

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 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, 2021

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 number 001-32593

Global Partners LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

74-3140887

(I.R.S. Employer Identification No.)

P.O. Box 9161

800 South Street

Waltham, Massachusetts 02454-9161

(Address of principal executive offices, including zip code)

(781) 894-8800

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Units representing limited partner interests	GLP	New York Stock Exchange
9.75% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests	GLP pr A	New York Stock Exchange
9.50% Series B Fixed Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests	GLP pr B	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 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 ☐

Non-accelerated filer ☐

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 ☒

The issuer had 33,995,563 common units outstanding as of August 3, 2021.

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Item 1. Financial Statements

GLOBAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data)
(Unaudited)

	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,177	\$ 9,714
Accounts receivable, net	349,950	227,317
Accounts receivable—affiliates	2,218	2,410
Inventories	490,952	384,432
Brokerage margin deposits	25,104	21,661
Derivative assets	5,227	16,556
Prepaid expenses and other current assets	79,320	119,340
Total current assets	958,948	781,430
Property and equipment, net	1,073,665	1,082,486
Right of use assets, net	284,482	290,506
Intangible assets, net	31,329	35,925
Goodwill	328,569	323,565
Other assets	32,826	26,588
Total assets	\$ 2,709,819	\$ 2,540,500
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	\$ 247,638	\$ 207,873
Working capital revolving credit facility—current portion	192,900	34,400
Lease liability—current portion	67,901	75,376
Environmental liabilities—current portion	4,455	4,455
Trustee taxes payable	49,989	36,598
Accrued expenses and other current liabilities	123,438	126,774
Derivative liabilities	32,151	12,055
Total current liabilities	718,472	497,531
Working capital revolving credit facility—less current portion	150,000	150,000
Revolving credit facility	33,400	122,000
Senior notes	738,457	737,605
Long-term lease liability—less current portion	227,597	226,648
Environmental liabilities—less current portion	47,731	49,166
Financing obligations	145,573	146,535
Deferred tax liabilities	56,320	56,218
Other long—term liabilities	61,650	59,298
Total liabilities	2,179,200	2,045,001
Partners' equity		
Series A preferred limited partners (2,760,000 units issued and outstanding at June 30, 2021 and December 31, 2020)	67,226	67,226
Series B preferred limited partners (3,000,000 units and 0 units issued and outstanding at June 30, 2021 and December 31, 2020, respectively)	72,305	—
Common limited partners (33,995,563 units issued and 33,828,270 outstanding at June 30, 2021 and 33,995,563 units issued and 33,966,180 outstanding at December 31, 2020)	389,173	428,842
General partner interest (0.67% interest with 230,303 equivalent units outstanding at June 30, 2021 and December 31, 2020)	(2,129)	(2,169)
Accumulated other comprehensive income	4,044	1,600
Total partners' equity	530,619	495,499
Total liabilities and partners' equity	\$ 2,709,819	\$ 2,540,500

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

GLOBAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales	\$ 3,279,145	\$ 1,469,577	\$ 5,832,472	\$ 4,064,670
Cost of sales	3,101,100	1,229,630	5,509,395	3,678,985
Gross profit	178,045	239,947	323,077	385,685
Costs and operating expenses:				
Selling, general and administrative expenses	54,031	59,017	100,355	99,940
Operating expenses	88,169	76,714	168,697	159,267
Amortization expense	2,673	2,713	5,396	5,425
Net gain on sale and disposition of assets	(8)	(811)	(483)	(68)
Long-lived asset impairment	188	1,724	188	1,724
Total costs and operating expenses	145,053	139,357	274,153	266,288
Operating income	32,992	100,590	48,924	119,397
Interest expense	(20,320)	(21,089)	(40,679)	(42,690)
Income before income tax (expense) benefit	12,672	79,501	8,245	76,707
Income tax (expense) benefit	(533)	(3,528)	(403)	2,341
Net income	12,139	75,973	7,842	79,048
Net loss attributable to noncontrolling interest	—	289	—	490
Net income attributable to Global Partners LP	12,139	76,262	7,842	79,538
Less: General partner's interest in net income, including incentive distribution rights	849	511	1,588	533
Less: Preferred limited partner interest in net income	3,463	1,682	5,283	3,364
Net income attributable to common limited partners	\$ 7,827	\$ 74,069	\$ 971	\$ 75,641
Basic net income per common limited partner unit	\$ 0.23	\$ 2.19	\$ 0.03	\$ 2.23
Diluted net income per common limited partner unit	\$ 0.23	\$ 2.17	\$ 0.03	\$ 2.21
Basic weighted average common limited partner units outstanding	33,939	33,869	33,953	33,869
Diluted weighted average common limited partner units outstanding	34,290	34,204	34,295	34,248

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

GLOBAL PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 12,139	\$ 75,973	\$ 7,842	\$ 79,048
Other comprehensive income:				
Change in fair value of cash flow hedges	(1,228)	5,187	824	5,187
Change in pension liability	1,574	2,360	1,620	(620)
Total other comprehensive income	346	7,547	2,444	4,567
Comprehensive income	12,485	83,520	10,286	83,615
Comprehensive loss attributable to noncontrolling interest	—	289	—	490
Comprehensive income attributable to Global Partners LP	<u>\$ 12,485</u>	<u>\$ 83,809</u>	<u>\$ 10,286</u>	<u>\$ 84,105</u>

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

GLOBAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities		
Net income	\$ 7,842	\$ 79,048
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	50,480	50,655
Amortization of deferred financing fees	2,599	2,567
Bad debt expense	(93)	360
Unit-based compensation expense	611	587
Write-off of financing fees	365	667
Net gain on sale and disposition of assets	(483)	(68)
Long-lived asset impairment	188	1,724
Changes in operating assets and liabilities:		
Accounts receivable	(122,540)	180,003
Accounts receivable-affiliate	192	327
Inventories	(106,137)	106,142
Broker margin deposits	(3,443)	2,170
Prepaid expenses, all other current assets and other assets	33,392	(12,546)
Accounts payable	39,765	(210,035)
Trustee taxes payable	13,391	807
Change in derivatives	31,425	(48,616)
Accrued expenses, all other current liabilities and other long-term liabilities	(1,112)	8,211
Net cash (used in) provided by operating activities	(53,558)	162,003
Cash flows from investing activities		
Acquisitions	(7,071)	—
Capital expenditures	(38,753)	(21,746)
Seller note issuances	(1,690)	(1,188)
Proceeds from sale of property and equipment	3,412	6,082
Net cash used in investing activities	(44,102)	(16,852)
Cash flows from financing activities		
Net proceeds from issuance of Series B preferred units	72,167	—
Net borrowings from (payments on) working capital revolving credit facility	158,500	(107,200)
Net payments on revolving credit facility	(88,600)	(4,700)
Repurchase of common units	(3,772)	(291)
LTIP units withheld for tax obligations	(36)	(30)
Noncontrolling interest capital contribution	—	400
Distributions to limited partners and general partner	(44,136)	(35,014)
Net cash provided by (used in) financing activities	94,123	(146,835)
Cash and cash equivalents		
Decrease in cash and cash equivalents	(3,537)	(1,684)
Cash and cash equivalents at beginning of period	9,714	12,042
Cash and cash equivalents at end of period	\$ 6,177	\$ 10,358
Supplemental information		
Cash paid during the year for interest	\$ 18,331	\$ 32,376

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

GLOBAL PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY
(In thousands)
(Unaudited)

	Series A Preferred Limited Partners	Series B Preferred Limited Partners	Common Limited Partners	General Partner Interest	Accumulated Other Comprehensive Income (Loss)	Total Partners' Equity
Three and six months ended June 30, 2021						
Balance at December 31, 2020	\$ 67,226	\$ —	\$ 428,842	\$ (2,169)	\$ 1,600	\$ 495,499
Issuance of Series B preferred units	—	72,167	—	—	—	72,167
Net income (loss)	1,682	138	(6,856)	739	—	(4,297)
Distributions to limited partners and general partner	(1,682)	—	(18,698)	(642)	—	(21,022)
Unit-based compensation	—	—	259	—	—	259
Other comprehensive income	—	—	—	—	2,098	2,098
LTIP units withheld for tax obligations	—	—	(26)	—	—	(26)
Dividends on repurchased units	—	—	16	—	—	16
Balance at March 31, 2021	\$ 67,226	\$ 72,305	\$ 403,537	\$ (2,072)	\$ 3,698	\$ 544,694
Net income	1,682	1,781	7,827	849	—	12,139
Distributions to limited partners and general partner	(1,682)	(1,781)	(19,547)	(906)	—	(23,916)
Unit-based compensation	—	—	352	—	—	352
Other comprehensive income	—	—	—	—	346	346
Repurchase of common units	—	—	(3,772)	—	—	(3,772)
LTIP units withheld for tax obligations	—	—	(10)	—	—	(10)
Dividends on repurchased units	—	—	786	—	—	786
Balance at June 30, 2021	\$ 67,226	\$ 72,305	\$ 389,173	\$ (2,129)	\$ 4,044	\$ 530,619

	Partners' Equity					
	Series A Preferred Limited Partners	Common Limited Partners	General Partner Interest	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Partners' Equity
Three and six months ended June 30, 2020						
Balance at December 31, 2019	\$ 67,226	\$ 398,535	\$ (2,620)	\$ (5,076)	\$ 1,174	\$ 459,239
Net income (loss)	1,682	1,572	22	—	(201)	3,075
Noncontrolling interest capital contribution	—	—	—	—	400	400
Distributions to limited partners and general partner	(1,682)	(17,848)	(443)	—	—	(19,973)
Unit-based compensation	—	288	—	—	—	288
Other comprehensive loss	—	—	—	(2,980)	—	(2,980)
LTIP units withheld for tax obligation	—	(25)	—	—	—	(25)
Dividends on repurchased units	—	68	—	—	—	68
Balance at March 31, 2020	\$ 67,226	\$ 382,590	\$ (3,041)	\$ (8,056)	\$ 1,373	\$ 440,092
Net income (loss)	1,682	74,069	511	—	(289)	75,973
Distributions to limited partners and general partner	(1,682)	(13,385)	(91)	—	—	(15,158)
Unit-based compensation	—	299	—	—	—	299
Other comprehensive income	—	—	—	7,547	—	7,547
Repurchase of common units	—	(291)	—	—	—	(291)
LTIP units withheld for tax obligation	—	(5)	—	—	—	(5)
Dividends on repurchased units	—	49	—	—	—	49
Balance at June 30, 2020	\$ 67,226	\$ 443,326	\$ (2,621)	\$ (509)	\$ 1,084	\$ 508,506

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

GLOBAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Basis of Presentation

Organization

Global Partners LP (the “Partnership”) is a master limited partnership formed in March 2005. The Partnership owns, controls or has access to one of the largest terminal networks of refined petroleum products and renewable fuels in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the “Northeast”). The Partnership is one of the region’s largest independent owners, suppliers and operators of gasoline stations and convenience stores. As of June 30, 2021, the Partnership had a portfolio of 1,564 owned, leased and/or supplied gasoline stations, including 283 directly operated convenience stores, primarily in the Northeast. The Partnership is also one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. The Partnership engages in the purchasing, selling, gathering, blending, storing and logistics of transporting petroleum and related products, including gasoline and gasoline blendstocks (such as ethanol), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, crude oil and propane and in the transportation of petroleum products and renewable fuels by rail from the mid-continent region of the United States and Canada.

Global GP LLC, the Partnership’s general partner (the “General Partner”), manages the Partnership’s operations and activities and employs its officers and substantially all of its personnel, except for most of its gasoline station and convenience store employees who are employed by Global Montello Group Corp. (“GMG”), a wholly owned subsidiary of the Partnership.

The General Partner, which holds a 0.67% general partner interest in the Partnership, is owned by affiliates of the Slifka family. As of June 30, 2021, affiliates of the General Partner, including its directors and executive officers and their affiliates, owned 4,992,207 common units, representing a 14.7% limited partner interest.

2021 Events

Amended Credit Agreement—On May 5, 2021, the Partnership and certain of its subsidiaries entered into the fifth amendment to third amended and restated credit agreement which, among other things, increases the total aggregate commitment to \$1.25 billion and extends the maturity date to May 6, 2024. See Note 7 for additional information.

Series B Preferred Unit Offering—On March 24, 2021, the Partnership issued 3,000,000 9.50% Series B Fixed Rate Cumulative Redeemable Perpetual Preferred Units, liquidation preference of \$25.00 per unit (the “Series B Preferred Units”), for \$25.00 per Series B Preferred Unit in an offering registered under the Securities Act of 1933. See Note 13.

COVID-19 Pandemic—The COVID-19 pandemic continues to make its presence felt at home, in the office workplace and at the Partnership’s retail sites and terminal locations. The Partnership remains active in responding to the challenges posed by the COVID-19 pandemic and continues to provide essential products and services while prioritizing the safety of its employees, customers and vendors in the communities where the Partnership operates.

Basis of Presentation

The accompanying consolidated financial statements as of June 30, 2021 and December 31, 2020 and for the three and six months ended June 30, 2021 and 2020 reflect the accounts of the Partnership. Upon consolidation, all intercompany balances and transactions have been eliminated.

GLOBAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial condition and operating results for the interim periods. The interim financial information, which has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020 and notes thereto contained in the Partnership’s Annual Report on Form 10-K. The significant accounting policies described in Note 2, “Summary of Significant Accounting Policies,” of such Annual Report on Form 10-K are the same used in preparing the accompanying consolidated financial statements.

The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results of operations that will be realized for the entire year ending December 31, 2021. The consolidated balance sheet at December 31, 2020 has been derived from the audited consolidated financial statements included in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2020.

Noncontrolling Interest

The Partnership acquired a 60% interest in Basin Transload, LLC (“Basin Transload”) on February 1, 2013. In connection with the terms of an agreement between the Partnership and the minority members of Basin Transload on September 29, 2020, the Partnership acquired the minority members’ collective 40% interest in Basin Transload (see Note 17, “Legal Proceedings” for additional information).

Amounts pertaining to the noncontrolling ownership interest held by third parties in the financial position and operating results of the Partnership are reported as a noncontrolling interest in the accompanying consolidated financial statements for the three and six months ended June 30, 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The uncertainty surrounding the short and long-term impact of COVID-19, including the inability to project the timing of an economic recovery, may have an impact on the Partnership’s use of estimates. Among the estimates made by management are (i) estimated fair value of assets and liabilities acquired in a business combination and identification of associated goodwill and intangible assets, (ii) fair value of derivative instruments, (iii) accruals and contingent liabilities, (iv) allowance for credit losses, (v) assumptions used to evaluate goodwill, property and equipment and intangibles for impairment, (vi) environmental and asset retirement obligation provisions, and (vii) weighted average discount rate used in lease accounting. Although the Partnership believes its estimates are reasonable, actual results could differ from these estimates.

Concentration of Risk

Due to the nature of the Partnership’s businesses and its reliance, in part, on consumer travel and spending patterns, the Partnership may experience more demand for gasoline during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which the Partnership operates, increasing the demand for gasoline. Therefore, the Partnership’s volumes in gasoline are typically higher in the second and third quarters of the calendar year. However, the COVID-19 pandemic has had a negative impact on gasoline demand and the extent and duration of that impact remains uncertain. As demand for some of the Partnership’s refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, heating oil and residual oil volumes are generally higher during the first

GLOBAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

and fourth quarters of the calendar year. These factors may result in fluctuations in the Partnership's quarterly operating results.

The following table presents the Partnership's product sales and other revenues as a percentage of the consolidated sales for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Gasoline sales: gasoline and gasoline blendstocks (such as ethanol)	77 %	69 %	71 %	67 %
Distillates (home heating oil, diesel and kerosene) and residual oil sales	18 %	23 %	24 %	27 %
Crude oil sales and crude oil logistics revenue	1 %	1 %	1 %	1 %
Convenience store sales, rental income and sundries	4 %	7 %	4 %	5 %
Total	100 %	100 %	100 %	100 %

The following table presents the Partnership's product margin by segment as a percentage of the consolidated product margin for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Wholesale segment	17 %	43 %	18 %	27 %
Gasoline Distribution and Station Operations segment	82 %	56 %	80 %	71 %
Commercial segment	1 %	1 %	2 %	2 %
Total	100 %	100 %	100 %	100 %

See Note 14, "Segment Reporting," for additional information on the Partnership's operating segments.

None of the Partnership's customers accounted for greater than 10% of total sales for the three and six months ended June 30, 2021 and 2020.

Note 2. Revenue from Contract Customers

Disaggregation of Revenue

The following table provides the disaggregation of revenue from contracts with customers and other sales by segment for the periods presented (in thousands):

	Three Months Ended June 30, 2021			
	Wholesale	GDSO	Commercial	Total
Revenue from contracts with customers:				
Refined petroleum products, renewable fuels and crude oil	\$ 632,330	\$ 1,023,187	\$ 77,100	\$ 1,732,617
Station operations	—	104,803	—	104,803
Total revenue from contracts with customers	632,330	1,127,990	77,100	1,837,420
Other sales:				
Revenue originating as physical forward contracts and exchanges	1,364,689	—	58,113	1,422,802
Revenue from leases	564	18,359	—	18,923
Total other sales	1,365,253	18,359	58,113	1,441,725
Total sales	\$ 1,997,583	\$ 1,146,349	\$ 135,213	\$ 3,279,145

GLOBAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended June 30, 2020			
	Wholesale	GDSO	Commercial	Total
Revenue from contracts with customers:				
Refined petroleum products, renewable fuels, crude oil and propane	\$ 257,568	\$ 455,161	\$ 28,564	\$ 741,293
Station operations	—	86,967	—	86,967
Total revenue from contracts with customers	257,568	542,128	28,564	828,260
Other sales:				
Revenue originating as physical forward contracts and exchanges	586,042	—	37,609	623,651
Revenue from leases	538	17,128	—	17,666
Total other sales	586,580	17,128	37,609	641,317
Total sales	<u>\$ 844,148</u>	<u>\$ 559,256</u>	<u>\$ 66,173</u>	<u>\$ 1,469,577</u>

	Six Months Ended June 30, 2021			
	Wholesale	GDSO	Commercial	Total
Revenue from contracts with customers:				
Refined petroleum products, renewable fuels and crude oil	\$ 1,363,517	\$ 1,779,195	\$ 95,884	\$ 3,238,596
Station operations	—	186,652	—	186,652
Total revenue from contracts with customers	1,363,517	1,965,847	95,884	3,425,248
Other sales:				
Revenue originating as physical forward contracts and exchanges	2,184,420	—	184,999	2,369,419
Revenue from leases	1,131	36,674	—	37,805
Total other sales	2,185,551	36,674	184,999	2,407,224
Total sales	<u>\$ 3,549,068</u>	<u>\$ 2,002,521</u>	<u>\$ 280,883</u>	<u>\$ 5,832,472</u>

	Six Months Ended June 30, 2020			
	Wholesale	GDSO	Commercial	Total
Revenue from contracts with customers:				
Refined petroleum products, renewable fuels, crude oil and propane	\$ 768,341	\$ 1,200,776	\$ 95,745	\$ 2,064,862
Station operations	—	167,869	—	167,869
Total revenue from contracts with customers	768,341	1,368,645	95,745	2,232,731
Other sales:				
Revenue originating as physical forward contracts and exchanges	1,682,962	—	113,046	1,796,008
Revenue from leases	1,079	34,852	—	35,931
Total other sales	1,684,041	34,852	113,046	1,831,939
Total sales	<u>\$ 2,452,382</u>	<u>\$ 1,403,497</u>	<u>\$ 208,791</u>	<u>\$ 4,064,670</u>

Nature of Goods and Services

Revenue from Contracts with Customers (ASC 606):

- *Refined petroleum products, renewable fuels and crude oil sales*—Under the Partnership’s Wholesale, Gasoline Distribution and Station Operations (“GDSO”) and Commercial segments, revenue is recognized at the point where control of the product is transferred to the customer and collectability is reasonably assured.
- *Station operations*—Revenue from convenience store sales of grocery and other merchandise and sundries (such as car wash sales and lottery and ATM commissions) is recognized at the time of the sale to the customer.

GLOBAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Other Revenue:

- *Revenue Originating as Physical Forward Contracts and Exchanges*—The Partnership’s commodity contracts and derivative instrument activity include physical forward commodity sale contracts. The Partnership does not take the normal purchase and sale exemption available under ASC 815, “Derivatives and Hedging,” for any of its physical forward contracts. This income is recognized under ASC 815 and is included in sales at the contract value at the point where control of the product is transferred to the customer. Income from net exchange differentials included in sales is recognized under ASC 845, “Nonmonetary Transactions,” upon delivery of product to exchange partners.
- *Revenue from Leases*—The Partnership has rental income from gasoline stations and cobranding arrangements and lease income from space leased to several unrelated third parties at several of the Partnership’s terminals.

Transaction Price Allocated to Remaining Performance Obligations

The Partnership has elected certain of the optional exemptions from the disclosure requirement for remaining performance obligations for specific situations in which an entity need not estimate variable consideration to recognize revenue. Accordingly, the Partnership applies the practical expedient in paragraph ASC 606-10-50-14 to its contracts with customers where revenue is tied to a market-index and does not disclose information about variable consideration from remaining performance obligations for which the Partnership recognizes revenue.

The fixed component of estimated revenues expected to be recognized in the future related to performance obligations tied to a market index that are unsatisfied (or partially unsatisfied) at the end of the reporting period are not significant.

Contract Balances

A receivable, which is included in accounts receivable, net in the accompanying consolidated balance sheets, is recognized in the period the Partnership provides services when its right to consideration is unconditional. In contrast, a contract asset will be recognized when the Partnership has fulfilled a contract obligation but must perform other obligations before being entitled to payment.

The nature of the receivables related to revenue from contracts with customers and other revenue, as well as contract assets, are the same, given they are related to the same customers and have the same risk profile and securitization. Payment terms on invoiced amounts are typically 2 to 30 days.

A contract liability is recognized when the Partnership has an obligation to transfer goods or services to a customer for which the Partnership has received consideration (or the amount is due) from the customer. The Partnership had no significant contract liabilities at both June 30, 2021 and December 31, 2020.

Note 3. Net Income Per Common Limited Partner Unit

Under the Partnership’s partnership agreement, for any quarterly period, the incentive distribution rights (“IDRs”) participate in net income only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in the Partnership’s undistributed net income or losses. Accordingly, the Partnership’s undistributed net income or losses is assumed to be allocated to the common unitholders and to the General Partner’s general partner interest.

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Common units outstanding as reported in the accompanying consolidated financial statements at June 30, 2021 and December 31, 2020 excludes 167,293 and 29,383 common units, respectively, held on behalf of the Partnership pursuant to its repurchase program (see Note 12). These units are not deemed outstanding for purposes of calculating net income per common limited partner unit (basic and diluted). For all periods presented below, the Partnership's preferred units are not potentially dilutive securities based on the nature of the conversion feature.

The following table provides a reconciliation of net income and the assumed allocation of net (loss) income to the common limited partners (after deducting amounts allocated to preferred unitholders) for purposes of computing net income per common limited partner unit for the periods presented (in thousands, except per unit data):

	Three Months Ended June 30, 2021				Three Months Ended June 30, 2020			
	Total	Common Limited Partners	General Partner Interest	IDRs	Total	Common Limited Partners	General Partner Interest	IDRs
Numerator:								
Net income attributable to Global Partners LP	\$ 12,139	\$ 11,290	\$ 849	\$ —	\$ 76,262	\$ 75,751	\$ 511	\$ —
Declared distribution	\$ 20,453	\$ 19,547	\$ 138	\$ 768	\$ 15,701	\$ 15,595	\$ 106	\$ —
Assumed allocation of undistributed net (loss) income	(8,314)	(8,257)	(57)	—	60,561	60,156	405	—
Assumed allocation of net income	\$ 12,139	\$ 11,290	\$ 81	\$ 768	\$ 76,262	\$ 75,751	\$ 511	\$ —
Less: Preferred limited partner interest in net income		3,463				1,682		
Net income attributable to common limited partners		\$ 7,827				\$ 74,069		
Denominator:								
Basic weighted average common units outstanding		33,939				33,869		
Dilutive effect of phantom units		351				335		
Diluted weighted average common units outstanding		34,290				34,204		
Basic net income per common limited partner unit		\$ 0.23				\$ 2.19		
Diluted net income per common limited partner unit		\$ 0.23				\$ 2.17		

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	Six Months Ended June 30, 2021				Six Months Ended June 30, 2020			
	Total	Common Limited Partners	General Partner Interest	IDRs	Total	Common Limited Partners	General Partner Interest	IDRs
Numerator:								
Net income attributable to Global Partners LP	\$ 7,842	\$ 6,254	\$ 1,588	\$ —	\$ 79,538	\$ 79,005	\$ 533	\$ —
Declared distribution	\$ 40,906	\$ 39,094	\$ 276	\$ 1,536	\$ 29,177	\$ 28,980	\$ 197	\$ —
Assumed allocation of undistributed net (loss) income	(33,064)	(32,840)	(224)	—	50,361	50,025	336	—
Assumed allocation of net income	\$ 7,842	\$ 6,254	\$ 52	\$ 1,536	\$ 79,538	\$ 79,005	\$ 533	\$ —
Less: Preferred limited partner interest in net income		5,283				3,364		
Net income attributable to common limited partners		\$ 971				\$ 75,641		
Denominator:								
Basic weighted average common units outstanding		33,953				33,869		
Dilutive effect of phantom units		342				379		
Diluted weighted average common units outstanding		34,295				34,248		
Basic net income per common limited partner unit		\$ 0.03				\$ 2.23		
Diluted net income per common limited partner unit		\$ 0.03				\$ 2.21		

The board of directors of the General Partner declared the following quarterly cash distributions on its common units:

Cash Distribution Declaration Date	Per Unit Cash Distribution Declared	Distribution Declared for the Quarterly Period Ended
April 26, 2021	\$ 0.5750	March 31, 2021
July 27, 2021	\$ 0.5750	June 30, 2021

The board of directors of the General Partner declared the following quarterly cash distributions on the Series A Preferred Units (as defined in Note 13):

Cash Distribution Declaration Date	Per Unit Cash Distribution Declared	Distribution Declared for the Quarterly Period Covering
April 19, 2021	\$ 0.609375	February 15, 2021 - May 14, 2021
July 19, 2021	\$ 0.609375	May 15, 2021 - August 14, 2021

The board of directors of the General Partner declared the following quarterly cash distributions on the Series B Preferred Units:

Cash Distribution Declaration Date	Per Unit Cash Distribution Declared	Distribution Declared for the Quarterly Period Covering
April 19, 2021	\$ 0.3365	March 24, 2021 - May 14, 2021
July 19, 2021	\$ 0.59375	May 15, 2021 - August 14, 2021

See Note 13, "Partners' Equity and Cash Distributions" for further information.

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Note 4. Inventories

The Partnership hedges substantially all of its petroleum and ethanol inventory using a variety of instruments, primarily exchange-traded futures contracts. These futures contracts are entered into when inventory is purchased and are either designated as fair value hedges against the inventory on a specific barrel basis for inventories qualifying for fair value hedge accounting or not designated and maintained as economic hedges against certain inventory of the Partnership on a specific barrel basis. Changes in fair value of these futures contracts, as well as the offsetting change in fair value on the hedged inventory, are recognized in earnings as an increase or decrease in cost of sales. All hedged inventory designated in a fair value hedge relationship is valued using the lower of cost, as determined by specific identification, or net realizable value, as determined at the product level. All petroleum and ethanol inventory not designated in a fair value hedging relationship is carried at the lower of historical cost, on a first-in, first-out basis, or net realizable value. Renewable Identification Numbers (“RINs”) inventory is carried at the lower of historical cost, on a first-in, first-out basis, or net realizable value. Convenience store inventory is carried at the lower of historical cost, based on a weighted average cost method, or net realizable value.

Inventories consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Distillates: home heating oil, diesel and kerosene	\$ 206,210	\$ 206,177
Gasoline	167,085	98,747
Gasoline blendstocks	44,801	27,468
Crude oil	4,325	6,181
Residual oil	42,900	21,159
Renewable identification numbers (RINs)	3,246	2,332
Convenience store inventory	22,354	22,329
Other	31	39
Total	<u>\$ 490,952</u>	<u>\$ 384,432</u>

In addition to its own inventory, the Partnership has exchange agreements for petroleum products and ethanol with unrelated third-party suppliers, whereby it may draw inventory from these other suppliers and suppliers may draw inventory from the Partnership. Positive exchange balances are accounted for as accounts receivable and amounted to \$0.8 million and \$3.0 million at June 30, 2021 and December 31, 2020, respectively. Negative exchange balances are accounted for as accounts payable and amounted to \$13.7 million and \$9.8 million at June 30, 2021 and December 31, 2020, respectively. Exchange transactions are valued using current carrying costs.

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Note 5. Goodwill

The following table presents changes in goodwill, all of which has been allocated to the GDSO segment (in thousands):

Balance at December 31, 2020	\$	323,565
Acquisitions (1)		5,166
Dispositions (2)		(162)
Balance at June 30, 2021	\$	328,569

- (1) Acquisitions represent the recognition of goodwill associated with the acquisition of four company-operated gasoline stations and convenience stores. The purchase price was approximately \$6.3 million which was preliminarily attributed to \$5.2 million in goodwill, \$0.7 million in equipment and \$0.4 million in inventory.
- (2) Dispositions represent derecognition of goodwill associated with the sale and disposition of certain assets.

Note 6. Property and Equipment

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

	June 30, 2021	December 31, 2020
Buildings and improvements	\$ 1,279,786	\$ 1,243,460
Land	450,777	449,840
Fixtures and equipment	37,458	36,352
Idle plant assets	30,500	30,500
Construction in process	37,661	42,428
Capitalized internal use software	32,100	30,534
Total property and equipment	1,868,282	1,833,114
Less accumulated depreciation	794,617	750,628
Total	\$ 1,073,665	\$ 1,082,486

Property and equipment includes assets held for sale of \$1.5 million and \$1.7 million at June 30, 2021 and December 31, 2020, respectively.

At June 30, 2021, the Partnership had a \$40.5 million remaining net book value of long-lived assets at its West Coast facility, including \$30.5 million related to the Partnership's ethanol plant acquired in 2013. The Partnership would need to take certain measures to prepare the facility for ethanol production in order to place the plant into service and commence depreciation. Therefore, the \$30.5 million related to the ethanol plant was included in property and equipment and classified as idle plant assets at June 30, 2021 and December 31, 2020.

If the Partnership is unable to generate cash flows to support the recoverability of the plant and facility assets, this may become an indicator of potential impairment of the West Coast facility. The Partnership believes these assets are recoverable but continues to monitor the market for ethanol, the continued business development of this facility for ethanol or other product transloading, and the related impact this may have on the facility's operating cash flows and whether this would constitute an impairment indicator.

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Evaluation of Long-Lived Asset Impairment

The Partnership recognized an impairment charge relating to certain developmental assets for raze and rebuilds allocated to the GDSO segment in the amount of \$0.2 million for each of the three and six months ended June 30, 2021, which is included in long-lived asset impairment in the accompanying statements of operations.

The Partnership recognized an impairment charge relating to certain right of use assets allocated to the Wholesale segment in the amount of \$1.7 million for each of the three and six months ended June 30, 2020, which is included in long-lived asset impairment in the accompanying statements of operations.

Note 7. Debt and Financing Obligations

Credit Agreement

Certain subsidiaries of the Partnership, as borrowers, and the Partnership and certain of its subsidiaries, as guarantors, have a \$1.25 billion senior secured credit facility (the “Credit Agreement”). On May 5, 2021, the Partnership and certain of its subsidiaries entered into a fifth amendment to the Credit Agreement which, among other things, increased the total aggregate commitment from \$1.17 billion to \$1.25 billion and extended the maturity date from April 29, 2022 to May 6, 2024 (see “Fifth Amendment to the Credit Agreement” below).

There are two facilities under the Credit Agreement:

- a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of the Partnership’s borrowing base and \$800.0 million; and
- a \$450.0 million revolving credit facility to be used for general corporate purposes.

Availability under the working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Availability under the borrowing base may be affected by events beyond the Partnership’s control, such as changes in petroleum product prices, collection cycles, counterparty performance, advance rates and limits and general economic conditions.

The average interest rates for the Credit Agreement were 2.4% and 2.8% for the three months ended June 30, 2021 and 2020, respectively, and 2.5% and 3.1% for the six months ended June 30, 2021 and 2020, respectively.

The Partnership classifies a portion of its working capital revolving credit facility as a current liability and a portion as a long-term liability. The portion classified as a long-term liability represents the amounts expected to be outstanding throughout the next twelve months based on an analysis of historical daily borrowings under the working capital revolving credit facility, the seasonality of borrowings, forecasted future working capital requirements and forward product curves, and because the Partnership has a multi-year, long-term commitment from its bank group. Accordingly, at June 30, 2021 the Partnership estimated working capital revolving credit facility borrowings will equal or exceed \$150.0 million over the next twelve months and, therefore, classified \$192.9 million as the current portion at June 30, 2021, representing the amount the Partnership expects to pay down over the next twelve months. The long-term portion of the working capital revolving credit facility was \$150.0 million at both June 30, 2021 and December 31, 2020, and the current portion was \$192.9 million and \$34.4 million at June 30, 2021 and December 31, 2020, respectively. The increase in total borrowings under the working capital revolving credit facility of \$158.5 million from December 31, 2020 was in part due to higher prices.

As of June 30, 2021, the Partnership had total borrowings outstanding under the Credit Agreement of \$376.3 million, including \$33.4 million outstanding on the revolving credit facility. In addition, the Partnership had

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outstanding letters of credit of \$78.8 million. Subject to borrowing base limitations, the total remaining availability for borrowings and letters of credit was \$794.9 million and \$778.5 million at June 30, 2021 and December 31, 2020, respectively.

The Credit Agreement imposes financial covenants that require the Partnership to maintain certain minimum working capital amounts, a minimum combined interest coverage ratio, a maximum senior secured leverage ratio and a maximum total leverage ratio. The Partnership was in compliance with the foregoing covenants at June 30, 2021. The Credit Agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement). In addition, the Credit Agreement limits distributions by the Partnership to its unitholders to the amount of Available Cash (as defined in the Partnership's partnership agreement).

Please read Note 8 of Notes to Consolidated Financial Statements in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on the Credit Agreement.

Deferred Financing Fees

The Partnership incurs bank fees related to its Credit Agreement and other financing arrangements. These deferred financing fees are capitalized and amortized over the life of the Credit Agreement or other financing arrangements. In connection with the Fifth Amendment (as defined below) in May 2021, the Partnership capitalized additional financing fees of \$6.0 million. Also in connection with the Fifth Amendment, the Partnership incurred expenses of approximately \$0.4 million associated with the write-off of a portion of the related deferred financing fees. These expenses are included in interest expense in the accompanying consolidated statements of operations for the three and six months ended June 30, 2021. The Partnership had unamortized deferred financing fees of \$20.9 million and \$17.9 million at June 30, 2021 and December 31, 2020, respectively.

Unamortized fees related to the Credit Agreement are included in other current assets and other long-term assets and amounted to \$8.7 million and \$4.8 million at June 30, 2021 and December 31, 2020, respectively. Unamortized fees related to the senior notes are presented as a direct deduction from the carrying amount of that debt liability and amounted to \$11.5 million and \$12.4 million at June 30, 2021 and December 31, 2020, respectively. Unamortized fees related to the Partnership's sale-lease transactions are presented as a direct deduction from the carrying amount of the financing obligation and amounted to \$0.7 million at both June 30, 2021 and December 31, 2020.

Amortization expense of approximately \$1.3 million for each of the three months ended June 30, 2021 and 2020 and \$2.6 million for each of the six months ended June 30, 2021 and 2020, is included in interest expense in the accompanying consolidated statements of operations.

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Supplemental cash flow information

The following table presents supplemental cash flow information related to the Credit Agreement for the periods presented (in thousands):

	Six Months Ended	
	June 30,	
	2021	2020
Borrowings from working capital revolving credit facility	\$ 1,087,800	\$ 680,100
Payments on working capital revolving credit facility	(929,300)	(787,300)
Net borrowings from (payments on) working capital revolving credit facility	\$ 158,500	\$ (107,200)
Borrowings from revolving credit facility	\$ —	\$ 50,000
Payments on revolving credit facility	(88,600)	(54,700)
Net payments on revolving credit facility	\$ (88,600)	\$ (4,700)

Fifth Amendment to the Credit Agreement

On May 5, 2021, the Partnership and certain of its subsidiaries entered into the Fifth Amendment to Third Amended and Restated Credit Agreement (the “Fifth Amendment”), which further amends the Credit Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The Fifth Amendment amended certain terms, provisions and covenants of the Credit Agreement, including, without limitation:

- (i) increased the aggregate commitments under the facilities with the commitment under the working capital revolving credit facility increased to \$800.0 million from \$770.0 million and the commitment under the revolving credit facility increased to \$450.0 million from \$400.0 million;
- (ii) extended the maturity date for the Credit Agreement from April 29, 2022 to May 6, 2024;
- (iii) decreased by 0.125% the applicable rate under the working capital revolving credit facility for borrowings of base rate loans, Eurocurrency rate loans and cost of funds rate loans and for issuances of letters of credit; and
- (iv) reduced the Eurocurrency rate floor to zero basis points and the cost of funds rate floor to zero basis points.

All other material terms of the Credit Agreement remain substantially the same as disclosed in Note 8 of Notes to Consolidated Financial Statements in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2020.

Senior Notes

The Partnership had 7.00% senior notes due 2027 and 6.875% senior notes due 2029 outstanding at June 30, 2021 and December 31, 2020. Please read Note 8 of Notes to Consolidated Financial Statements in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on these senior notes.

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Financing Obligations

The Partnership had financing obligations outstanding at June 30, 2021 and December 31, 2020 associated with historical sale-leaseback transactions that did not meet the criteria for sale accounting. Please read Note 8 of Notes to Consolidated Financial Statements in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on these financial obligations.

