of any related increase or decrease in "at the pump" retail prices is affected by competitive conditions in each geographic market in which we operate. As such, the prices we charge our customers for motor fuel and the gross profit we receive on our motor fuel sales can increase or decrease significantly over short periods of time.

Changes in our average motor fuel selling price per gallon and gross margin are directly related to the changes in crude oil and wholesale motor fuel prices. Variations in our reported revenues and cost of sales are, therefore, primarily related to the price of crude oil and wholesale motor fuel prices and generally not as a result of changes in motor fuel sales volumes, unless otherwise indicated and discussed below.

Seasonality Effects on Volumes

Our business is subject to seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer months) and lowest during the winter months in the first and fourth quarters.

Impact of Inflation

Inflation affects our financial performance by increasing certain components of cost of goods sold, such as fuel, merchandise, and credit card fees. Inflation also affects certain operating expenses, such as labor costs, certain leases, and general and administrative expenses. While our wholesale segment benefits from higher terms discounts as a result of higher fuel costs, inflation could and recently has negatively impacted our cost of goods sold and operating expenses. Although we have historically been able to pass on increased costs through price increases, there can be no assurance that we will be able to do so in the future.

Impact of Interest Rates

Three of our most favorable interest rate swap contracts matured April 1, 2024. As a result and due to increases in interest rates in general, our effective interest rate has increased for the three and six months ended June 30, 2024 as compared to the three and six months ended June 30, 2023.

Acquisition and Financing Activity

Our results of operations and financial condition are also impacted by our acquisition and financing activities as summarized below.

- On March 31, 2023, we amended and restated the CAPL Credit Facility and terminated the JKM Credit Facility.
- We converted the 59 sites included in the Applegreen Acquisition and transitioned these sites from lessee dealer sites in the wholesale segment to company operated sites in the retail segment. See Note 2 to the financial statements for additional information.

Results of Operations

Consolidated Income Statement Analysis

Below is an analysis of our consolidated statements of operations and provides the primary reasons for significant increases and decreases in the various income statement line items from period to period. Our consolidated statements of operations are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,133,355	$ 1,145,396	$ 2,074,903	$ 2,161,555
Costs of sales	1,028,593	1,047,672	1,888,793	1,981,772
Gross profit	104,762	97,724	186,110	179,783
Operating expenses:				
Operating expenses	55,825	49,798	107,853	95,421
General and administrative expenses	7,892	7,475	14,730	13,214
Depreciation, amortization and accretion expense	18,446	19,298	37,167	39,118
Total operating expenses	82,163	76,571	159,750	147,753
Gain (loss) on dispositions and lease terminations, net	5,578	6,700	(11,228)	4,933
Operating income	28,177	27,853	15,132	36,963
Other income, net	158	163	407	424
Interest expense	(14,208)	(10,683)	(24,749)	(22,695)
Income (loss) before income taxes	14,127	17,333	(9,210)	14,692
Income tax expense (benefit)	1,703	2,797	(4,094)	1,135
Net income (loss)	12,424	14,536	(5,116)	13,557
Accretion of preferred membership interests	672	615	1,329	1,216
Net income (loss) available to limited partners	$ 11,752	$ 13,921	$ (6,445)	$ 12,341

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Operating revenues decreased $12 million (1%) and operating income increased $0.3 million (1%). Significant items impacting these results were:

Operating revenues

- Our wholesale segment revenues decreased $74 million (12%) primarily attributable to a 12% decrease in volume driven by the conversion of certain lessee dealer sites to company operated and commission agent sites as well as the net loss of independent dealer contracts.
- Our retail segment revenues increased $62 million (11%) primarily attributable to a 9% increase in volume due to the conversion of certain lessee dealer sites to company operated and commission agent sites, partially offset by a decrease in volume in our base business. Merchandise revenues increased $22 million (26%) driven by an increase in our average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Cost of sales

Cost of sales decreased $19 million (2%), due primarily to lower total volume, partially offset by an increase in merchandise cost of sales driven by the same drivers as discussed above.

Gross profit

Gross profit increased $7 million (7%), which was primarily driven by an increase in merchandise and motor fuel gross profit within our retail segment, partially offset by a decrease in motor fuel and rent gross profit within our wholesale segment. See "Results of Operations—Segment Results" for additional gross profit analyses.