Note 8. Derivative Financial Instruments

The Partnership principally uses derivative instruments, which include regulated exchange-traded futures and options contracts (collectively, "exchange-traded derivatives") and physical and financial forwards and over-the-counter ("OTC") swaps (collectively, "OTC derivatives"), to reduce its exposure to unfavorable changes in commodity market prices. The Partnership uses these exchange-traded and OTC derivatives to hedge commodity price risk associated with its inventory, fuel purchases and undelivered forward commodity purchases and sales ("physical forward contracts"). The Partnership accounts for derivative transactions in accordance with ASC Topic 815, "Derivatives and Hedging," and recognizes derivatives instruments as either assets or liabilities in the consolidated balance sheet and measures those instruments at fair value. The changes in fair value of the derivative transactions are presented currently in earnings, unless specific hedge accounting criteria are met.

The fair value of exchange-traded derivative transactions reflects amounts that would be received from or paid to the Partnership's brokers upon liquidation of these contracts. The fair value of these exchange-traded derivative transactions is presented on a net basis, offset by the cash balances on deposit with the Partnership's brokers, presented as brokerage margin deposits in the consolidated balance sheets. The fair value of OTC derivative transactions reflects amounts that would be received from or paid to a third party upon liquidation of these contracts under current market conditions. The fair value of these OTC derivative transactions is presented on a gross basis as derivative assets or derivative liabilities in the consolidated balance sheets, unless a legal right of offset exists. The presentation of the change in fair value of the Partnership's exchange-traded derivatives and OTC derivative transactions depends on the intended use of the derivative and the resulting designation.

The following table summarizes the notional values related to the Partnership's derivative instruments outstanding at June 30, 2021:

	<u>Units (1)</u>	<u>Unit of Measure</u>
Exchange-Traded Derivatives		
Long	101,472	Thousands of barrels
Short	(105,899)	Thousands of barrels
OTC Derivatives (Petroleum/Ethanol)		
Long	11,593	Thousands of barrels
Short	(5,359)	Thousands of barrels

- (1) Number of open positions and gross notional values do not measure the Partnership's risk of loss, quantify risk or represent assets or liabilities of the Partnership, but rather indicate the relative size of the derivative instruments and are used in the calculation of the amounts to be exchanged between counterparties upon settlements.

Derivatives Accounted for as Hedges

The Partnership utilizes fair value hedges and cash flow hedges to hedge commodity price risk.

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Fair Value Hedges

Derivatives designated as fair value hedges are used to hedge price risk in commodity inventories and principally include exchange-traded futures contracts that are entered into in the ordinary course of business. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting change in fair value on the hedged item of the risk being hedged. Gains and losses related to fair value hedges are recognized in the consolidated statements of operations through cost of sales. These futures contracts are settled on a daily basis by the Partnership through brokerage margin accounts.

The Partnership's fair value hedges include exchange-traded futures contracts and OTC derivative contracts that are hedges against inventory with specific futures contracts matched to specific barrels. The change in fair value of these futures contracts and the change in fair value of the underlying inventory generally provide an offset to each other in the consolidated statements of operations.

The following table presents the gains and losses from the Partnership's derivative instruments involved in fair value hedging relationships recognized in the consolidated statements of operations for the periods presented (in thousands):

	Statement of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Derivatives in fair value hedging relationship					
Exchange-traded futures contracts and OTC derivative contracts for petroleum commodity products	Cost of sales	\$ (24,169)	\$ (46,637)	\$ (29,663)	\$ 1,698
Hedged items in fair value hedge relationship					
Physical inventory	Cost of sales	\$ 20,879	\$ 44,025	\$ 24,379	\$ (6,157)

Cash Flow Hedges

The Partnership's sales and cost of sales fluctuate with changes in commodity prices. In addition to the Partnership's commodity price risk associated with its inventory and undelivered forward commodity purchases and sales, the Partnership's gross profit may fluctuate in periods where commodity prices are rising or declining depending on the magnitude and duration of the commodity price change. In the Partnership's GDSO segment, the Partnership has observed trends where margins may improve in periods where wholesale gasoline prices are declining and margins may compress during periods where wholesale gasoline prices are rising. Additionally, the Partnership has certain operating costs that are indirectly impacted by fluctuations in commodity prices such that its operating costs may increase during periods where margins compress and, conversely, operating costs may decrease during periods where margins improve. To hedge the Partnership's cash flow risk as a result of this observed trend in the GDSO segment, the Partnership has entered into exchange-traded commodity swap contracts and has designated them as a cash flow hedge of its fuel purchases designed to reduce its cost of fuel if market prices rise through 2021 or increase its cost of fuel if market prices decrease through 2021. For a derivative instrument being designated as a cash flow hedge, the effective portion of the derivative gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into the consolidated statement of income through cost of goods sold in the same period that the hedged exposure affects earnings.

During the second quarter ended June 30, 2020, to hedge the Partnership's cash flow risk relative to certain trends and the fluctuations in commodity prices observed within the GDSO segment, the Partnership entered into exchange-traded commodity swap contracts and designated them as a cash flow hedge of its fuel purchases designed to reduce its cost of fuel if market prices rise through 2021 or increase its cost of fuel if market prices decrease through 2021. The amount of income recognized in other comprehensive income for derivatives designated in cash flow hedging relationships was \$2.6 million and \$5.4 million for the three months ended June 30, 2021 and 2020, respectively, and

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\$7.2 million and \$5.4 million for the six months ended June 30, 2021 and 2020, respectively. The amount of income reclassified from other comprehensive income into cost of sales for derivatives designated in cash flow hedging relationships was \$3.9 million and \$0.2 million for the three months ended June 30, 2021 and 2020, respectively, and \$6.4 million and \$0.2 million for the six months ended June 30, 2021 and 2020, respectively. The amount of income recognized in other comprehensive income as of June 30, 2021 and expected to be reclassified into earnings within the next twelve months was \$7.9 million.

Derivatives Not Accounted for as Hedges

The Partnership utilizes petroleum and ethanol commodity contracts to hedge price and currency risk in certain commodity inventories and physical forward contracts.

Petroleum and Ethanol Commodity Contracts

The Partnership uses exchange-traded derivative contracts to hedge price risk in certain commodity inventories which do not qualify for fair value hedge accounting or are not designated by the Partnership as fair value hedges. Additionally, the Partnership uses exchange-traded derivative contracts, and occasionally financial forward and OTC swap agreements, to hedge commodity price exposure associated with its physical forward contracts which are not designated by the Partnership as cash flow hedges. These physical forward contracts, to the extent they meet the definition of a derivative, are considered OTC physical forwards and are reflected as derivative assets or derivative liabilities in the consolidated balance sheet. The related exchange-traded derivative contracts (and financial forward and OTC swaps, if applicable) are also reflected as brokerage margin deposits (and derivative assets or derivative liabilities, if applicable) in the consolidated balance sheet, thereby creating an economic hedge. Changes in fair value of these derivative instruments are recognized in the consolidated statements of operations through cost of sales. These exchange-traded derivatives are settled on a daily basis by the Partnership through brokerage margin accounts.

While the Partnership seeks to maintain a position that is substantially balanced within its commodity product purchase and sale activities, it may experience net unbalanced positions for short periods of time as a result of variances in daily purchases and sales and transportation and delivery schedules as well as other logistical issues inherent in the businesses, such as weather conditions. In connection with managing these positions, the Partnership is aided by maintaining a constant presence in the marketplace. The Partnership also engages in a controlled trading program for up to an aggregate of 250,000 barrels of commodity products at any one point in time. Changes in fair value of these derivative instruments are recognized in the consolidated statements of operations through cost of sales.

The following table presents the gains and losses from the Partnership's derivative instruments not involved in a hedging relationship recognized in the consolidated statements of operations for the periods presented (in thousands):

Derivatives not designated as hedging instruments	Statement of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Commodity contracts	Cost of sales	\$ (3,775)	\$ 4,516	\$ 1,133	\$ 4,066

Margin Deposits

All of the Partnership's exchange-traded derivative contracts (designated and not designated) are transacted through clearing brokers. The Partnership deposits initial margin with the clearing brokers, along with variation margin, which is paid or received on a daily basis, based upon the changes in fair value of open futures contracts and settlement of closed futures contracts. Cash balances on deposit with clearing brokers and open equity are presented on a net basis within brokerage margin deposits in the consolidated balance sheets.

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Commodity Contracts and Other Derivative Activity

The Partnership's commodity contracts and other derivative activity include: (i) exchange-traded derivative contracts that are hedges against inventory and either do not qualify for hedge accounting or are not designated in a hedge accounting relationship, (ii) exchange-traded derivative contracts used to economically hedge physical forward contracts, (iii) financial forward and OTC swap agreements used to economically hedge physical forward contracts and (iv) the derivative instruments under the Partnership's controlled trading program. The Partnership does not take the normal purchase and sale exemption available under ASC 815 for any of its physical forward contracts.

The following table presents the fair value of each classification of the Partnership's derivative instruments and its location in the consolidated balance sheets at June 30, 2021 and December 31, 2020 (in thousands):

		June 30, 2021		
	Balance Sheet Location	Derivatives Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Total
Asset Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	\$ 9,354	\$ 85,021	\$ 94,375
Forward derivative contracts (1)	Derivative assets	—	5,227	5,227
Total asset derivatives		<u>\$ 9,354</u>	<u>\$ 90,248</u>	<u>\$ 99,602</u>
Liability Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	\$ —	\$ (226,475)	\$ (226,475)
Forward derivative contracts (1)	Derivative liabilities	—	(32,151)	(32,151)
Total liability derivatives		<u>\$ —</u>	<u>\$ (258,626)</u>	<u>\$ (258,626)</u>

		December 31, 2020		
	Balance Sheet Location	Derivatives Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Total
Asset Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	\$ 7,628	\$ 72,424	\$ 80,052
Forward derivative contracts (1)	Derivative assets	—	16,556	16,556
Total asset derivatives		<u>\$ 7,628</u>	<u>\$ 88,980</u>	<u>\$ 96,608</u>
Liability Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	\$ (7,183)	\$ (93,874)	\$ (101,057)
Forward derivative contracts (1)	Derivative liabilities	—	(12,055)	(12,055)
Total liability derivatives		<u>\$ (7,183)</u>	<u>\$ (105,929)</u>	<u>\$ (113,112)</u>

(1) Forward derivative contracts include the Partnership's petroleum and ethanol physical and financial forwards and OTC swaps.

Credit Risk

The Partnership's derivative financial instruments do not contain credit risk related to other contingent features that could cause accelerated payments when these financial instruments are in net liability positions.

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to the Partnership's exchange-traded and OTC derivative contracts, but the Partnership has no current reason to expect any material nonperformance by any of these counterparties. Exchange-traded derivative contracts, the primary derivative instrument utilized by the Partnership, are traded on regulated exchanges, greatly reducing potential credit risks. The Partnership

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utilizes major financial institutions as its clearing brokers for all New York Mercantile Exchange (“NYMEX”), Chicago Mercantile Exchange (“CME”) and Intercontinental Exchange (“ICE”) derivative transactions and the right of offset exists with these financial institutions under master netting agreements. Accordingly, the fair value of the Partnership’s exchange-traded derivative instruments is presented on a net basis in the consolidated balance sheets. Exposure on OTC derivatives is limited to the amount of the recorded fair value as of the balance sheet dates.

Note 9. Fair Value Measurements

The following tables present, by level within the fair value hierarchy, the Partnership’s financial assets and liabilities that were measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020 (in thousands):

Fair Value at June 30, 2021					
	Level 1	Level 2	Level 3	Cash Collateral Netting	Total
Assets:					
Forward derivative contracts (1)	\$ —	\$ 3,999	\$ 1,228	\$ —	\$ 5,227
Exchange-traded/cleared derivative instruments (2)	(132,100)	—	—	157,204	25,104
Pension plans	21,444	—	—	—	21,444
Total assets	<u>\$ (110,656)</u>	<u>\$ 3,999</u>	<u>\$ 1,228</u>	<u>\$ 157,204</u>	<u>\$ 51,775</u>
Liabilities:					
Forward derivative contracts (1)	<u>\$ —</u>	<u>\$ (31,905)</u>	<u>\$ (246)</u>	<u>\$ —</u>	<u>\$ (32,151)</u>
Fair Value at December 31, 2020					
	Level 1	Level 2	Level 3	Cash Collateral Netting	Total
Assets:					
Forward derivative contracts (1)	\$ —	\$ 16,124	\$ 432	\$ —	\$ 16,556
Exchange-traded/cleared derivative instruments (2)	(21,005)	—	—	42,666	21,661
Pension plans	19,495	—	—	—	19,495
Total assets	<u>\$ (1,510)</u>	<u>\$ 16,124</u>	<u>\$ 432</u>	<u>\$ 42,666</u>	<u>\$ 57,712</u>
Liabilities:					
Forward derivative contracts (1)	<u>\$ —</u>	<u>\$ (11,970)</u>	<u>\$ (85)</u>	<u>\$ —</u>	<u>\$ (12,055)</u>

- (1) Forward derivative contracts include the Partnership’s petroleum and ethanol physical and financial forwards and OTC swaps.
- (2) Amount includes the effect of cash balances on deposit with clearing brokers.

This table excludes cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value. The carrying amounts of certain of the Partnership’s financial instruments, including cash equivalents, accounts receivable, accounts payable and other accrued liabilities approximate fair value due to their short maturities. The carrying value of the credit facility approximates fair value due to the variable rate nature of these financial instruments.

The carrying value of the inventory qualifying for fair value hedge accounting approximates fair value due to adjustments for changes in fair value of the hedged item. The fair values of the derivatives used by the Partnership are disclosed in Note 8.

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The determination of the fair values above incorporates factors including not only the credit standing of the counterparties involved, but also the impact of the Partnership's nonperformance risks on its liabilities.

The Partnership estimates the fair values of its senior notes using a combination of quoted market prices for similar financing arrangements and expected future payments discounted at risk-adjusted rates, which are considered Level 2 inputs. The fair values of the senior notes, estimated by observing market trading prices of the respective senior notes, were as follows (in thousands):

	June 30, 2021		December 31, 2020	
	Face Value	Fair Value	Face Value	Fair Value
7.00% senior notes due 2027	\$ 400,000	\$ 424,000	\$ 400,000	\$ 427,000
6.875% senior notes due 2029	\$ 350,000	\$ 375,375	\$ 350,000	\$ 378,000

Level 3 Information

The values of the Level 3 derivative contracts were calculated using market approaches based on a combination of observable and unobservable market inputs, including published and quoted NYMEX, CME, ICE, New York Harbor and third-party pricing information for a component of the underlying instruments as well as internally developed assumptions where there is little, if any, published or quoted prices or market activity.

The unobservable inputs used in the measurement of the Level 3 derivative contracts include estimates for location basis, transportation and throughput costs net of an estimated margin for current market participants. The estimated range and weighted average for these inputs include the following:

	June 30, 2021			December 31, 2020		
Product	Low (\$ per barrel)	High (\$ per barrel)	Weighted Average	Low (\$ per barrel)	High (\$ per barrel)	Weighted Average
Crude oil	\$ (1.65)	\$ 0.10	\$ (0.59)	\$ (4.25)	\$ (3.15)	\$ (3.61)

The respective weighted averages were calculated by weighting the contractual volumes of the location basis, transportation and throughput costs net of an estimated margin for current market participants. Gains and losses recognized in earnings (or changes in net assets) are disclosed in Note 8.

Uncertainty in changes in the significant unobservable inputs to the fair value measurement if those inputs reasonably could have been different at the reporting date is as follows:

Significant Unobservable Input	Position	Change to Input	Impact on Fair Value Measurement
Location basis	Long	Increase (decrease)	Gain (loss)
Location basis	Short	Increase (decrease)	Loss (gain)
Transportation	Long	Increase (decrease)	Gain (loss)
Transportation	Short	Increase (decrease)	Loss (gain)
Throughput costs	Long	Increase (decrease)	Gain (loss)
Throughput costs	Short	Increase (decrease)	Loss (gain)

The Partnership's policy is to recognize transfers between levels with the fair value hierarchy as of the beginning of the reporting period. The Partnership also excludes any activity for derivative instruments that were not classified as Level 3 at either the beginning or end of the reporting period.

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Non-Recurring Fair Value Measures

Certain nonfinancial assets and liabilities are measured at fair value on a non-recurring basis and are subject to fair value adjustments in certain circumstances, such as acquired assets and liabilities, losses related to firm non-cancellable purchase commitments or long-lived assets subject to impairment. For assets and liabilities measured on a non-recurring basis during the period, accounting guidance requires quantitative disclosures about the fair value measurements separately for each major category.

Note 10. Environmental Liabilities and Renewable Identification Numbers

Environmental Liabilities

The following table presents a summary roll forward of the Partnership's environmental liabilities at June 30, 2021 (in thousands):

Environmental Liability Related to:	Balance at December 31, 2020	Payments 2021	Dispositions 2021	Other Adjustments 2021	Balance at June 30, 2021
Retail gasoline stations	\$ 49,980	\$ (1,255)	\$ (214)	\$ 69	\$ 48,580
Terminals	3,641	(35)	—	—	3,606
Total environmental liabilities	<u>\$ 53,621</u>	<u>\$ (1,290)</u>	<u>\$ (214)</u>	<u>\$ 69</u>	<u>\$ 52,186</u>
Current portion	\$ 4,455				\$ 4,455
Long-term portion	49,166				47,731
Total environmental liabilities	<u>\$ 53,621</u>				<u>\$ 52,186</u>

The Partnership's estimates used in these environmental liabilities are based on all known facts at the time and its assessment of the ultimate remedial action outcomes. Among the many uncertainties that impact the Partnership's estimates are the necessary regulatory approvals for, and potential modification of, its 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, relief of obligations through divestitures of sites and the possibility of existing legal claims giving rise to additional claims. Dispositions generally represent relief of legal obligations through the sale of the related property with no retained obligation. Other adjustments generally represent changes in estimates for existing obligations or obligations associated with new sites. Therefore, although the Partnership believes that these environmental liabilities are adequate, no assurances can be made that any costs incurred in excess of these environmental liabilities or outside of indemnifications or not otherwise covered by insurance would not have a material adverse effect on the Partnership's financial condition, results of operations or cash flows.

Renewable Identification Numbers (RINs)

A RIN is a serial number assigned to a batch of renewable fuel for the purpose of tracking its production, use and trading as required by the U.S. Environmental Protection Agency's ("EPA") Renewable Fuel Standard that originated with the Energy Policy Act of 2005 and modified by the Energy Independence and Security Act of 2007. To evidence that the required volume of renewable fuel is blended with gasoline and diesel motor vehicle fuels, obligated parties must retire sufficient RINs to cover their Renewable Volume Obligation ("RVO"). The Partnership's EPA obligations relative to renewable fuel reporting are comprised of foreign gasoline and diesel that the Partnership may import and blending operations at certain facilities. As a wholesaler of transportation fuels through its terminals, the Partnership separates RINs from renewable fuel through blending with gasoline and can use those separated RINs to settle its RVO. While the annual compliance period for the RVO is a calendar year and the settlement of the RVO typically occurs by March 31 of the following year, the settlement of the RVO can occur, under certain EPA deferral actions, more than one year after the close of the compliance period.