Operating expenses

See "Results of Operations—Segment Results" for analyses.

General and administrative expenses

General and administrative expenses increased $0.4 million (6%) primarily driven by higher management fees.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense decreased $0.9 million (4%) primarily due to assets becoming fully depreciated.

Gain (loss) on dispositions and lease terminations, net

During the three months ended June 30, 2024, we recorded a $6.5 million net gain in connection with our ongoing real estate rationalization effort, partially offset by $0.9 million of net losses on lease terminations and asset disposals, including non-cash write-offs of deferred rent income.

During the three months ended June 30, 2023, we recorded a $6.1 million net gain in connection with our ongoing real estate rationalization effort and a $0.6 million net gain on lease terminations and asset disposals.

Interest expense

Interest expense increased $3.5 million (33%) primarily due to the maturity of three of our most favorable interest rate swap contracts on April 1, 2024 in addition to the general increase in interest rates between the two periods.

Income tax expense

We recorded income tax expense of $1.7 million and $2.8 million for the three months ended June 30, 2024 and 2023, respectively, driven by income generated by our taxable subsidiaries.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Operating revenues decreased $87 million (4%) and operating income decreased $22 million (59%). Significant items impacting these results were:

Operating revenues

- Our wholesale segment revenues decreased $148 million (13%) primarily attributable to a 10% decrease in volume driven by the conversion of certain lessee dealer sites to company operated and commission agent sites as well as the net loss of independent dealer contracts. In addition, our average wholesale selling price decreased 3% due primarily to changes in crude oil prices during the course of the first half of 2024 compared to the same period in 2023.
- Our retail segment revenues increased $61 million (6%) for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily attributable to a 6% increase in volume due to the conversion of certain lessee dealer sites to company operated and commission agent sites, partially offset by a decrease in volume in our base business. Merchandise revenues increased $33 million (22%) driven by an increase in our average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Cost of sales

Cost of sales decreased $93 million (5%), due primarily to lower wholesale volume and lower cost per gallon, partially offset by an increase in merchandise cost of sales driven by the same drivers as discussed above.

Gross profit

Gross profit increased $6 million (4%), which was primarily driven by an increase in merchandise and motor fuel gross profit within our retail segment, partially offset by a decrease in motor fuel and rent gross profit within our wholesale segment. See "Results of Operations—Segment Results" for additional gross profit analyses.

Operating expenses

See "Results of Operations—Segment Results" for analyses.

General and administrative expenses

General and administrative expenses increased $1.5 million (11%) primarily driven by higher management fees, legal fees and acquisition related costs, partially offset by lower equity incentive compensation expense.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense decreased $2.0 million (5%) primarily due to assets becoming fully depreciated.

Gain (loss) on dispositions and lease terminations, net

During the six months ended June 30, 2024, we recorded a $16.0 million loss on lease termination with Applegreen, including a $1.5 million non-cash write-off of deferred rent income (see Note 2 to the financial statements for additional information). In addition, we recorded $1.7 million of other losses on lease terminations and asset disposals, including non-cash write-offs of deferred rent income. We recorded a $6.5 million net gain in connection with our ongoing real estate rationalization effort.

During the six months ended June 30, 2023, we recorded a $6.2 million net gain in connection with our ongoing real estate rationalization effort and a $1.3 million net loss on lease terminations and asset disposals.

Interest expense

Interest expense increased $2.1 million (9%) due to the maturity of three of our most favorable interest rate swap contracts on April 1, 2024 in addition to the general increase in interest rates, partially offset by the $1.1 million write-off of deferred financing costs in the first quarter of 2023 as a result of the amendment and restatement of the CAPL Credit Facility and termination of the JKM Credit Facility.

Income tax benefit

We recorded an income tax (benefit) expense of $(4.1) million and $1.1 million for the six months ended June 30, 2024 and 2023, respectively, driven by (losses incurred) income generated by our taxable subsidiaries.

Segment Results

We present the results of operations of our segments consistent with how our management views the business.