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The Partnership's Wholesale segment's operating results may be sensitive to the timing associated with its RIN position relative to its RVO at a point in time, and the Partnership may recognize a mark-to-market liability for a shortfall in RINs at the end of each reporting period. To the extent that the Partnership does not have a sufficient number of RINs to satisfy the RVO as of the balance sheet date, the Partnership charges cost of sales for such deficiency based on the market price of the RINs as of the balance sheet date and records a liability representing the Partnership's obligation to purchase RINs. The Partnership's RVO deficiency was \$5.7 million and \$2.6 million at June 30, 2021 and December 31, 2020, respectively.

The Partnership may enter into RIN forward purchase and sales commitments. Total losses from firm non-cancellable commitments were immaterial at both June 30, 2021 and December 31, 2020.

Note 11. Related Party Transactions

Throughout 2020, the Partnership was a party to a Second Amended and Restated Services Agreement with Global Petroleum Corp. ("GPC"), an affiliate of the Partnership that was 100% owned by members of the Slifka family, pursuant to which the Partnership provided GPC with certain tax, accounting, treasury, legal, information technology, human resources and financial operations support services for which GPC paid the Partnership a monthly services fee at an agreed amount subject to approval by the Conflicts Committee of the board of directors of the General Partner. In connection with GPC's entry into a plan of liquidation and dissolution, the Second Amended and Restated Services Agreement was terminated by mutual agreement of the parties effective December 31, 2020. Effective January 1, 2021, the Partnership entered into a new services agreement with various entities which own limited partner and/or general partner interests in the Partnership and which are 100% owned by members of the Slifka family (the "Slifka Entities Services Agreement"), pursuant to which the Partnership provides certain tax, accounting, treasury, and legal support services for which such Slifka entities pay the Partnership an annual services fee of \$20,000, and which Slifka Entities Services Agreement has been approved by the Conflicts Committee of the board of directors of the General Partner. The Slifka Entities Services Agreement is for an indefinite term and any party may terminate some or all of the services upon ninety (90) days' advance written notice. As of June 30, 2021, no such notice of termination had been given by any party to the Slifka Entities Services Agreement.

The General Partner employs substantially all of the Partnership's employees, except for most of its gasoline station and convenience store employees, who are employed by GMG. The Partnership reimburses the General Partner for expenses incurred in connection with these employees. These expenses, including bonus, payroll and payroll taxes, were \$33.6 million and \$42.4 million for the three months ended June 30, 2021 and 2020, respectively, and \$65.0 million and \$70.2 million for the six months ended June 30, 2021 and 2020, respectively. The Partnership also reimburses the General Partner for its contributions under the General Partner's 401(k) Savings and Profit Sharing Plans and the General Partner's qualified and non-qualified pension plans.

The table below presents receivables from GPC and the General Partner (in thousands):

	June 30, 2021	December 31, 2020
Receivables from GPC	\$ 22	\$ 28
Receivables from the General Partner (1)	2,196	2,382
Total	<u>\$ 2,218</u>	<u>\$ 2,410</u>

(1) Receivables from the General Partner reflect the Partnership's prepayment of payroll taxes and payroll accruals to the General Partner and are due to the timing of the payroll obligations.

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In addition, the Partnership paid certain costs in connection with a compensation funding agreement with the General Partner. See Note 12, “Long-Term Incentive Plan–Repurchase Program.”

Note 12. Long-Term Incentive Plan

The Partnership has a Long-Term Incentive Plan, as amended (the “LTIP”), whereby a total of 4,300,000 common units were authorized for delivery with respect to awards under the LTIP. The LTIP provides for awards to employees, consultants and directors of the General Partner and employees and consultants of affiliates of the Partnership who perform services for the Partnership. The LTIP allows for the award of options, unit appreciation rights, restricted units, phantom units, distribution equivalent rights, unit awards and substitute awards. Awards granted pursuant to the LTIP vest pursuant to the terms of the grant agreements. Please read Note 17 of Notes to Consolidated Financial Statements in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on the LTIP.

The following table presents a summary of the non-vested phantom units granted under the LTIP:

	Number of Non-vested Units	Weighted Average Grant Date Fair Value (\$)
Outstanding non—vested phantom units at December 31, 2020	402,570	9.47
Vested	(5,127)	25.85
Outstanding non—vested phantom units at June 30, 2021	397,443	9.26

The Partnership recorded total compensation expense related to the outstanding LTIP awards of \$0.3 million for each of the three months ended June 30, 2021 and 2020, and \$0.6 million for each of the six months ended June 30, 2021 and 2020, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

The total compensation cost related to the non-vested awards not yet recognized at June 30, 2021 was approximately \$1.0 million and is expected to be recognized ratably over the remaining requisite service periods.

Repurchase Program

In May 2009, the board of directors of the General Partner authorized the repurchase of the Partnership’s common units (the “Repurchase Program”) for the purpose of meeting the General Partner’s anticipated obligations to deliver common units under the LTIP and meeting the General Partner’s obligations under existing employment agreements and other employment related obligations of the General Partner (collectively, the “General Partner’s Obligations”). The General Partner is authorized to acquire up to 1,242,427 of its common units in the aggregate over an extended period of time, consistent with the General Partner’s Obligations. Common units may be repurchased from time to time in open market transactions, including block purchases, or in privately negotiated transactions. Such authorized unit repurchases may be modified, suspended or terminated at any time and are subject to price and economic and market conditions, applicable legal requirements and available liquidity. Since the Repurchase Program was implemented, the General Partner repurchased 1,009,843 common units pursuant to the Repurchase Program for approximately \$28.8 million, of which approximately \$3.8 million were purchased during each of the three and six months ended June 30, 2021.

In June 2009, the Partnership and the General Partner entered into the Global GP LLC Compensation Funding Agreement (the “Agreement”) whereby the Partnership and the General Partner established obligations and protocol for (i) the funding, management and administration of a compensation funding account and underlying General Partner’s Obligations, and (ii) the holding and disposition by the General Partner of common units acquired in accordance with the Agreement for such purposes as otherwise set forth in the Agreement. The Agreement requires the Partnership to fund

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costs that the General Partner incurs in connection with performance of the Agreement. In accordance with the Agreement, the Partnership paid members of the General Partner \$0 for each of the three and six months ended June 30, 2021 and \$0 and \$0.3 million for the three and six months ended June 30, 2020, respectively.

Note 13. Partners' Equity and Cash Distributions

Partners' Equity

Common Units and General Partner Interest

At June 30, 2021, there were 33,995,563 common units issued, including 4,992,207 common units held by affiliates of the General Partner, including directors and executive officers, collectively representing a 99.33% limited partner interest in the Partnership, and 230,303 general partner units representing a 0.67% general partner interest in the Partnership. There have been no changes to common units or the general partner interest during the three and six months ended June 30, 2021.

Series A Preferred Units

At June 30, 2021, there were 2,760,000 9.75% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units issued representing limited partner interests (the "Series A Preferred Units") for \$25.00 per Series A Preferred Unit. There have been no changes to the Series A Preferred Units during the three and six months ended June 30, 2021.

Series B Preferred Units

On March 24, 2021, the Partnership issued 3,000,000 Series B Preferred Units at a price of \$25.00 per Series B Preferred Unit. There have been no changes to the Series B Preferred Units during the three months ended June 30, 2021.

Cash Distributions

Common Units

The Partnership intends to make cash distributions to common unitholders on a quarterly basis, although there is no assurance as to the future cash distributions since they are dependent upon future earnings, capital requirements, financial condition and other factors. The Credit Agreement prohibits the Partnership from making cash distributions if any potential default or Event of Default, as defined in the Credit Agreement, occurs or would result from the cash distribution. The indentures governing the Partnership's outstanding senior notes also limit the Partnership's ability to make distributions to its common unitholders in certain circumstances.

Within 45 days after the end of each quarter, the Partnership will distribute all of its Available Cash (as defined in its partnership agreement) to common unitholders of record on the applicable record date. The amount of Available Cash is all cash on hand on the date of determination of Available Cash for the quarter; less the amount of cash reserves established by the General Partner to provide for the proper conduct of the Partnership's businesses, to comply with applicable law, any of the Partnership's debt instruments or other agreements or to provide funds for distributions to unitholders and the General Partner for any one or more of the next four quarters.

The Partnership will make distributions of Available Cash from distributable cash flow for any quarter in the following manner: 99.33% to the common unitholders, pro rata, and 0.67% to the General Partner, until the Partnership distributes for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter; and

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thereafter, cash in excess of the minimum quarterly distribution is distributed to the common unitholders and the General Partner based on the percentages as provided below.

As holder of the IDRs, the General Partner is entitled to incentive distributions if the amount that the Partnership distributes with respect to any quarter exceeds specified target levels shown below:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
First Target Distribution	up to \$0.4625	99.33 %	0.67 %
Second Target Distribution	above \$0.4625 up to \$0.5375	86.33 %	13.67 %
Third Target Distribution	above \$0.5375 up to \$0.6625	76.33 %	23.67 %
Thereafter	above \$0.6625	51.33 %	48.67 %

The Partnership paid the following cash distributions to common unitholders during 2021 (in thousands, except per unit data):

Cash Distribution Payment Date	For the Quarter Ended	Per Unit Cash Distribution	Common Units	General Partner	Incentive Distribution	Total Cash Distribution
2/12/2021 (1)	12/31/20	\$ 0.550	\$ 18,698	\$ 130	\$ 512	\$ 19,340
5/14/2021 (1)	03/31/21	0.5750	19,547	138	768	20,453

(1) This distribution resulted in the Partnership reaching its third target level distribution for this quarter. As a result, the General Partner, as the holder of the IDRs, received an incentive distribution.

In addition, on July 27, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.5750 per unit (\$2.30 per unit on an annualized basis) on all of its outstanding common units for the period from April 1, 2021 through June 30, 2021. On August 13, 2021, the Partnership will pay this cash distribution to its common unitholders of record as of the close of business on August 9, 2021.

Series A Preferred Units

Distributions on the Series A Preferred Units are cumulative from August 7, 2018, the original issue date of the Series A Preferred Units, and payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on November 15, 2018 (each, a "Series A Distribution Payment Date"), to holders of record as of the opening of business on the February 1, May 1, August 1 or November 1 next preceding the Series A Distribution Payment Date, in each case, when, as, and if declared by the General Partner out of legally available funds for such purpose. Distributions on the Series A Preferred Units will be paid out of Available Cash with respect to the quarter immediately preceding the applicable Series A Distribution Payment Date.

The Partnership paid the following cash distributions on the Series A Preferred Units during 2021 (in thousands, except per unit data):

Cash Distribution Payment Date	For the Quarterly Period Covering	Per Unit Cash Distribution	Total Cash Distribution
2/16/2021	11/15/20 - 2/14/21	\$ 0.609375	\$ 1,682
5/17/2021	2/15/21 - 5/14/21	0.609375	1,682

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In addition, on July 19, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.609375 per unit (\$2.4375 per unit on an annualized basis) on the Series A Preferred Units for the period from May 15, 2021 through August 14, 2021. This distribution will be payable on August 16, 2021 to holders of record as of the opening of business on August 2, 2021.

Series B Preferred Units

The Series B Preferred Units are a new class of equity security that rank (a) senior to common units representing limited partner interests in the Partnership, incentive distributions rights and each other class or series of the Partnership's limited partner interests and other equity securities in the Partnership established after March 24, 2021, the original issue date of the Series B Preferred Units (the "Series B Original Issue Date"), that is not expressly made senior to or on parity with the Series A Preferred Units and the Series B Preferred Units as to the payment of distributions and amounts payable upon a liquidation, and (b) on parity with respect to distributions or amounts payable upon a liquidation event, as applicable, with the Series A Preferred Units and the Series B Preferred Units and each other and any class of series of limited partner interests or other equity securities of the Partnership established after the Series B Original Issue Date with terms expressly providing that such class or series ranks on parity with the Series A Preferred Units and the Series B Preferred Unit with respect to distribution rights and rights upon liquidation.

Distributions on the Series B Preferred Units are cumulative from the Series B Original Issue Date and payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year (each, a "Series B Distribution Payment Date"), commencing on May 15, 2021, to holders of record as of the opening of business on the February 1, May 1, August 1 or November 1 next preceding the Distribution Payment Date, in each case, when, as, and if declared by the General Partner out of legally available funds for such purpose.

The distribution rate for the Series B Preferred Units is 9.50% per annum of the \$25.00 liquidation preference per Series B Preferred Unit (equal to \$2.375 per Series B Preferred Unit per annum).

On May 17, 2021, the Partnership paid the initial quarterly cash distribution of \$0.3365 per unit on the Series B Preferred Units, covering the period from March 24, 2021 (the issuance date of the Series B Preferred Units) through May 14, 2021, totaling approximately \$1.0 million. In addition, on July 19, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.59375 per unit (\$2.375 per unit on an annualized basis) on the Series B Preferred Units for the period from May 15, 2021 through August 14, 2021. This distribution will be payable on August 16, 2021 to holders of record as of the opening of business on August 2, 2021.

At any time on or after May 15, 2026, the Partnership may redeem, in whole or in part, the Series B Preferred Units at a redemption price in cash of \$25.00 per Series B Preferred Unit plus an amount equal to all accumulated and unpaid distributions thereon to, but excluding, the date of redemption, whether or not declared. The Partnership must provide not less than 30 days' and not more than 60 days' advance written notice of any such redemption.

Upon the occurrence of a Series B Change of Control (as defined in the partnership agreement), the Partnership may, at its option, redeem the Series B Preferred Units, in whole or in part, within 120 days after the first date on which such Series B Change of Control occurred, by paying \$25.00 per Series B Preferred Unit, plus all accumulated and unpaid distributions to, but excluding, the date of redemption, whether or not declared. If, prior to the Series B Change of Control Conversion Date (as defined in the partnership agreement), the Partnership exercises its redemption rights relating to Series B Preferred Units, holders of the Series B Preferred Units that the Partnership has elected to redeem will not have the conversion right discussed below related to a Series B Change of Control.

Upon the occurrence of a Series B Change of Control, each holder of Series B Preferred Units will have the right (unless, prior to the Series B Change of Control Conversion Date, the Partnership provides notice of its election to redeem the Series B Preferred Units) to convert some or all of the Series B Preferred Units held by such holder on the

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Series B Change of Control Conversion Date into a number of common units per Series B Preferred Unit to be converted equal to the lesser of (a) the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accumulated and unpaid distributions to, but excluding, the Series B Change of Control Conversion Date (unless the Series B Change of Control Conversion Date is after a record date for a Series B Preferred Unit distribution payment and prior to the corresponding Distribution Payment Date, in which case no additional amount for such accumulated and unpaid distribution will be included in this sum) by (ii) the Common Unit Price (as defined in the partnership agreement) and (b) 2.1533, subject, in each case, to certain exceptions and adjustments.

Any such redemptions would be effected only out of funds legally available for such purposes and would be subject to compliance with the provisions of the Partnership's outstanding indebtedness.

Holders of Series B Preferred Units generally have no voting rights, except for limited voting rights with respect to (i) potential amendments to the partnership agreement that would have a material adverse effect on the terms of the Series B Preferred Units, (ii) the creation or issuance of any Preferred Unit Parity Securities (as defined in the partnership agreement) (including any additional Series A Preferred Units and Series B Preferred Units) if the cumulative distributions payable on then outstanding Series B Preferred Units (or Preferred Unit Parity Securities, including the Series A Preferred Units, if applicable) are in arrears, (iii) the creation or issuance of any Preferred Unit Senior Securities (as defined in the partnership agreement) and (iv) the declaration or payment of any distribution to the holders of common units out of capital surplus.

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Note 14. Segment Reporting

Summarized financial information for the Partnership's reportable segments is presented in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Wholesale Segment: (1)				
Sales				
Gasoline and gasoline blendstocks	\$ 1,505,658	\$ 554,314	\$ 2,325,056	\$ 1,525,421
Crude oil (2)	17,016	9,039	33,934	15,492
Other oils and related products (3)	474,909	280,795	1,190,078	911,469
Total	\$ 1,997,583	\$ 844,148	\$ 3,549,068	\$ 2,452,382
Product margin				
Gasoline and gasoline blendstocks	\$ 23,516	\$ 58,283	\$ 39,921	\$ 67,830
Crude oil (2)	(3,321)	9,203	(7,848)	4,733
Other oils and related products (3)	13,340	44,505	31,955	44,891
Total	\$ 33,535	\$ 111,991	\$ 64,028	\$ 117,454
Gasoline Distribution and Station Operations Segment:				
Sales				
Gasoline	\$ 1,023,187	\$ 455,161	\$ 1,779,195	\$ 1,200,776
Station operations (4)	123,162	104,095	223,326	202,721
Total	\$ 1,146,349	\$ 559,256	\$ 2,002,521	\$ 1,403,497
Product margin				
Gasoline	\$ 101,303	\$ 96,770	\$ 181,555	\$ 204,000
Station operations (4)	61,141	48,801	111,298	97,442
Total	\$ 162,444	\$ 145,571	\$ 292,853	\$ 301,442
Commercial Segment: (1)				
Sales	\$ 135,213	\$ 66,173	\$ 280,883	\$ 208,791
Product margin	\$ 2,701	\$ 2,517	\$ 6,891	\$ 7,853
Combined sales and Product margin:				
Sales	\$ 3,279,145	\$ 1,469,577	\$ 5,832,472	\$ 4,064,670
Product margin (5)	\$ 198,680	\$ 260,079	\$ 363,772	\$ 426,749
Depreciation allocated to cost of sales	(20,635)	(20,132)	(40,695)	(41,064)
Combined gross profit	\$ 178,045	\$ 239,947	\$ 323,077	\$ 385,685

- (1) Segment reporting results for the three and six months ended June 30, 2020 have been reclassified between the Wholesale and Commercial segments to conform to the Partnership's current presentation.
- (2) Crude oil consists of the Partnership's crude oil sales and revenue from its logistics activities.
- (3) Other oils and related products primarily consist of distillates and residual oil.
- (4) Station operations consist of convenience store sales, rental income and sundries.
- (5) Product margin is a non-GAAP financial measure used by management and external users of the Partnership's consolidated financial statements to assess its business. The table above includes a reconciliation of product margin on a combined basis to gross profit, a directly comparable GAAP measure.

Approximately 118 million gallons and 83 million gallons of the GDSO segment's sales for the three months ended June 30, 2021 and 2020, respectively, and 219 million gallons and 188 million gallons of the GDSO segment's sales for the six months ended June 30, 2021 and 2020, respectively, were supplied from petroleum products and renewable fuels sourced by the Wholesale segment. The Commercial segment's sales were predominantly sourced by the Wholesale segment. These intra-segment sales are not reflected as sales in the Wholesale segment as they are eliminated.

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A reconciliation of the totals reported for the reportable segments to the applicable line items in the consolidated financial statements is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Combined gross profit	\$ 178,045	\$ 239,947	\$ 323,077	\$ 385,685
Operating costs and expenses not allocated to operating segments:				
Selling, general and administrative expenses	54,031	59,017	100,355	99,940
Operating expenses	88,169	76,714	168,697	159,267
Amortization expense	2,673	2,713	5,396	5,425
Net gain on sale and disposition of assets	(8)	(811)	(483)	(68)
Long-lived asset impairment	188	1,724	188	1,724
Total operating costs and expenses	145,053	139,357	274,153	266,288
Operating income	32,992	100,590	48,924	119,397
Interest expense	(20,320)	(21,089)	(40,679)	(42,690)
Income tax (expense) benefit	(533)	(3,528)	(403)	2,341
Net income	12,139	75,973	7,842	79,048
Net loss attributable to noncontrolling interest	—	289	—	490
Net income attributable to Global Partners LP	\$ 12,139	\$ 76,262	\$ 7,842	\$ 79,538

The Partnership's foreign assets and foreign sales were immaterial as of and for the three and six months ended June 30, 2021 and 2020.