Wholesale

The following table highlights the results of operations and certain operating metrics of our wholesale segment. The narrative following these tables provides an analysis of the results of operations of that segment (in thousands of dollars, except for the number of distribution sites and per gallon amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gross profit:				
Motor fuel gross profit	$ 16,639	$ 17,933	$ 31,241	$ 34,641
Rent gross profit	10,405	12,602	21,844	25,857
Other revenues	1,074	1,164	1,994	2,411
Total gross profit	28,118	31,699	55,079	62,909
Operating expenses	(7,194)	(9,924)	(16,091)	(19,465)
Operating income	$ 20,924	$ 21,775	$ 38,988	$ 43,444
Motor fuel distribution sites (end of period): [(a)]				
Independent dealers [(b)]	618	641	618	641
Lessee dealers [(c)]	457	586	457	586
Total motor fuel distribution sites	1,075	1,227	1,075	1,227
Average motor fuel distribution sites	1,096	1,236	1,134	1,253
Volume of gallons distributed	192,111	218,131	376,136	419,992
Margin per gallon	$ 0.087	$ 0.082	$ 0.083	$ 0.082

(a) In addition, we distributed motor fuel to sub-wholesalers who distributed to additional sites.
(b) The decrease in the independent dealer site count was primarily attributable to the net loss of contracts, partially offset by divestitures of certain lessee dealer sites but with continued fuel supply.
(c) The decrease in the lessee dealer site count was primarily attributable to the conversion of certain lessee dealer sites to company operated sites, including through the Applegreen Acquisition, and our real estate rationalization effort.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Gross profit decreased $3.6 million (11%) and operating income decreased $0.9 million (4%). These results were impacted by:

Motor fuel gross profit

The $1.3 million decrease (7%) in motor fuel gross profit was primarily due to a 12% decrease in volume driven by the conversion of certain lessee dealer sites to company operated and commission agent sites and the net loss of independent dealer contracts, partially offset by an increase in fuel margin per gallon of 5% as compared to the same period of 2023, driven by the movements of crude oil prices within the two periods.

The average spot price of WTI crude oil increased 11% from $73.54 per barrel for the second quarter of 2023 to $81.81 per barrel for the second quarter of 2024. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."

Rent gross profit

Rent gross profit decreased $2.2 million (17%) for the second quarter of 2024 compared to the same period of 2023, primarily due to the conversion of certain lessee dealer sites to company operated and commission agent sites.

Operating expenses

Operating expenses decreased $2.7 million (28%), primarily due to the conversion of certain lessee dealer sites to company operated and commission agent sites.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Gross profit decreased $7.8 million (12%) and operating income decreased $4.5 million (10%). These results were impacted by:

Motor fuel gross profit

The $3.4 million decrease (10%) in motor fuel gross profit was primarily due to a 10% decrease in volume driven by the conversion of certain lessee dealer sites to company operated and commission agent sites and the net loss of independent dealer contracts.

The average spot price of WTI crude oil increased 7% from $74.73 per barrel for the first six months ended June 30, 2023 to $79.69 per barrel for the six months ended June 30, 2024. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."

Rent gross profit

Rent gross profit decreased $4.0 million (16%), primarily due to the conversion of certain lessee dealer sites to company operated and commission agent sites.

Operating expenses

Operating expenses decreased $3.4 million (17%), primarily due to the conversion of certain lessee dealer sites to company operated and commission agent sites.

Retail

The following table highlights the results of operations and certain operating metrics of our retail segment. The narrative following these tables provides an analysis of the results of operations of that segment (in thousands, except for the number of retail sites and per gallon amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Gross profit:				
Motor fuel	$ 39,289	$ 35,737	$ 65,326	$ 62,497
Merchandise	29,849	24,232	51,292	42,355
Rent	2,258	2,263	4,566	4,774
Other revenue	5,248	3,793	9,847	7,248
Total gross profit	76,644	66,025	131,031	116,874
Operating expenses	(48,631)	(39,874)	(91,762)	(75,956)
Operating income	$ 28,013	$ 26,151	$ 39,269	$ 40,918
Retail sites (end of period):				
Company operated retail sites [(a)]	372	292	372	292
Commission agents [(b)]	217	190	217	190
Total retail segment sites	589	482	589	482
Total retail segment statistics:				
Volume of gallons sold	143,016	130,804	264,733	249,889
Average retail fuel sites	576	477	545	468
Margin per gallon, before deducting credit card fees and commissions	0.373	0.370	0.343	0.345
Company operated site statistics:				
Average retail fuel sites	365	286	340	273
Margin per gallon, before deducting credit card fees	$ 0.397	$ 0.394	$ 0.365	$ 0.369
Merchandise gross profit percentage	28.3 %	29.0 %	28.2 %	28.4 %
Commission site statistics:				
Average retail fuel sites	211	191	205	195
Margin per gallon, before deducting credit card fees and commissions	$ 0.315	$ 0.320	$ 0.292	$ 0.297

(a) The increase in the company operated site count was primarily attributable to the conversion of certain lessee dealer and commission agent sites to company operated sites.

(b) The increase in the commission agent site count was primarily attributable to the conversion of certain lessee dealer sites to commission agent sites, partially offset by the conversion of certain commission agent sites to company operated sites.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Gross profit increased $10.6 million (16%) and operating income increased $1.9 million (7%). These results were impacted by:

<u>Gross profit</u>

- Our motor fuel gross profit increased $3.6 million (10%) attributable to a volume increase of 9% due primarily to an increase in the average retail site count due to the conversion of certain lessee dealer sites to company operated and commission agent sites, partially offset by a decrease in volume in our base business.
- Our merchandise gross profit and other revenues increased $5.6 million (23%) and $1.5 million (38%), respectively, driven by an increase in the average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Operating expenses

Operating expenses increased $8.8 million (22%) driven by a 28% increase in the average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Gross profit increased $14.2 million (12%) and operating income decreased $1.6 million (4%). These results were impacted by:

Gross profit

- Our motor fuel gross profit increased $2.8 million (5%) attributable to a volume increase of 6% due primarily to an increase in the average retail site count due to the conversion of certain lessee dealer sites to company operated and commission agent sites, partially offset by a decrease in volume in our base business.
- Our merchandise gross profit and other revenues increased $8.9 million (21%) and $2.6 million (36%), respectively, driven by an increase in the average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Operating expenses

Operating expenses increased $15.8 million (21%) driven by a 25% increase in the average company operated site count due to the conversion of certain lessee dealer and commission agent sites to company operated sites.

Non-GAAP Financial Measures

We use the non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income before deducting interest expense, income taxes and depreciation, amortization and accretion (which includes certain impairment charges). Adjusted EBITDA represents EBITDA as further adjusted to exclude equity-based compensation expense, gains or losses on dispositions and lease terminations, net and certain discrete acquisition related costs, such as legal and other professional fees, separation benefit costs and certain other discrete non-cash items arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense. The Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by distributions paid on common units.

EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are used as supplemental financial measures by management and by external users of our financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess our financial performance without regard to financing methods, capital structure or income taxes and the ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess the operating performance of our business on a consistent basis by excluding the impact of items which do not result directly from the wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of our retail site activities. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are also used to assess the ability to generate cash sufficient to make distributions to our unitholders.

We believe the presentation of EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio provides useful information to investors in assessing the financial condition and results of operations. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio should not be considered alternatives to net income or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio have important limitations as analytical tools because they exclude some but not all items that affect net income. Additionally, because EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for Distribution Coverage Ratio):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 12,424	$ 14,536	$ (5,116)	$ 13,557
Interest expense	14,208	10,683	24,749	22,695
Income tax expense (benefit)	1,703	2,797	(4,094)	1,135
Depreciation, amortization and accretion expense	18,446	19,298	37,167	39,118
EBITDA	46,781	47,314	52,706	76,505
Equity-based employee and director compensation expense	369	562	574	1,123
(Gain) loss on dispositions and lease terminations, net [(a)]	(5,578)	(6,700)	11,228	(4,933)
Acquisition-related costs [(b)]	998	1,022	1,630	1,241
Adjusted EBITDA	42,570	42,198	66,138	73,936
Cash interest expense	(13,723)	(10,207)	(23,781)	(20,370)
Sustaining capital expenditures [(c)]	(1,926)	(1,436)	(3,568)	(3,485)
Current income tax expense [(d)]	(870)	(160)	(1,007)	(554)
Distributable Cash Flow	$ 26,051	$ 30,395	$ 37,782	$ 49,527
Distributions paid on common units	19,964	19,925	39,905	39,843
Distribution Coverage Ratio	**1.30x**	**1.53x**	**0.95x**	**1.24x**

(a) See "Results of Operations–Gain (loss) on dispositions and lease terminations, net."
(b) Relates to certain acquisition-related costs, such as legal and other professional fees, separation benefit costs and purchase accounting adjustments associated with recent acquisitions.
(c) Under the Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain our sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.
(d) Excludes income tax incurred on the sale of sites.