Segment Assets

The Partnership's terminal assets are allocated to the Wholesale and Commercial segments, and its retail gasoline stations are allocated to the GDSO segment. Due to the commingled nature and uses of the remainder of the Partnership's assets, it is not reasonably possible for the Partnership to allocate these assets among its reportable segments.

The table below presents total assets by reportable segment at June 30, 2021 and December 31, 2020 (in thousands):

	Wholesale	Commercial	GDSO	Unallocated	Total
June 30, 2021	\$ 721,326	\$ —	\$ 1,625,029	\$ 363,464	\$ 2,709,819
December 31, 2020	\$ 649,301	\$ —	\$ 1,581,397	\$ 309,802	\$ 2,540,500

Note 15. Income Taxes

Section 7704 of the Internal Revenue Code provides that publicly-traded partnerships are, as a general rule, taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists under Section 7704(c) with respect to publicly-traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the transportation, storage and marketing of refined petroleum products, gasoline blendstocks, crude oil and ethanol to resellers and refiners. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

Substantially all of the Partnership's income is "qualifying income" for federal income tax purposes and, therefore, is not subject to federal income taxes at the partnership level. Accordingly, no provision has been made for

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income taxes on the qualifying income in the Partnership's financial statements. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership's agreement of limited partnership. Individual unitholders have different investment basis depending upon the timing and price at which they acquired their common units. Further, each unitholder's tax accounting, which is partially dependent upon the unitholder's tax position, differs from the accounting followed in the Partnership's consolidated financial statements. Accordingly, the aggregate difference in the basis of the Partnership's net assets for financial and tax reporting purposes cannot be readily determined because information regarding each unitholder's tax attributes in the Partnership is not available to the Partnership.

One of the Partnership's wholly owned subsidiaries, GMG, is a taxable entity for federal and state income tax purposes. Current and deferred income taxes are recognized on the separate earnings of GMG. The after-tax earnings of GMG are included in the earnings of the Partnership. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes for GMG. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership calculates its current and deferred tax provision based on estimates and assumptions that could differ from actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

The Partnership recognizes deferred tax assets to the extent that the recoverability of these assets satisfies the "more likely than not" criteria in accordance with the FASB's guidance regarding income taxes. A valuation allowance must be established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including a company's performance, the market environment in which the company operates, length of carryback and carryforward periods and projections of future operating results. The Partnership concluded, based on an evaluation of future operating results and reversal of existing taxable temporary differences, that a portion of these assets will not be realized in a future period. The valuation allowance increased by \$0.2 million for the six months ended June 30, 2021.

The Partnership computed its tax provision for the three and six months ended June 30, 2021 based upon the year-to-date effective tax rate as opposed to an estimated annual effective tax rate. Given a reliable estimate of the annual effective tax rate cannot be made, the Partnership concluded that the year-to-date effective tax rate is the most appropriate method to use for the three and six months ended June 30, 2021.

Unrecognized tax benefits represent uncertain tax positions for which reserves have been established. The Partnership had gross-tax effected unrecognized tax benefits of \$0 at both June 30, 2021 and December 31, 2020.

GMG files income tax returns in the United States and various state jurisdictions. As of June 30, 2021, with few exceptions, the Partnership was subject to income tax examination by tax authorities for all years dated back to 2017.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted and signed into law. The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States economy and fund a nationwide effort to curtail the effect of COVID-19. The CARES Act provides certain tax changes in response to the COVID-19 pandemic, including the temporary removal of certain limitations on the utilization of net operating losses, permitting the carryback of net operating losses generated in 2018, 2019 or 2020 to the five preceding taxable years, increasing the ability to deduct interest expense, deferring the employer share of social security tax payments, as well as amending certain provisions of the previously enacted Tax Cuts and

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Jobs Act. As a result, the Partnership recognized a benefit of \$6.3 million related to the CARES Act net operating loss carryback provisions which is included in income tax benefit in the accompanying statement of operations for the six months ended June 30, 2020. On January 15, 2021, the Partnership received cash refunds totaling \$15.8 million associated with the carryback of losses generated in 2018 with respect to the 2016 and 2017 tax years. This income tax receivable is included in prepaid expenses and other current assets in the accompanying consolidated balance sheet as of December 31, 2020.

Note 16. Changes in Accumulated Other Comprehensive Income

The following table presents the changes in accumulated other comprehensive income by component for the periods presented (in thousands):

Three Months Ended June 30, 2021	Pension Plan	Derivatives Designated as Cash Flow Hedges	Total
Balance at March 31, 2021	\$ (5,436)	\$ 9,134	\$ 3,698
Other comprehensive income	1,674	2,664	4,338
Amount of (income) loss reclassified from accumulated other comprehensive income (loss)	(100)	(3,892)	(3,992)
Total comprehensive income (loss)	1,574	(1,228)	346
Balance at June 30, 2021	\$ (3,862)	\$ 7,906	\$ 4,044

Six Months Ended June 30, 2021	Pension Plan	Derivatives Designated as Cash Flow Hedges	Total
Balance at December 31, 2020	\$ (5,482)	\$ 7,082	\$ 1,600
Other comprehensive income	1,819	7,239	9,058
Amount of (income) loss reclassified from accumulated other comprehensive income (loss)	(199)	(6,415)	(6,614)
Total comprehensive income (loss)	1,620	824	2,444
Balance at June 30, 2021	\$ (3,862)	\$ 7,906	\$ 4,044

Amounts are presented prior to the income tax effect on other comprehensive income. Given the Partnership's partnership status for federal income tax purposes, the effective tax rate is immaterial.

Note 17. Legal Proceedings

General

Although the Partnership may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business, the Partnership does not believe that it is a party to any litigation that will have a material adverse impact on its financial condition or results of operations. Except as described below and in Note 10 included herein, the Partnership is not aware of any significant legal or governmental proceedings against it or contemplated to be brought against it. The Partnership maintains insurance policies with insurers in amounts and with coverage and deductibles as its general partner believes are reasonable and prudent. However, the Partnership can provide no assurance that this insurance will be adequate to protect it from all material expenses related to potential future claims or that these levels of insurance will be available in the future at economically acceptable prices.

Other

In October 2020, the Partnership was served with a complaint filed against the Partnership and its wholly owned subsidiary, Global Companies LLC ("Global Companies") alleging, among other things, wrongful death and loss of consortium. The complaint, filed in the Middlesex County Superior Court of the Commonwealth of Massachusetts,

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alleges, among other things, that a truck driver (whose estate is a co-plaintiff), while loading gasoline and diesel fuel at terminals owned and operated by the Partnership located in Albany, New York and Burlington, Vermont, was exposed to benzene-containing products and/or vapors therefrom. The Partnership and Global Companies have meritorious defenses to the allegations in the complaint and will vigorously contest the actions taken by the plaintiffs.

On June 1, 2020, Basin Transload filed for reorganization in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) under Chapter 11 of the United States Bankruptcy Code. Pursuant to the terms of a settlement agreement entered into as of August 12, 2020 by and among the Partnership, Global Operating LLC (“Global Operating”), Basin Transload and the minority members of Basin Transload (the “Basin Settlement Agreement”), Basin Transload filed a motion with the Bankruptcy Court to voluntarily dismiss the bankruptcy petition. On September 14, 2020, the Bankruptcy Court issued an order approving the Basin Settlement Agreement and dismissing the bankruptcy petition. The order became final and non-appealable on September 28, 2020. In connection with the Basin Settlement Agreement, Global Operating acquired the minority members’ collective 40% membership interest in Basin Transload, the arbitration petition previously filed by the minority members against the Partnership and Global Operating was withdrawn with prejudice and each of the actions filed in the state courts of Massachusetts and North Dakota by the Partnership and the minority members, respectively, were voluntarily dismissed with prejudice.

During the second quarter ended June 30, 2016, the Partnership determined that gasoline loaded from certain loading bays at one of its terminals did not contain the necessary additives as a result of an IT-related configuration error. The error was corrected, and all gasoline being sold at the terminal now contains the appropriate additives. Based upon current information, the Partnership believes approximately 14 million gallons of gasoline were impacted. The Partnership has notified the EPA of this error. As a result of this error, the Partnership could be subject to fines, penalties and other related claims, including customer claims.

On August 2, 2016, the Partnership received a Notice of Violation (“NOV”) from the EPA, alleging that permits for the Partnership’s petroleum product transloading facility in Albany, New York (the “Albany Terminal”), issued by the New York State Department of Environmental Conservation (“NYSDEC”) between August 9, 2011 and November 7, 2012, violated the Clean Air Act (the “CAA”) and the federally enforceable New York State Implementation Plan (“SIP”) by increasing throughput of crude oil at the Albany Terminal without complying with the New Source Review (“NSR”) requirements of the SIP. The Partnership denied the allegations and the NYSDEC did not issue any such NOV. The Albany Terminal is a 63-acre licensed, permitted and operational stationary bulk petroleum storage and transfer terminal that currently consists of petroleum product storage tanks, along with truck, rail and marine loading facilities, for the storage, blending and distribution of various petroleum and related products, including gasoline, ethanol, distillates, heating and crude oils. The applicable permits issued by the NYSDEC to the Partnership in 2011 and 2012 specifically authorized the Partnership to increase the throughput of crude oil at the Albany Terminal. According to the allegations in the NOV, the NYSDEC permit actions should have been treated as a major modification under the NSR program, requiring additional emission control measures and compliance with other NSR requirements. The NYSDEC has not alleged that the Partnership’s permits were subject to the NSR program and the NYSDEC never issued an NOV in the matter. The CAA authorizes the EPA to take enforcement action if there are violations of the New York SIP seeking compliance and penalties. The Partnership has denied the NOV allegations and asserts that the permits issued by the NYSDEC comply with the CAA and applicable state air permitting requirements and that no material violation of law occurred. The Partnership disputed the claims alleged in the NOV and first responded to the EPA in September 2016. The Partnership met with the EPA and provided additional information at the agency’s request. On December 16, 2016, the EPA proposed a Settlement Agreement in a letter to the Partnership relating to the allegations in the NOV. On January 17, 2017, the Partnership responded to the EPA indicating that the EPA had failed to explain or provide support for its allegations and that the EPA needed to better explain its positions and the evidence on which it was relying. The EPA did not respond with such evidence, but instead has requested that the Partnership enter into a series of tolling agreements. The Partnership signed the tolling agreements with respect to this matter, as requested by the EPA, and such agreements currently extend through December 31, 2021. To date, the EPA has not taken any further formal action with respect to the NOV.

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By letter dated January 25, 2017, the Partnership received a notice of intent to sue (the “2017 NOI”) from Earthjustice related to alleged violations of the CAA; specifically alleging that the Partnership was operating the Albany Terminal without a valid CAA Title V Permit. On February 9, 2017, the Partnership responded to Earthjustice advising that the 2017 NOI was without factual or legal merit and that the Partnership would move to dismiss any action commenced by Earthjustice. No action was taken by either the EPA or the NYSDEC with regard to the Earthjustice allegations. At this time, there has been no further action taken by Earthjustice. Neither the EPA nor the NYSDEC has followed up on the 2017 NOI. The Albany Terminal is currently operating pursuant to its Title V Permit, which has been extended in accordance with the State Administrative Procedures Act. Additionally, the Partnership has submitted a Title V Permit renewal and a request for modifications to its existing Title V Permit. The Partnership believes that it has meritorious defenses against all allegations.

The Partnership received letters from the EPA dated November 2, 2011 and March 29, 2012, containing requirements and testing orders (collectively, the “Requests for Information”) for information under the CAA. The Requests for Information were part of an EPA investigation to determine whether the Partnership has violated sections of the CAA at certain of its terminal locations in New England with respect to residual oil and asphalt. On June 6, 2014, a NOV was received from the EPA, alleging certain violations of its Air Emissions License issued by the Maine Department of Environmental Protection, based upon the test results at the South Portland, Maine terminal. The Partnership met with and provided additional information to the EPA with respect to the alleged violations. On April 7, 2015, the EPA issued a Supplemental Notice of Violation modifying the allegations of violations of the terminal’s Air Emissions License. The Partnership has entered into a consent decree (the “Consent Decree”) with the EPA and the United States Department of Justice (the “Department of Justice”), which was filed in the U.S. District Court for the District of Maine (the “Court”) on March 25, 2019. The Consent Decree was entered by the Court on December 19, 2019. The Partnership believes that compliance with the Consent Decree and implementation of the requirements of the Consent Decree will have no material impact on its operations.

Note 18. New Accounting Standards

There have been no developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Partnership’s consolidated financial statements, from those disclosed in the Partnership’s 2020 Annual Report on Form 10-K, except for the following:

Accounting Standards or Updates Recently Adopted

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update ASU 2019-12, “Simplifying the Accounting for Income Taxes,” which simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The Partnership adopted this standard on January 1, 2021 with no material impact on the Partnership’s consolidated financial statements.

Note 19. Subsequent Events

Distribution to Common Unitholders—On July 27, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.5750 per unit (\$2.30 per unit on an annualized basis) for the period from April 1, 2021 through June 30, 2021. On August 13, 2021, the Partnership will pay this cash distribution to its common unitholders of record as of the close of business on August 9, 2021.

Distribution to Series A Preferred Unitholders—On July 19, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.609375 per unit (\$2.4375 per unit on an annualized basis) on the Series A

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Preferred Units, covering the period from May 15, 2021 through August 14, 2021. This distribution will be payable on August 16, 2021 to holders of record as of the opening of business on August 2, 2021.

Distribution to Series B Preferred Unitholders—On July 19, 2021, the board of directors of the General Partner declared a quarterly cash distribution of \$0.59375 per unit (\$2.375 per unit on an annualized basis) on the Series B Preferred Units, covering the period from May 15, 2021 through August 14, 2021. This distribution will be payable on August 16, 2021 to holders of record as of the opening of business on August 2, 2021.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations of Global Partners LP should be read in conjunction with the historical consolidated financial statements of Global Partners LP and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Some of the information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words "may," "believe," "should," "could," "expect," "anticipate," "plan," "intend," "estimate," "continue," "will likely result," or other similar expressions although not all forward-looking statements contain such identifying words. In addition, any statement made by our management concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions by us are also forward-looking statements. Forward-looking statements are not guarantees of performance. Although we believe these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks, many of which are beyond our control, which may cause future results to be materially different from the results stated or implied in this document. These risks and uncertainties include, among other things:

- We may not have sufficient cash from operations to enable us to pay distributions on the Series A Preferred Units or the Series B Preferred Units or maintain distributions on our common units at current levels following establishment of cash reserves and payment of fees and expenses, including payments to our general partner.
- A significant decrease in price or demand for the products we sell or a significant decrease in the pricing of and demand for our logistics activities could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.
- The COVID-19 pandemic and certain developments in global oil markets have had, and may from time to time continue to have, material adverse consequences for general economic, financial and business conditions, and could materially and adversely affect our business, financial condition and results of operation and those of our customers, suppliers and other counterparties.
- We depend upon marine, pipeline, rail and truck transportation services for a substantial portion of our logistics activities in transporting the products we sell. Implementation of regulations and directives that adversely impact the market for transporting these products by rail or otherwise could adversely affect those activities. In addition, implementation of regulations and directives related to these aforementioned services as well as a disruption in any of these transportation services could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.
- We have contractual obligations for certain transportation assets such as railcars, barges and pipelines. A decline in demand for (i) the products we sell or (ii) our logistics activities, which has resulted and could continue to result in a decrease in the utilization of our transportation assets, could negatively impact our financial condition, results of operations and cash available for distribution to our unitholders.
- We may not be able to fully implement or capitalize upon planned growth projects. Even if we consummate acquisitions or expend capital in pursuit of growth projects that we believe will be accretive, they may in fact result in no increase or even a decrease in cash available for distribution to our unitholders.
- Erosion of the value of major gasoline brands could adversely affect our gasoline sales and customer traffic.
- Our gasoline sales could be significantly reduced by a reduction in demand due to the impact of COVID-19, higher prices and new technologies and alternative fuel sources, such as electric, hybrid, battery powered, hydrogen or other alternative fuel-powered motor vehicles. In addition to new technologies and alternative fuel

sources, changing consumer preferences or driving habits could lead to new forms of fueling destinations or potentially fewer customer visits to our sites, resulting in a decrease in gasoline sales and/or sales of food, sundries and other on-site services. Any of these outcomes could negatively affect our financial condition, results of operations and cash available for distribution to our unitholders.

- Physical effects from climate change and impacts to areas prone to sea level rise or other extreme weather events could have the potential to adversely affect our assets and operations.
- Changes in government usage mandates and tax credits could adversely affect the availability and pricing of ethanol and renewable fuels, which could negatively impact our sales.
- Our petroleum and related products sales, logistics activities and results of operations have been and could continue to be adversely affected by, among other things, changes in the petroleum products market structure, product differentials and volatility (or lack thereof), implementation of regulations that adversely impact the market for transporting petroleum and related products by rail and other modes of transportation, severe weather conditions, significant changes in prices, labor shortages and interruptions in transportation services and other necessary services and equipment, such as railcars, barges, trucks, loading equipment and qualified drivers.
- Our risk management policies cannot eliminate all commodity risk, basis risk or the impact of unfavorable market conditions, each of which can adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. In addition, noncompliance with our risk management policies could result in significant financial losses.
- Our results of operations are affected by the overall forward market for the products we sell, and pricing volatility may adversely impact our results.
- Our businesses could be affected by a range of issues, such as changes in demand, commodity prices, energy conservation, competition, the global economic climate, movement of products between foreign locales and within the United States, changes in refiner demand, weekly and monthly refinery output levels, changes in local, domestic and worldwide inventory levels, changes in health, safety and environmental regulations, including, without limitation, those related to climate change, failure to obtain permits, amend existing permits for expansion and/or to address changes to our assets and underlying operations, or renew existing permits on terms favorable to us, seasonality, supply, weather and logistics disruptions and other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of refined products, gasoline blendstocks, renewable fuels and crude oil.
- Increases and/or decreases in the prices of the products we sell could adversely impact the amount of availability for borrowing working capital under our credit agreement, which credit agreement has borrowing base limitations and advance rates.
- Warmer weather conditions could adversely affect our home heating oil and residual oil sales. Our sales of home heating oil and residual oil continue to be reduced by conversions to natural gas and by utilization of propane and/or natural gas (instead of heating oil) as primary fuel sources.
- We are exposed to trade credit risk and risk associated with our trade credit support in the ordinary course of our businesses.
- The condition of credit markets may adversely affect our liquidity.
- Our credit agreement and the indentures governing our senior notes contain operating and financial covenants, and our credit agreement contains borrowing base requirements. A failure to comply with the operating and financial covenants in our credit agreement, the indentures and any future financing agreements could impact our access to bank loans and other sources of financing as well as our ability to pursue our business activities.