Liquidity and Capital Resources

Liquidity

Our principal liquidity requirements are to finance our operations, fund acquisitions, service our debt and pay distributions to our unitholders. We expect our ongoing sources of liquidity to include cash generated by operations, proceeds from sales of sites in connection with our real estate rationalization efforts, borrowings under the CAPL Credit Facility, and if available to us on acceptable terms, issuances of equity and debt securities. We regularly evaluate alternate sources of capital to support our liquidity requirements.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, acquisitions, and partnership distributions, will depend on our future operating performance, which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will, from time to time, consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods.

We believe that we will have sufficient cash flow from operations, borrowing capacity under the CAPL Credit Facility, access to capital markets and alternate sources of funding to meet our financial commitments, debt service obligations, contingencies, anticipated capital expenditures and partnership distributions. However, we are subject to business and operational risks that could adversely affect our cash flow. A material decrease in our cash flows would likely produce an adverse effect on our borrowing capacity as well as our ability to issue additional equity and/or debt securities and/or maintain or increase distributions to unitholders.

Cash Flows

The following table summarizes cash flow activity (in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net cash provided by operating activities	$ 34,723	$ 47,263
Net cash used in investing activities	(26,114)	(6,688)
Net cash used in financing activities	(8,109)	(52,138)

Operating Activities

Net cash provided by operating activities decreased $13 million for the six months ended June 30, 2024 compared to the same period in 2023, primarily attributable to the weaker results in the first quarter of 2024 as well as an increase in interest expense driven by the maturity of three of our most favorable interest rate swap contracts on April 1, 2024.

As is typical in our industry, our current liabilities exceed our current assets as a result of the longer settlement of real estate and motor fuel taxes as compared to the shorter settlement of receivables for fuel, rent and merchandise.

Investing Activities

We incurred capital expenditures of $11 million for each of the six months ended June 30, 2024 and 2023. We paid $26 million to Applegreen related to lease terminations and inventory purchases during the six months ended June 30, 2024. We received $11 million and $5 million in proceeds primarily from the sale of sites in connection with our real estate rationalization effort for the six months ended June 30, 2024 and 2023, respectively.

Financing Activities

We paid $40 million in distributions for each of the six months ended June 30, 2024 and 2023. For the six months ended June 30, 2024 and 2023, we made total net borrowings (repayments) on our credit facilities of $34 million and ($4) million, respectively. We paid $7 million of deferred financing costs in connection with amending and restating the CAPL Credit Facility and terminating the JKM Credit Facility in the first quarter of 2023.

Distributions

Distribution activity for 2024 was as follows:

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2023	February 2, 2024	February 9, 2024	$ 0.5250	$ 19,941
March 31, 2024	May 3, 2024	May 10, 2024	$ 0.5250	$ 19,964
June 30, 2024	August 2, 2024	August 9, 2024	$ 0.5250	$ 19,975

The amount of any distribution is subject to the discretion of the Board, which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

Debt

As of June 30, 2024, our debt and finance lease obligations consisted of the following (in thousands):

CAPL Credit Facility	$ 789,513
Finance lease obligations	9,552
Total debt and finance lease obligations	799,065
Current portion	3,183
Noncurrent portion	795,882
Deferred financing costs, net	9,208
Noncurrent portion, net of deferred financing costs	$ 786,674

See Note 7 to the financial statements for information regarding the amendment of the CAPL Credit Facility.

Taking the interest rate swap contracts into account, our effective interest rate on our CAPL Credit Facility at June 30, 2024 was 6.7% (our applicable margin was 2.25% as of June 30, 2024). Letters of credit outstanding at June 30, 2024 totaled $5.3 million.

The amount of availability under our CAPL Credit Facility at August 2, 2024, after taking into consideration debt covenant restrictions, was $116 million.

Capital Expenditures

We make investments to expand, upgrade and enhance existing assets. We categorize our capital requirements as either sustaining capital expenditures, growth capital expenditures or acquisition capital expenditures. Sustaining capital expenditures are those capital expenditures required to maintain our long-term operating income or operating capacity. Growth capital expenditures, which include individual site purchases, and acquisition capital expenditures are those capital expenditures that we expect will increase our operating income or operating capacity over the long term. We have the ability to fund our capital expenditures by additional borrowings under our CAPL Credit Facility, or, if available to us on acceptable terms, accessing the capital markets and issuing additional equity, debt securities or other options, such as the sale of assets. Our ability to access the capital markets may have an impact on our ability to fund acquisitions. We may not be able to complete any offering of securities or other options on terms acceptable to us, if at all.