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- A significant increase in interest rates could adversely affect our results of operations and cash available for distribution to our unitholders and our ability to service our indebtedness.
- Our gasoline station and convenience store business could expose us to an increase in consumer litigation and result in an unfavorable outcome or settlement of one or more lawsuits where insurance proceeds are insufficient or otherwise unavailable.
- Congress has given the Food and Drug Administration (“FDA”) broad authority to regulate tobacco and nicotine products, and the FDA and states have enacted and are pursuing enactment of numerous regulations restricting the sale of such products. These governmental actions, as well as national, state and municipal campaigns to discourage smoking, tax increases, and imposition of regulations restricting the sale of e-cigarettes and vapor products, have and could result in reduced consumption levels, higher costs which we may not be able to pass on to our customers, and reduced overall customer traffic. Also, increasing regulations related to and restricting the sale of vapor products and e-cigarettes may offset some of the gains we have experienced from selling these types of products. These factors could materially affect the sale of this product mix which in turn could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.
- Our results can be adversely affected by unforeseen events, such as adverse weather, natural disasters, terrorism, pandemics, or other catastrophic events which could have an adverse effect on our financial condition, results of operations and cash available for distributions to our unitholders.
- Our businesses could expose us to litigation and result in an unfavorable outcome or settlement of one or more lawsuits where insurance proceeds are insufficient or otherwise unavailable.
- Adverse developments in the areas where we conduct our businesses could have a material adverse effect on such businesses and could reduce our ability to make distributions to our unitholders.
- A serious disruption to our information technology systems could significantly limit our ability to manage and operate our businesses efficiently.
- We are exposed to performance risk in our supply chain.
- Our businesses are subject to federal, state and municipal environmental and non-environmental regulations which could have a material adverse effect on such businesses.
- Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which could permit them to favor their own interests to the detriment of our unitholders.
- Unitholders have limited voting rights and are not entitled to elect our general partner or its directors or remove our general partner without the consent of the holders of at least 66 2/3% of the outstanding common units (including common units held by our general partner and its affiliates), which could lower the trading price of our units.
- Our tax treatment depends on our status as a partnership for federal income tax purposes.
- Unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Additional information about risks and uncertainties that could cause actual results to differ materially from forward-looking statements is contained in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020 and Part II, Item 1A, “Risk Factors,” in this Quarterly Report on Form 10-Q.

We expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is

based, other than as required by federal and state securities laws. All forward-looking statements included in this Quarterly Report on Form 10-Q and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

Overview

General

We are a master limited partnership formed in March 2005. We own, control or have access to one of the largest terminal networks of refined petroleum products and renewable fuels in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the “Northeast”). We are one of the region’s largest independent owners, suppliers and operators of gasoline stations and convenience stores. As of June 30, 2021, we had a portfolio of 1,564 owned, leased and/or supplied gasoline stations, including 283 directly operated convenience stores, primarily in the Northeast. We are also one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. We engage in the purchasing, selling, gathering, blending, storing and logistics of transporting petroleum and related products, including gasoline and gasoline blendstocks (such as ethanol), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, crude oil and propane and in the transportation of petroleum products and renewable fuels by rail from the mid-continent region of the United States and Canada.

Collectively, we sold approximately \$3.2 billion and \$5.6 billion of refined petroleum products, gasoline blendstocks, renewable fuels and crude oil for the three and six months ended June 30, 2021, respectively. In addition, we had other revenues of approximately \$0.1 billion and \$0.2 billion for the three and six months ended June 30, 2021, respectively, from convenience store sales at our directly operated stores, rental income from dealer leased and commissioned agent leased gasoline stations and from cobranding arrangements, and sundries.

We base our pricing on spot prices, fixed prices or indexed prices and routinely use the New York Mercantile Exchange (“NYMEX”), Chicago Mercantile Exchange (“CME”) and Intercontinental Exchange (“ICE”) or other counterparties to hedge the risk inherent in buying and selling commodities. Through the use of regulated exchanges or derivatives, we seek to maintain a position that is substantially balanced between purchased volumes and sales volumes or future delivery obligations.

Our Perspective on Global and the COVID-19 Pandemic

Overview

The COVID-19 pandemic continues to make its presence felt at home, in the office workplace and at our retail sites and terminal locations. We remain active in responding to the challenges posed by the COVID-19 pandemic and continue to provide essential products and services while prioritizing the safety of our employees, customers and vendors in the communities where we operate.

The COVID-19 pandemic has resulted in an economic downturn, restricted travel to, from and within the states in which we conduct our businesses, and in decreases in the demand for gasoline and convenience store products. Social distancing guidelines and directives limiting food operations at our convenience stores have contributed to a reduction in in-store traffic and sales. The demand for diesel fuel has similarly (but not as drastically) been impacted. We remain well positioned to pivot and address directives from federal, state and municipal authorities designed to mitigate the spread of the COVID-19 pandemic and promote an economic recovery. However, uncertainties surrounding the duration of the COVID-19 pandemic and demand at the pump, inside our stores and at our terminals remain.

Moving Forward – Our Perspective

The extent to which the COVID-19 pandemic may affect our operating results remains uncertain. The COVID-19 pandemic has had, and may continue to have, material adverse consequences for general economic, financial and

business conditions, and could materially and adversely affect our business, financial condition and results of operations and those of our customers, suppliers and other counterparties.

Our inventory management is dependent on the use of hedging instruments which are managed based on the structure of the forward pricing curve. Daily market changes may impact periodic results due to the point-in-time valuation of these positions. Volatility in the oil markets resulting from COVID-19 and geopolitical events may impact our results.

Business operations today reflect changes which may remain for an indefinite period of time. In these uncertain times and volatile markets, we believe that we are operationally nimble and that our portfolio of assets may continue to provide us with opportunities.

2021 Events

Amended Credit Agreement—On May 5, 2021, we and certain of our subsidiaries entered into the fifth amendment to third amended and restated credit agreement which, among other things, increased the total aggregate commitment to \$1.25 billion and extended the maturity date to May 6, 2024. See “—Liquidity and Capital Resources—Credit Agreement.”

Series B Preferred Unit Offering—On March 24, 2021, we issued 3,000,000 9.50% Series B Fixed Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in us (the “Series B Preferred Units”) at a price of \$25.00 per Series B Preferred Unit. Distributions on the Series B Preferred Units are payable quarterly and are cumulative from and including the date of original issue at a fixed rate of 9.50% per annum of the stated liquidation preference of \$25.00. We used the proceeds, net of underwriting discount and expenses, of \$72.2 million to reduce indebtedness under our credit agreement. See Note 13 of Notes to Consolidated Financial Statements.

Operating Segments

We purchase refined petroleum products, gasoline blendstocks, renewable fuels and crude oil primarily from domestic and foreign refiners and ethanol producers, crude oil producers, major and independent oil companies and trading companies. We operate our businesses under three segments: (i) Wholesale, (ii) Gasoline Distribution and Station Operations (“GDSO”) and (iii) Commercial.

Wholesale

In our Wholesale segment, we engage in the logistics of selling, gathering, blending, storing and transporting refined petroleum products, gasoline blendstocks, renewable fuels, crude oil and propane. We transport these products by railcars, barges, trucks and/or pipelines pursuant to spot or long-term contracts. From time to time, we aggregate crude oil by truck or pipeline in the mid-continent region of the United States and Canada, transport it by rail and ship it by barge to refiners. We sell home heating oil, branded and unbranded gasoline and gasoline blendstocks, diesel, kerosene and residual oil to home heating oil retailers and wholesale distributors. Generally, customers use their own vehicles or contract carriers to take delivery of the gasoline, distillates and propane at bulk terminals and inland storage facilities that we own or control or at which we have throughput or exchange arrangements. Ethanol is shipped primarily by rail and by barge.

In our Wholesale segment, we obtain Renewable Identification Numbers (“RIN”) in connection with our purchase of ethanol which is used for bulk trading purposes or for blending with gasoline through our terminal system. A RIN is a renewable identification number associated with government-mandated renewable fuel standards. To evidence that the required volume of renewable fuel is blended with gasoline, obligated parties must retire sufficient RINs to cover their Renewable Volume Obligation (“RVO”). Our U.S. Environmental Protection Agency (“EPA”) obligations relative to renewable fuel reporting are comprised of foreign gasoline and diesel that we may import and blending operations at certain facilities.

Gasoline Distribution and Station Operations

In our GDSO segment, gasoline distribution includes sales of branded and unbranded gasoline to gasoline station operators and sub-jobbers. Station operations include (i) convenience store sales, (ii) rental income from gasoline stations leased to dealers, from commissioned agents and from cobranding arrangements and (iii) sundries (such as car wash sales and lottery and ATM commissions).

As of June 30, 2021, we had a portfolio of owned, leased and/or supplied gasoline stations, primarily in the Northeast, that consisted of the following:

Company operated	283
Commissioned agents	283
Lessee dealers	205
Contract dealers	793
Total	<u>1,564</u>

At our company-operated stores, we operate the gasoline stations and convenience stores with our employees, and we set the retail price of gasoline at the station. At commissioned agent locations, we own the gasoline inventory, and we set the retail price of gasoline at the station and pay the commissioned agent a fee related to the gallons sold. We receive rental income from commissioned agent leased gasoline stations for the leasing of the convenience store premises, repair bays and other businesses that may be conducted by the commissioned agent. At dealer-leased locations, the dealer purchases gasoline from us, and the dealer sets the retail price of gasoline at the dealer's station. We also receive rental income from (i) dealer-leased gasoline stations and (ii) cobranding arrangements. We also supply gasoline to locations owned and/or leased by independent contract dealers. Additionally, we have contractual relationships with distributors in certain New England states pursuant to which we source and supply these distributors' gasoline stations with ExxonMobil-branded gasoline.

Commercial

In our Commercial segment, we include sales and deliveries to end user customers in the public sector and to large commercial and industrial end users of unbranded gasoline, home heating oil, diesel, kerosene, residual oil and bunker fuel. In the case of public sector commercial and industrial end user customers, we sell products primarily either through a competitive bidding process or through contracts of various terms. We respond to publicly issued requests for product proposals and quotes. We generally arrange for the delivery of the product to the customer's designated location. Our Commercial segment also includes sales of custom blended fuels delivered by barges or from a terminal dock to ships through bunkering activity.

Seasonality

Due to the nature of our businesses and our reliance, in part, on consumer travel and spending patterns, we may experience more demand for gasoline during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which we operate, increasing the demand for gasoline. Therefore, our volumes in gasoline are typically higher in the second and third quarters of the calendar year. However, the COVID-19 pandemic has had a negative impact on gasoline demand and the extent and duration of that impact remains uncertain. As demand for some of our refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, heating oil and residual oil volumes are generally higher during the first and fourth quarters of the calendar year. These factors may result in fluctuations in our quarterly operating results.

Outlook

This section identifies certain risks and certain economic or industry-wide factors, in addition to those described under "— Our Perspective on Global and the COVID-19 Pandemic," that may affect our financial performance and

results of operations in the future, both in the short-term and in the long-term. Our results of operations and financial condition depend, in part, upon the following:

- *Our businesses are influenced by the overall markets for refined petroleum products, gasoline blendstocks, renewable fuels, crude oil and propane and increases and/or decreases in the prices of these products may adversely impact our financial condition, results of operations and cash available for distribution to our unitholders and the amount of borrowing available for working capital under our credit agreement.* Results from our purchasing, storing, terminalling, transporting, selling and blending operations are influenced by prices for refined petroleum products, gasoline blendstocks, renewable fuels, crude oil and propane, price volatility and the market for such products. Prices in the overall markets for these products may affect our financial condition, results of operations and cash available for distribution to our unitholders. Our margins can be significantly impacted by the forward product pricing curve, often referred to as the futures market. We typically hedge our exposure to petroleum product and renewable fuel price moves with futures contracts and, to a lesser extent, swaps. In markets where future prices are higher than current prices, referred to as contango, we may use our storage capacity to improve our margins by storing products we have purchased at lower prices in the current market for delivery to customers at higher prices in the future. In markets where future prices are lower than current prices, referred to as backwardation, inventories can depreciate in value and hedging costs are more expensive. For this reason, in these backward markets, we attempt to reduce our inventories in order to minimize these effects. Our inventory management is dependent on the use of hedging instruments which are managed based on the structure of the forward pricing curve. Daily market changes may impact periodic results due to the point-in-time valuation of these positions. Volatility in oil markets may impact our results. When prices for the products we sell rise, some of our customers may have insufficient credit to purchase supply from us at their historical purchase volumes, and their customers, in turn, may adopt conservation measures which reduce consumption, thereby reducing demand for product. Furthermore, when prices increase rapidly and dramatically, we may be unable to promptly pass our additional costs on to our customers, resulting in lower margins which could adversely affect our results of operations. Higher prices for the products we sell may (1) diminish our access to trade credit support and/or cause it to become more expensive and (2) decrease the amount of borrowings available for working capital under our credit agreement as a result of total available commitments, borrowing base limitations and advance rates thereunder. When prices for the products we sell decline, our exposure to risk of loss in the event of nonperformance by our customers of our forward contracts may be increased as they and/or their customers may breach their contracts and purchase the products we sell at the then lower market price from a competitor.
- *We commit substantial resources to pursuing acquisitions and expending capital for growth projects, although there is no certainty that we will successfully complete any acquisitions or growth projects or receive the economic results we anticipate from completed acquisitions or growth projects.* We are continuously engaged in discussions with potential sellers and lessors of existing (or suitable for development) terminalling, storage, logistics and/or marketing assets, including gasoline stations, convenience stores and related businesses. Our growth largely depends on our ability to make accretive acquisitions and/or accretive development projects. We may be unable to execute such accretive transactions for a number of reasons, including the following: (1) we are unable to identify attractive transaction candidates or negotiate acceptable terms; (2) we are unable to obtain financing for such transactions on economically acceptable terms; or (3) we are outbid by competitors. In addition, we may consummate transactions that at the time of consummation we believe will be accretive but that ultimately may not be accretive. If any of these events were to occur, our future growth and ability to increase or maintain distributions on our common units could be limited. We can give no assurance that our transaction efforts will be successful or that any such efforts will be completed on terms that are favorable to us.
- *The condition of credit markets may adversely affect our liquidity.* In the past, world financial markets experienced a severe reduction in the availability of credit. Possible negative impacts in the future could include a decrease in the availability of borrowings under our credit agreement, increased counterparty credit risk on our derivatives contracts and our contractual counterparties could require us to provide collateral. In addition, we could experience a tightening of trade credit from our suppliers.

- *We depend upon marine, pipeline, rail and truck transportation services for a substantial portion of our logistics activities in transporting the products we sell. Implementation of regulations and directives related to these aforementioned services as well as disruption in any of these transportation services could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.* Hurricanes, flooding and other severe weather conditions could cause a disruption in the transportation services we depend upon and could affect the flow of service. In addition, accidents, labor disputes between providers and their employees and labor renegotiations, including strikes, lockouts or a work stoppage, shortage of railcars, trucks and barges, mechanical difficulties or bottlenecks and disruptions in transportation logistics could also disrupt our business operations. These events could result in service disruptions and increased costs which could also adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. Other disruptions, such as those due to an act of terrorism or war, could also adversely affect our businesses.
- *We have contractual obligations for certain transportation assets such as railcars, barges and pipelines.* A decline in demand for (i) the products we sell or (ii) our logistics activities, could result in a decrease in the utilization of our transportation assets, which could negatively impact our financial condition, results of operations and cash available for distribution to our unitholders.
- *Our gasoline financial results in our GDSO segment can be lower in the first and fourth quarters of the calendar year due to seasonal fluctuations in demand.* Due to the nature of our businesses and our reliance, in part, on consumer travel and spending patterns, we may experience more demand for gasoline during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which we operate, increasing the demand for gasoline. Therefore, our results of operations in gasoline can be lower in the first and fourth quarters of the calendar year. The COVID-19 pandemic has had a negative impact on gasoline demand and in-store traffic, and the extent and duration of that impact remains uncertain.
- *Our heating oil and residual oil financial results can be lower in the second and third quarters of the calendar year.* Demand for some refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally higher during November through March than during April through October. We obtain a significant portion of these sales during the winter months.
- *Warmer weather conditions could adversely affect our results of operations and financial condition.* Weather conditions generally have an impact on the demand for both home heating oil and residual oil. Because we supply distributors whose customers depend on home heating oil and residual oil for space heating purposes during the winter, warmer-than-normal temperatures during the first and fourth calendar quarters can decrease the total volume we sell and the gross profit realized on those sales.
- *Energy efficiency, higher prices, new technology and alternative fuels could reduce demand for our products.* Higher prices and new technologies and alternative fuel sources, such as electric, hybrid or battery powered motor vehicles, could reduce the demand for transportation fuels and adversely impact our sales of transportation fuels. A reduction in sales of transportation fuels could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. In addition, increased conservation and technological advances have adversely affected the demand for home heating oil and residual oil. Consumption of residual oil has steadily declined over the last three decades. We could face additional competition from alternative energy sources as a result of future government-mandated controls or regulations further promoting the use of cleaner fuels. End users who are dual-fuel users have the ability to switch between residual oil and natural gas. Other end users may elect to convert to natural gas. During a period of increasing residual oil prices relative to the prices of natural gas, dual-fuel customers may switch and other end users may convert to natural gas. During periods of increasing home heating oil prices relative to the price of natural gas, residential users of home heating oil may also convert to natural gas. As described above, such switching or conversion could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

- *Changes in government usage mandates and tax credits could adversely affect the availability and pricing of ethanol and renewable fuels, which could negatively impact our sales.* The EPA has implemented a Renewable Fuels Standard (“RFS”) pursuant to the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007. The RFS program seeks to promote the incorporation of renewable fuels in the nation’s fuel supply and, to that end, sets annual quotas for the quantity of renewable fuels (such as ethanol) that must be blended into transportation fuels consumed in the United States. A RIN is assigned to each gallon of renewable fuel produced in or imported into the United States. We are exposed to volatility in the market price of RINs. We cannot predict the future prices of RINs. RIN prices are dependent upon a variety of factors, including EPA regulations related to the amount of RINs required and the total amounts that can be generated, the availability of RINs for purchase, the price at which RINs can be purchased, and levels of transportation fuels produced, all of which can vary significantly from quarter to quarter. If sufficient RINs are unavailable for purchase or if we have to pay a significantly higher price for RINs, or if we are otherwise unable to meet the EPA’s RFS mandates, our results of operations and cash flows could be adversely affected. Future demand for ethanol will be largely dependent upon the economic incentives to blend based upon the relative value of gasoline and ethanol, taking into consideration the EPA’s regulations on the RFS program and oxygenate blending requirements. A reduction or waiver of the RFS mandate or oxygenate blending requirements could adversely affect the availability and pricing of ethanol, which in turn could adversely affect our future gasoline and ethanol sales. In addition, changes in blending requirements or broadening the definition of what constitutes a renewable fuel could affect the price of RINs which could impact the magnitude of the mark-to-market liability recorded for the deficiency, if any, in our RIN position relative to our RVO at a point in time.
- *We may not be able to fully implement or capitalize upon planned growth projects.* We could have a number of organic growth projects that may require the expenditure of significant amounts of capital in the aggregate. Many of these projects involve numerous regulatory, environmental, commercial and legal uncertainties beyond our control. As these projects are undertaken, required approvals, permits and licenses may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, revenues associated with these organic growth projects may not increase immediately upon the expenditures of funds with respect to a particular project and these projects may be completed behind schedule or in excess of budgeted cost. We may pursue and complete projects in anticipation of market demand that dissipates or market growth that never materializes. As a result of these uncertainties, the anticipated benefits associated with our capital projects may not be achieved.
- *Governmental action and campaigns to discourage smoking and use of other products may have a material adverse effect on our revenues and gross profit.* Congress has given the FDA broad authority to regulate tobacco and nicotine products, and the FDA and states have enacted and are pursuing enactment of numerous regulations restricting the sale of such products. These governmental actions, as well as national, state and municipal campaigns to discourage smoking, tax increases, and imposition of regulations restricting the sale of e-cigarettes and vapor products, have and could result in reduced consumption levels, higher costs which we may not be able to pass on to our customers, and reduced overall customer traffic. Also, increasing regulations related to and restricting the sale of vapor products and e-cigarettes may offset some of the gains we have experienced from selling these types of products. These factors could materially affect the sale of this product mix which in turn could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.
- *New, stricter environmental laws and other industry-related regulations or environmental litigation could significantly impact our operations and/or increase our costs, which could adversely affect our results of operations and financial condition.* Our operations are subject to federal, state and municipal laws and regulations regulating, among other matters, logistics activities, product quality specifications and other environmental matters. The trend in environmental regulation has been towards more restrictions and limitations on activities that may affect the environment over time. For example, President Biden signed an executive order calling for new or more stringent emissions standards for new, modified and existing oil and gas facilities. Our businesses may be adversely affected by increased costs and liabilities resulting from such stricter laws and regulations. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such

compliance. Risks related to our environmental permits, including the risk of noncompliance, permit interpretation, permit modification, renewal of permits on less favorable terms, judicial or administrative challenges to permits by citizens groups or federal, state or municipal entities or permit revocation are inherent in the operation of our businesses, as it is with other companies engaged in similar businesses. We may not be able to renew the permits necessary for our operations, or we may be forced to accept terms in future permits that limit our operations or result in additional compliance costs. There can be no assurances as to the timing and type of such changes in existing laws or the promulgation of new laws or the amount of any required expenditures associated therewith. Climate change continues to attract considerable public and scientific attention. In recent years environmental interest groups have filed suit against companies in the energy industry related to climate change. Should such suits succeed, we could face additional compliance costs or litigation risks.

- *Further regulation of the transport by rail of fuel products may adversely affect our financial condition and results of operations.* Over the last several years, federal and state agencies have adopted various requirements governing the transport of fuel products, such as crude oil and ethanol. Were these bodies to establish more stringent design or construction standards for railcars, or impose other requirements for such railroad tank cars that are used to transport, by example, crude oil and ethanol, those requirements, individually or in the aggregate, may lead to shortages of compliant railcars, or limitations on deliveries of these products, which in either case could adversely affect our businesses. In recent years, non-governmental groups have intensified their efforts to use federal, state and municipal laws to restrict the transportation of fuels products, including, without limitation, crude oil and ethanol by railroad tank cars. Additional regulations regarding the movement and storage of fossil fuel products by transportation modalities could potentially expose our operations to duplicative and possibly inconsistent regulation.

Results of Operations

Evaluating Our Results of Operations

Our management uses a variety of financial and operational measurements to analyze our performance. These measurements include: (1) product margin, (2) gross profit, (3) earnings before interest, taxes, depreciation and amortization (“EBITDA”) and Adjusted EBITDA, (4) distributable cash flow, (5) selling, general and administrative expenses (“SG&A”), (6) operating expenses and (7) degree days.

Product Margin

We view product margin as an important performance measure of the core profitability of our operations. We review product margin monthly for consistency and trend analysis. We define product margin as our product sales minus product costs. Product sales primarily include sales of unbranded and branded gasoline, distillates, residual oil, renewable fuels and crude oil, as well as convenience store sales, gasoline station rental income and revenue generated from our logistics activities when we engage in the storage, transloading and shipment of products owned by others. Product costs include the cost of acquiring products and all associated costs including shipping and handling costs to bring such products to the point of sale as well as product costs related to convenience store items and costs associated with our logistics activities. We also look at product margin on a per unit basis (product margin divided by volume). Product margin is a non-GAAP financial measure used by management and external users of our consolidated financial statements to assess our business. Product margin should not be considered an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, our product margin may not be comparable to product margin or a similarly titled measure of other companies.

Gross Profit

We define gross profit as our product margin minus terminal and gasoline station related depreciation expense allocated to cost of sales.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures used as supplemental financial measures by management and may be used by external users of our consolidated financial statements, such as investors, commercial banks and research analysts, to assess:

- our compliance with certain financial covenants included in our debt agreements;
- our financial performance without regard to financing methods, capital structure, income taxes or historical cost basis;
- our ability to generate cash sufficient to pay interest on our indebtedness and to make distributions to our partners;
- our operating performance and return on invested capital as compared to those of other companies in the wholesale, marketing, storing and distribution of refined petroleum products, gasoline blendstocks, renewable fuels, crude oil and propane, and in the gasoline stations and convenience stores business, without regard to financing methods and capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return of alternative investment opportunities.

Adjusted EBITDA is EBITDA further adjusted for gains or losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income, and these measures may vary among other companies. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Distributable Cash Flow

Distributable cash flow is an important non-GAAP financial measure for our limited partners since it serves as an indicator of our success in providing a cash return on their investment. Distributable cash flow as defined by our partnership agreement is net income plus depreciation and amortization minus maintenance capital expenditures, as well as adjustments to eliminate items approved by the audit committee of the board of directors of our general partner that are extraordinary or non-recurring in nature and that would otherwise increase distributable cash flow.

Distributable cash flow as used in our partnership agreement also determines our ability to make cash distributions on our incentive distribution rights. The investment community also uses a distributable cash flow metric similar to the metric used in our partnership agreement with respect to publicly traded partnerships to indicate whether or not such partnerships have generated sufficient earnings on a current or historic level that can sustain distributions on preferred or common units or support an increase in quarterly cash distributions on common units. Our partnership agreement does not permit adjustments for certain non-cash items, such as net losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges.

Distributable cash flow should not be considered as an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, our distributable cash flow may not be comparable to distributable cash flow or similarly titled measures of other companies.

Selling, General and Administrative Expenses

Our SG&A expenses include, among other things, marketing costs, corporate overhead, employee salaries and benefits, pension and 401(k) plan expenses, discretionary bonuses, non-interest financing costs, professional fees and information technology expenses. Employee-related expenses including employee salaries, discretionary bonuses and

related payroll taxes, benefits, and pension and 401(k) plan expenses are paid by our general partner which, in turn, are reimbursed for these expenses by us.

Operating Expenses

Operating expenses are costs associated with the operation of the terminals, transload facilities and gasoline stations and convenience stores used in our businesses. Lease payments, maintenance and repair, property taxes, utilities, credit card fees, taxes, labor and labor-related expenses comprise the most significant portion of our operating expenses. While the majority of these expenses remains relatively stable, independent of the volumes through our system, they can fluctuate depending on the activities performed during a specific period. In addition, they can be impacted by new directives issued by federal, state and local governments.

Degree Days

A “degree day” is an industry measurement of temperature designed to evaluate energy demand and consumption. Degree days are based on how far the average temperature departs from a human comfort level of 65°F. Each degree of temperature above 65°F is counted as one cooling degree day, and each degree of temperature below 65°F is counted as one heating degree day. Degree days are accumulated each day over the course of a year and can be compared to a monthly or a long-term (multi-year) average, or normal, to see if a month or a year was warmer or cooler than usual. Degree days are officially observed by the National Weather Service and officially archived by the National Climatic Data Center. For purposes of evaluating our results of operations, we use the normal heating degree day amount as reported by the National Weather Service at its Logan International Airport station in Boston, Massachusetts.

Key Performance Indicators

The following table provides a summary of some of the key performance indicators that may be used to assess our results of operations. These comparisons are not necessarily indicative of future results (gallons and dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income attributable to Global Partners LP	\$ 12,139	\$ 76,262	\$ 7,842	\$ 79,538
EBITDA (1)(3)	\$ 58,497	\$ 125,658	\$ 99,404	\$ 170,334
Adjusted EBITDA (1)(3)	\$ 58,677	\$ 126,571	\$ 99,109	\$ 171,990
Distributable cash flow (2)(3)(4)	\$ 26,623	\$ 95,816	\$ 40,577	\$ 117,801
Wholesale Segment: (5)				
Volume (gallons)	943,589	862,825	1,829,026	1,944,004
Sales				
Gasoline and gasoline blendstocks	\$ 1,505,658	\$ 554,314	\$ 2,325,056	\$ 1,525,421
Crude oil (6)	17,016	9,039	33,934	15,492
Other oils and related products (7)	474,909	280,795	1,190,078	911,469
Total	\$ 1,997,583	\$ 844,148	\$ 3,549,068	\$ 2,452,382
Product margin				
Gasoline and gasoline blendstocks	\$ 23,516	\$ 58,283	\$ 39,921	\$ 67,830
Crude oil (6)	(3,321)	9,203	(7,848)	4,733
Other oils and related products (7)	13,340	44,505	31,955	44,891
Total	\$ 33,535	\$ 111,991	\$ 64,028	\$ 117,454
Gasoline Distribution and Station Operations Segment:				
Volume (gallons)	395,119	278,561	729,223	629,983
Sales				
Gasoline	\$ 1,023,187	\$ 455,161	\$ 1,779,195	\$ 1,200,776
Station operations (8)	123,162	104,095	223,326	202,721
Total	\$ 1,146,349	\$ 559,256	\$ 2,002,521	\$ 1,403,497
Product margin				
Gasoline	\$ 101,303	\$ 96,770	\$ 181,555	\$ 204,000
Station operations (8)	61,141	48,801	111,298	97,442
Total	\$ 162,444	\$ 145,571	\$ 292,853	\$ 301,442
Commercial Segment: (4)				
Volume (gallons)	68,482	56,768	149,913	138,151
Sales	\$ 135,213	\$ 66,173	\$ 280,883	\$ 208,791
Product margin	\$ 2,701	\$ 2,517	\$ 6,891	\$ 7,853
Combined sales and product margin:				
Sales	\$ 3,279,145	\$ 1,469,577	\$ 5,832,472	\$ 4,064,670
Product margin (9)	\$ 198,680	\$ 260,079	\$ 363,772	\$ 426,749
Depreciation allocated to cost of sales	(20,635)	(20,132)	(40,695)	(41,064)
Combined gross profit	\$ 178,045	\$ 239,947	\$ 323,077	\$ 385,685
GDSO portfolio as of June 30, 2021 and 2020:				
	2021	2020		
Company operated	283	277		
Commissioned agents	283	257		
Lessee dealers	205	211		
Contract dealers	793	787		
Total GDSO portfolio	<u>1,564</u>	<u>1,532</u>		

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Weather conditions:				
Normal heating degree days	784	784	3,654	3,654
Actual heating degree days	590	927	3,290	3,248
Variance from normal heating degree days	(25)%	18 %	(10)%	(11)%
Variance from prior period actual heating degree days	(36)%	42 %	1 %	(4)%

- (1) EBITDA and Adjusted EBITDA are non-GAAP financial measures which are discussed above under “—Evaluating Our Results of Operations.” The table below presents reconciliations of EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measures.
- (2) Distributable cash flow is a non-GAAP financial measure which is discussed above under “—Evaluating Our Results of Operations.” As defined by our partnership agreement, distributable cash flow is not adjusted for certain non-cash items, such as net losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges. The table below presents reconciliations of distributable cash flow to the most directly comparable GAAP financial measures.
- (3) EBITDA, Adjusted EBITDA and distributable cash flow for each of the three and six months ended June 30, 2021 include a \$6.6 million expense for compensation and benefits resulting from the passing of our general counsel in May of 2021. The expense relates to contractual commitments including the acceleration of grants previously awarded as well as a discretionary award in recognition of service.
- (4) Distributable cash flow for the six months ended June 30, 2020 includes a \$6.3 million income tax benefit related to the CARES Act net operating loss carryback provisions (see Note 15 for additional information).
- (5) Segment reporting results for the three and six months ended June 30, 2020 have been reclassified between our Wholesale and Commercial segments to conform to our current presentation.
- (6) Crude oil consists of our crude oil sales and revenue from our logistics activities.
- (7) Other oils and related products primarily consist of distillates and residual oil.
- (8) Station operations consist of convenience stores sales, rental income and sundries.
- (9) Product margin is a non-GAAP financial measure which is discussed above under “—Evaluating Our Results of Operations.” The table above includes a reconciliation of product margin on a combined basis to gross profit, a directly comparable GAAP measure.

The following table presents reconciliations of EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measures on a historical basis for each period presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Reconciliation of net income to EBITDA and Adjusted EBITDA:				
Net income	\$ 12,139	\$ 75,973	\$ 7,842	\$ 79,048
Net loss attributable to noncontrolling interest	—	289	—	490
Net income attributable to Global Partners LP	12,139	76,262	7,842	79,538
Depreciation and amortization	25,505	24,779	50,480	50,447
Interest expense	20,320	21,089	40,679	42,690
Income tax expense (benefit)	533	3,528	403	(2,341)
EBITDA (1)	58,497	125,658	99,404	170,334
Net gain on sale and disposition of assets	(8)	(811)	(483)	(68)
Long-lived asset impairment	188	1,724	188	1,724
Adjusted EBITDA (1)	<u>\$ 58,677</u>	<u>\$ 126,571</u>	<u>\$ 99,109</u>	<u>\$ 171,990</u>
Reconciliation of net cash provided by (used in) operating activities to EBITDA and Adjusted EBITDA:				
Net cash provided by (used in) operating activities	\$ 52,425	\$ 24,086	\$ (53,558)	\$ 162,003
Net changes in operating assets and liabilities and certain non-cash items	(14,781)	76,767	111,880	(32,300)
Net cash from operating activities and changes in operating assets and liabilities attributable to noncontrolling interest	—	188	—	282
Interest expense	20,320	21,089	40,679	42,690
Income tax expense (benefit)	533	3,528	403	(2,341)
EBITDA (1)	58,497	125,658	99,404	170,334
Net gain on sale and disposition of assets	(8)	(811)	(483)	(68)
Long-lived asset impairment	188	1,724	188	1,724
Adjusted EBITDA (1)	<u>\$ 58,677</u>	<u>\$ 126,571</u>	<u>\$ 99,109</u>	<u>\$ 171,990</u>

- (1) EBITDA and Adjusted EBITDA for each of the three and six months ended June 30, 2021 include a \$6.6 million expense for compensation and benefits resulting from the passing of our general counsel in May of 2021. The expense relates to contractual commitments including the acceleration of grants previously awarded as well as a discretionary award in recognition of service.

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The following table presents reconciliations of distributable cash flow to the most directly comparable GAAP financial measures on a historical basis for each period presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Reconciliation of net income to distributable cash flow:				
Net income	\$ 12,139	\$ 75,973	\$ 7,842	\$ 79,048
Net loss attributable to noncontrolling interest	—	289	—	490
Net income attributable to Global Partners LP	12,139	76,262	7,842	79,538
Depreciation and amortization	25,505	24,779	50,480	50,447
Amortization of deferred financing fees	1,255	1,306	2,599	2,567
Amortization of routine bank refinancing fees	(1,013)	(985)	(2,050)	(1,925)
Maintenance capital expenditures	(11,263)	(5,546)	(18,294)	(12,826)
Distributable cash flow (1)(2)(3)	26,623	95,816	40,577	117,801
Distributions to preferred unitholders (4)	(3,463)	(1,682)	(5,283)	(3,364)
Distributable cash flow after distributions to preferred unitholders	<u>\$ 23,160</u>	<u>\$ 94,134</u>	<u>\$ 35,294</u>	<u>\$ 114,437</u>
Reconciliation of net cash provided by (used in) operating activities to distributable cash flow:				
Net cash provided by (used in) operating activities	\$ 52,425	\$ 24,086	\$ (53,558)	\$ 162,003
Net changes in operating assets and liabilities and certain non-cash items	(14,781)	76,767	111,880	(32,300)
Net cash from operating activities and changes in operating assets and liabilities attributable to noncontrolling interest	—	188	—	282
Amortization of deferred financing fees	1,255	1,306	2,599	2,567
Amortization of routine bank refinancing fees	(1,013)	(985)	(2,050)	(1,925)
Maintenance capital expenditures	(11,263)	(5,546)	(18,294)	(12,826)
Distributable cash flow (1)(2)(3)	26,623	95,816	40,577	117,801
Distributions to preferred unitholders (4)	(3,463)	(1,682)	(5,283)	(3,364)
Distributable cash flow after distributions to preferred unitholders	<u>\$ 23,160</u>	<u>\$ 94,134</u>	<u>\$ 35,294</u>	<u>\$ 114,437</u>

- (1) Distributable cash flow is a non-GAAP financial measure which is discussed above under “—Evaluating Our Results of Operations.” As defined by our partnership agreement, distributable cash flow is not adjusted for certain non-cash items, such as net losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges.
- (2) Distributable cash flow for each of the three and six months ended June 30, 2021 includes a \$6.6 million expense for compensation and benefits resulting from the passing of our general counsel in May of 2021. The expense relates to contractual commitments including the acceleration of grants previously awarded as well as a discretionary award in recognition of service.
- (3) Distributable cash flow for the six months ended June 30, 2020 includes a \$6.3 million income tax benefit related to the CARES Act net operating loss carryback provisions (see Note 15 for additional information).
- (4) Distributions to preferred unitholders represent the distributions payable to the Series A preferred unitholders and the Series B preferred unitholders earned during the period. Distributions on the Series A Preferred Units and the Series B Preferred Units are cumulative and payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year.

Results of Operations

Consolidated Sales

Our total sales were \$3.3 billion and \$1.5 billion for the three months ended June 30, 2021 and 2020, respectively, an increase of \$1.8 billion, or 123%, due to increases in prices and volume sold. Our aggregate volume of product sold was 1.4 billion gallons and 1.2 billion gallons for the three months ended June 30, 2021 and 2020, respectively, increasing 209 million gallons including increases of 116 million gallons in our GDSO segment, 81 million gallons in our Wholesale segment due to increased volume in gasoline and gasoline blendstocks partially offset by decreased volume in other oils and related products and crude oil, and 12 million gallons in our Commercial segment.

Our total sales were \$5.8 billion and \$4.1 billion for the six months ended June 30, 2021 and 2020, respectively, an increase of \$1.7 billion, or 43%, due to an increase in prices. Our aggregate volume of product sold was 2.7 billion gallons for each of the six months ended June 30, 2021 and 2020, declining 4 million gallons consisting of a decrease of

115 million gallons in our Wholesale segment, offset by increases of 99 million gallons and 12 million gallons in our GDSO and Commercial segments, respectively.

Gross Profit

Our gross profit was \$178.0 million and \$239.9 million for the three months ended June 30, 2021 and 2020, respectively, a decrease of \$61.9 million, or 26%, primarily due to less favorable market conditions in our Wholesale segment, partially offset by improved margins in our GDSO segment, largely in station operations due to an increase in activity at our convenience stores but also in gasoline distribution due to an increase in volume.