The following table outlines our capital expenditures (in thousands):

	Six Months Ended June 30,	
	2024	2023
Sustaining capital	$ 3,568	$ 3,485
Growth	7,843	7,843
Lease termination payments to Applegreen, including inventory purchases	25,517	—
Total capital expenditures, including lease termination payments to Applegreen	$ 36,928	$ 11,328

A significant portion of our growth capital expenditures are discretionary and we regularly review our capital plans in light of anticipated proceeds from sales of sites.

Concentration Risks

See Note 1 for information on our concentration risks related to our customers, fuel suppliers, fuel carriers and merchandise suppliers.

Outlook

As noted previously, the prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our cost of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations, which affect our motor fuel gross profit.

Our results for 2024 are anticipated to be impacted by the following:

- We continue to consider the highest and best use class of trade for each of our properties, which may result in the conversion of sites from one class of trade to another and ultimately increases or decreases in the gross profit for the wholesale and retail segments. The Applegreen Acquisition is anticipated to increase gross profit and operating expenses in the retail segment and reduce gross profit in the wholesale segment.
- Given the April 1, 2024 maturity of certain favorable interest rate swap contracts, we anticipate higher interest expense in 2024 relative to 2023.

We will continue to evaluate acquisitions on an opportunistic basis. Additionally, we will pursue acquisition targets that fit into our strategy. Whether we will be able to execute acquisitions will depend on market conditions, availability of suitable acquisition targets at attractive terms, acquisition-related compliance with customary regulatory requirements, and our ability to finance such acquisitions on favorable terms and in compliance with our debt covenant restrictions.

New Accounting Policies

There is no new accounting guidance effective or pending adoption that has had or is anticipated to have a material impact on our financial statements. See Note 1 to the financial statements for information on new accounting guidance that will impact segment reporting and income tax disclosures.

Critical Accounting Policies and Estimates

There have been no material changes to the critical accounting policies described in our Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Other than interest rate risk, no significant changes to our market risk have occurred since December 31, 2023. For a discussion of market risks affecting us, refer to Part II, Item 7A—"Quantitative and Qualitative Disclosures About Market Risk" included in our Form 10-K.

Interest Rate Risk

As of June 30, 2024, we had $789.5 million outstanding on our CAPL Credit Facility. Our outstanding borrowings bear interest at SOFR plus an applicable margin.

Taking the interest rate swap contracts into account, the effective interest rate on our CAPL Credit Facility at June 30, 2024 was 6.7%. A one percentage point change in SOFR would impact annual interest expense by approximately $3.9 million.

See Note 8 to the financial statements for information regarding our interest rate swap contracts.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We hereby incorporate by reference into this Item our disclosures made in Part I, Item 1 of this report included in Note 11 of the financial statements.

ITEM 1A. RISK FACTORS

There were no material changes in the risk factors disclosed in the section entitled "Risk Factors" in our Form 10-K during the period covered by this report.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1 *	Certification of Principal Executive Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2 *	Certification of Principal Financial Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1*†	Certification of Principal Executive Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
32.2*†	Certification of Principal Financial Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document With Embedded Linkbase Documents
104*	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101

* Filed herewith
† Not considered to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

SIGNATURE

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, thereunto duly authorized.

CROSSAMERICA PARTNERS LP

By: CROSSAMERICA GP LLC, its General Partner

By: /s/ Maura Topper

Maura Topper
Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: August 7, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Charles M. Nifong, Jr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Charles M. Nifong, Jr.

Charles M. Nifong, Jr.
President and Chief Executive Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Maura Topper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Maura Topper

Maura Topper
Chief Financial Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the “Partnership”) for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles M. Nifong, Jr., President and Chief Executive Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2024

/s/ Charles M. Nifong, Jr.

Charles M. Nifong, Jr.
President and Chief Executive Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the “Partnership”) for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Maura Topper, Chief Financial Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2024

/s/ Maura Topper

Maura Topper
Chief Financial Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)