Our gross profit was \$323.1 million and \$385.7 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$62.6 million, or 16%, primarily due to less favorable market conditions in our Wholesale segment. Lower fuel margin (cents per gallon) in our GDSO segment also contributed to the year-over-year decrease in gross profit, partially offset by an increase in fuel volume and in station operations due to an increase in activity at our convenience stores.

Results for Wholesale Segment

Gasoline and Gasoline Blendstocks. Sales from wholesale gasoline and gasoline blendstocks were \$1.5 billion and \$0.5 billion for the three months ended June 30, 2021 and 2020, respectively, an increase of \$1.0 billion, or 172%, due to increases in prices and volume sold. Our gasoline and gasoline blendstocks product margin was \$23.5 million and \$58.3 million for the three months ended June 30, 2021 and 2020, respectively, a decrease of \$34.8 million, or 60%, primarily due to less favorable market conditions, largely in gasoline but also in gasoline blendstocks. During the second quarter of 2020, there was a significant recovery in the supply/demand imbalance that occurred at the end of the first quarter of 2020 caused by the COVID-19 pandemic related demand destruction and geopolitical events. The forward product pricing curve flattened which positively impacted our product margins in the second quarter of 2020.

Sales from wholesale gasoline and gasoline blendstocks were \$2.3 billion and \$1.5 billion for the six months ended June 30, 2021 and 2020, respectively, an increase of \$0.8 billion, or 52%, primarily due to an increase in prices, partially offset by a decline in volume sold. Our gasoline and gasoline blendstocks product margin was \$39.9 million and \$67.8 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$27.9 million, or 41%, primarily due to less favorable market conditions largely in gasoline but also in gasoline blendstocks. During the second quarter of 2020, there was a significant recovery in the supply/demand imbalance that occurred at the end of the first quarter of 2020 caused by the COVID-19 pandemic related demand destruction and geopolitical events. The forward product pricing curve flattened during the second quarter of 2020 which positively impacted our product margins.

Crude Oil. Crude oil sales and logistics revenues were \$17.0 million and \$9.0 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$8.0 million, or 88%, due to an increases in prices. Our crude oil product margin was (\$3.3 million) and \$9.2 million for the three months ended June 30, 2021 and 2020, respectively, a decrease of \$12.5 million, or 136%, due to less favorable market conditions. Our crude oil product margins in the second quarter of 2020 benefitted from more favorable market conditions, including the flattening of the forward product pricing curve.

Crude oil sales and logistics revenues were \$33.9 million and \$15.5 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$18.4 million, or 119%, due to an increase in prices. Our crude oil product margin was (\$7.8 million) and \$4.7 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$12.5 million, or 266%, due to less favorable market conditions. Our crude oil product margins in the first six months of 2020 benefitted from more favorable market conditions, including the flattening of the forward product pricing curve during the second quarter of 2020.

Other Oils and Related Products. Sales from other oils and related products (primarily distillates and residual oil) were \$474.9 million and \$280.8 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$194.1 million, or 69%, due to an increase in prices. Our product margin from other oils and related products was \$13.3 million and \$44.5 million for the three months ended June 30, 2021 and 2020, respectively, a decrease of

\$31.2 million, or 70%, primarily due to less favorable market conditions largely in distillates but also in residual oil. During the second quarter of 2020, there was a significant recovery in the supply/demand imbalance that occurred at the end of the first quarter of 2020 caused by the COVID-19 pandemic related demand destruction and geopolitical events. The forward product pricing curve flattened which positively impacted our product margins in the second quarter of 2020.

Sales from other oils and related products were \$1.2 billion and \$0.9 billion for the six months ended June 30, 2021 and 2020, respectively, an increase of \$0.3 billion, or 31%, due to an increase in prices. Our product margin from other oils and related products was \$31.9 million and \$44.9 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$13.0 million, or 29%, primarily due to less favorable market conditions distillates. During the second quarter of 2020, there was a significant recovery in the supply/demand imbalance that occurred at the end of the first quarter of 2020 caused by the COVID-19 pandemic related demand destruction and geopolitical events. The forward product pricing curve flattened during the second quarter of 2020 which positively impacted our product margins.

Results for Gasoline Distribution and Station Operations Segment

Gasoline Distribution. Sales from gasoline distribution were \$1.0 billion and \$0.5 billion for the three months ended June 30, 2021 and 2020, respectively, increasing \$568.0 million, or 125%, primarily due to increases in prices and volume sold. Our product margin from gasoline distribution was \$101.3 million and \$96.8 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$4.5 million, or 5%, due to an increase in volume sold, partially offset by lower fuel margins (cents per gallon). Wholesale gasoline prices rose during the second quarter of 2021. Rising wholesale gasoline prices typically compress our gasoline product margin, the extent of which depends on the magnitude and duration of that rise.

Sales from gasoline distribution were \$1.8 billion and \$1.2 billion for the six months ended June 30, 2021 and 2020, respectively, increasing \$578.4 million, or 48%, due to increases in prices and volume sold. Our product margin from gasoline distribution was \$181.6 million and \$204.0 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$22.4 million, or 11%, primarily due to lower fuel margins (cents per gallon) partially offset by an increase in volume sold. Wholesale gasoline prices rose during most of the first six months of 2021. Rising wholesale gasoline prices typically compress our gasoline product margin, the extent of which depends on the magnitude and duration of that rise. In contrast, for the first six months of 2020, our product margin benefitted from higher fuel margins (cents per gallon). Wholesale gasoline prices declined, primarily in March of 2020, due to the COVID-19 pandemic and geopolitical events. Declining wholesale gasoline prices can improve our gasoline product margin, the extent of which depends on the magnitude and duration of the decline.

Station Operations. Our station operations, which include (i) convenience stores sales at our directly operated stores, (ii) rental income from gasoline stations leased to dealers or from commissioned agents and from cobranding arrangements and (iii) sale of sundries, such as car wash sales and lottery and ATM commissions, collectively generated revenues of \$123.2 million and \$104.1 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$19.1 million, or 18%. Our product margin from station operations was \$61.1 million and \$48.8 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$12.3 million, or 25%. The increases in sales and product margin are primarily due to increases in activity at our convenience stores, including the sales of sundries.

Sales from our station operations were \$223.3 million and \$202.7 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$20.6 million, or 10%. Our product margin from station operations was \$111.3 million and \$97.4 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$13.9 million, or 14%. The increases in sales and product margin are primarily due to increases in activity at our convenience stores, including the sales of sundries.

Results for Commercial Segment

Our commercial sales were \$135.2 million and \$66.2 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$69.0 million or 104%, due to increases in prices and volume sold. Our commercial product margin was \$2.7 million and \$2.5 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$0.2 million, or 7%.

Our commercial sales were \$280.9 million and \$208.8 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$72.1 million or 35%, due to increases in prices and volume sold. Our commercial product margin was \$6.9 million and \$7.8 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$0.9 million, or 12%, primarily due to a decrease in bunkering activity.

Selling, General and Administrative Expenses

SG&A expenses were \$54.0 million and \$59.0 million for the three months ended June 30, 2021 and 2020, respectively, a decrease of \$5.0 million, or 8%, including decreases of \$11.1 million in accrued discretionary incentive compensation and \$2.2 million in various other SG&A expenses, offset by a \$6.6 million expense for compensation and benefits resulting from the passing of our general counsel and increases of \$1.2 million in wages and benefits and \$0.5 million in acquisition costs. The \$6.6 million expense relates to contractual commitments including the acceleration of grants previously awarded as well as a discretionary award in recognition of service.

SG&A expenses were \$100.3 million and \$99.9 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$0.4 million consisting of a \$6.6 million expense for compensation and benefits resulting from the passing of our general counsel and increases of \$2.6 million in wages and benefits and \$1.4 million in acquisition costs, offset by decreases of \$8.0 million in accrued discretionary incentive compensation and \$2.2 million in various other SG&A expenses. The \$6.6 million expense relates to contractual commitments including the acceleration of grants previously awarded as well as a discretionary award in recognition of service.

Operating Expenses

Operating expenses were \$88.2 million and \$76.7 million for the three months ended June 30, 2021 and 2020, respectively, an increase of \$11.5 million, or 15%, including an increase of \$8.8 million associated with our GDSO operations, in part due to increased credit card fees related to the increases in volume and price and, to a lesser extent, higher rent and maintenance expenses due in part to greater activity at our stores. Operating expenses associated with our terminal operations also increased \$2.7 million, primarily related to higher maintenance and repair expenses.

Operating expenses were \$168.7 million and \$159.3 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$9.4 million, or 6%, including an increase of \$5.7 million associated with our GDSO operations, primarily due to increased credit card fees related to the increases in volume and price and to higher rent expense, partially offset by lower salary expense in part attributable to reduced store hours and lower commissions, both of which were partly the result of the COVID-19 pandemic. Operating expenses associated with our terminal operations also increased \$3.7 million, primarily related to higher maintenance and repair expenses.

Amortization Expense

Amortization expense related to intangible assets was \$2.7 million for each of the three months ended June 30, 2021 and 2020 and \$5.4 million for each of the six months ended June 30, 2021 and 2020.

Net Gain on Sale and Disposition of Assets

Net gain on sale and disposition of assets was immaterial for the three months ended June 30, 2021 and \$0.8 million for the three months ended June 30, 2020. Net gain on sale and disposition of assets was \$0.5 million and \$0.1 million for the six months ended June 30, 2021 and 2020, respectively, primarily due to the sale of GDSO sites.

Long-Lived Asset Impairment

We recognized an impairment charge relating to certain developmental assets for raze and rebuilds allocated to the GDSO segment in the amount of \$0.2 million for each of the three and six months ended June 30, 2021. We recognized an impairment charge relating to certain right of use assets allocated to the Wholesale segment in the amount of \$1.7 million for each of the three and six months ended June 30, 2020.

Interest Expense

Interest expense was \$20.3 million and \$21.1 million for the three months ended June 30, 2021 and 2020, respectively, and \$40.7 million and \$42.7 million for the six months ended June 30, 2021 and 2020, respectively. The decreases of \$0.8 million, or 4%, and \$2.0 million, or 5%, for the three and six months ended June 30, 2021, respectively, were due, in part, to lower average balances on our revolving credit facility and lower interest rates, partially offset by a \$0.4 million write-off of deferred financing fees associated with the amendment to our credit agreement in May 2021.

Income Tax (Expense) Benefit

Income tax (expense) benefit was (\$0.5 million) and (\$3.5 million) for the three months ended June 30, 2021 and 2020, respectively, and (\$0.4 million) and \$2.3 million for the six months ended June 30, 2021 and 2020, respectively. The income tax benefit for the six months ended June 30, 2020 consisted of an income tax benefit of \$6.3 million (discussed below) offset by an income tax expense of (\$4.0 million). The respective income tax (expense) benefit reflects the income tax (expense) benefit from the operating results of GMG, which is a taxable entity for federal and state income tax purposes.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) was enacted and signed into law. The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States economy and fund a nationwide effort to curtail the effect of COVID-19. The CARES Act provides certain tax changes in response to the COVID-19 pandemic, including the temporary removal of certain limitations on the utilization of net operating losses, permitting the carryback of net operating losses generated in 2018, 2019 or 2020 to the five preceding taxable years, increasing the ability to deduct interest expense, deferring the employer share of social security tax payments, as well as amending certain provisions of the previously enacted Tax Cuts and Jobs Act. As a result, we recognized a benefit of \$6.3 million related to the CARES Act net operating loss carryback provisions which is included in income tax benefit in the accompanying statement of operations for the six months ended June 30, 2020. On January 15, 2021, we received cash refunds totaling \$15.8 million associated with the carryback of losses generated in 2018 with respect to the 2016 and 2017 tax years.

Net Loss Attributable to Noncontrolling Interest

In February 2013, we acquired a 60% membership interest in Basin Transload. In connection with the terms of an agreement between us and the minority members of Basin Transload, on September 29, 2020, we acquired the minority members’ collective 40% interest in Basin Transload (see Note 17, “Legal Proceedings” for additional information).

The net loss attributable to the noncontrolling interest was \$0 and \$0.3 million for the three months ended June 30, 2021 and 2020, respectively, and \$0 and \$0.5 million for the six months ended June 30, 2021 and 2020, respectively. The net losses in 2020 represent the 40% noncontrolling ownership of the net loss reported.

Liquidity and Capital Resources***Liquidity***

Our primary liquidity needs are to fund our working capital requirements, capital expenditures and distributions and to service our indebtedness. Our primary sources of liquidity are cash generated from operations, amounts available under our working capital revolving credit facility and equity and debt offerings. Please read “—Credit Agreement” for more information on our working capital revolving credit facility.

Working capital was \$240.5 million and \$283.9 million at June 30, 2021 and December 31, 2020, respectively, a decrease of \$43.4 million. Changes in current assets and current liabilities decreasing our working capital primarily include increases of \$158.5 million in the current portion of our working capital revolving credit facility and \$39.8 million in accounts payable, primarily due to higher prices. The decrease in working capital was offset by increases of \$122.6 million in accounts receivable and \$106.5 million in inventories, also primarily due to higher prices.

Cash Distributions***Common Units***

During 2021, we paid the following cash distributions to our common unitholders and our general partner:

Cash Distribution Payment Date	Total Paid	Distribution Paid for the Quarterly Period Ended
February 12, 2021	\$ 19.3 million	Fourth quarter 2020
May 14, 2021	\$ 20.5 million	First quarter 2021

In addition, on July 27, 2021, the board of directors of our general partner declared a quarterly cash distribution of \$0.5750 per unit (\$2.30 per unit on an annualized basis) on all of our outstanding common units for the period from April 1, 2021 through June 30, 2021 to our common unitholders of record as of the close of business on August 9, 2021. We expect to pay the total cash distribution of approximately \$20.5 million on August 13, 2021.

Series A Preferred Units

During 2021, we paid the following cash distributions to holders of the Series A Preferred Units:

Cash Distribution Payment Date	Total Paid	Distribution Paid for the Quarterly Period Covering
February 16, 2021	\$ 1.7 million	November 15, 2020 - February 14, 2021
May 17, 2021	\$ 1.7 million	February 15, 2021 - May 14, 2021

In addition, on July 19, 2021, the board of directors of our general partner declared a quarterly cash distribution of \$0.609375 per unit (\$2.4375 per unit on an annualized basis) on the Series A Preferred Units for the period from May 15, 2021 through August 14, 2021 to our Series A preferred unitholders of record as of the opening of business on August 2, 2021. We expect to pay the total cash distribution of approximately \$1.7 million on August 16, 2021.

Series B Preferred Units

On May 17, 2021, we paid the initial quarterly cash distribution of \$0.3365 per unit on the Series B Preferred Units, covering the period from March 24, 2021 (the issuance date of the Series B Preferred Units) through May 14, 2021, totaling approximately \$1.0 million. In addition, on July 19, 2021, the board of directors of our general partner declared a quarterly cash distribution of \$0.59375 per unit (\$2.375 per unit on an annualized basis) on the Series B Preferred Units for the period from May 15, 2021 through August 14, 2021 to our Series B preferred unitholders of record as of the opening of business on August 2, 2021. We expect to pay the total cash distribution of approximately \$1.8 million on August 16, 2021.

Contractual Obligations

We have contractual obligations that are required to be settled in cash. The amounts of our contractual obligations at June 30, 2021 were as follows (in thousands):

Contractual Obligations	Remainder of 2021	Payments Due by Period				Total
		2022	2023	2024	2025 and Thereafter	
Credit facility obligations (1)	\$ 101,228	\$ 153,069	\$ 102,425	\$ 35,174	\$ —	\$ 391,896
Senior notes obligations (2)	26,031	52,063	52,063	52,063	942,282	1,124,502
Operating lease obligations (3)	46,292	69,023	54,719	42,405	133,706	346,145
Other long-term liabilities (4)	14,435	22,051	13,091	12,992	41,012	103,581
Financing obligations (5)	7,547	15,268	15,518	15,774	82,158	136,265
Total	<u>\$ 195,533</u>	<u>\$ 311,474</u>	<u>\$ 237,816</u>	<u>\$ 158,408</u>	<u>\$ 1,199,158</u>	<u>\$ 2,102,389</u>

- (1) Includes principal and interest on our working capital revolving credit facility and our revolving credit facility at June 30, 2021 and assumes a ratable payment through the expiration date. Our credit agreement has a contractual maturity of May 6, 2024 and no principal payments are required prior to that date. However, we repay amounts outstanding and reborrow funds based on our working capital requirements. Therefore, the current portion of the working capital revolving credit facility included in the accompanying consolidated balance sheets is the amount we expect to pay down during the course of the year, and the long-term portion of the working capital revolving credit facility is the amount we expect to be outstanding during the entire year. Please read “—Credit Agreement” for more information on our working capital revolving credit facility.
- (2) Includes principal and interest on our senior notes. No principal payments are required prior to maturity. See Note 8 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on our senior notes.
- (3) Includes operating lease obligations related to leases for office space and computer equipment, land, gasoline stations, railcars and barges.
- (4) Includes amounts related to our 15-year brand fee agreement entered into in 2010 with ExxonMobil and amounts related to our pipeline connection agreements, natural gas transportation and reservation agreements, access right agreements and our pension and deferred compensation obligations.
- (5) Includes lease rental payments in connection with (i) the acquisition of Capitol Petroleum Group (“Capitol”) related to properties previously sold by Capitol within two sale-leaseback transactions; and (ii) the sale of real property assets at 30 gasoline stations and convenience stores. These transactions did not meet the criteria for sale accounting and the lease rental payments are classified as interest expense on the respective financing obligation and the pay-down of the related financing obligation. See Note 8 of Notes to Consolidated Financial Statement in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information.

Capital Expenditures

Our operations require investments to maintain, expand, upgrade and enhance existing operations and to meet environmental and operational regulations. We categorize our capital requirements as either maintenance capital expenditures or expansion capital expenditures. Maintenance capital expenditures represent capital expenditures to repair or replace partially or fully depreciated assets to maintain the operating capacity of, or revenues generated by, existing assets and extend their useful lives. Maintenance capital expenditures also include expenditures required to maintain equipment reliability, tank and pipeline integrity and safety and to address certain environmental regulations. We anticipate that maintenance capital expenditures will be funded with cash generated by operations. We had approximately \$18.3 million and \$12.8 million in maintenance capital expenditures for the six months ended June 30, 2021 and 2020, respectively, which are included in capital expenditures in the accompanying consolidated statements of cash flows, of which approximately \$17.0 million and \$10.9 million for the six months ended June 30, 2021 and 2020, respectively, are related to our investments in our gasoline station business. Repair and maintenance expenses associated with existing assets that are minor in nature and do not extend the useful life of existing assets are charged to operating expenses as incurred.

Expansion capital expenditures include expenditures to acquire assets to grow our businesses or expand our existing facilities, such as projects that increase our operating capacity or revenues by, for example, increasing dock capacity and tankage, diversifying product availability, investing in raze and rebuilds and new-to-industry gasoline

stations and convenience stores, increasing storage flexibility at various terminals and by adding terminals to our storage network. We have the ability to fund our expansion capital expenditures through cash from operations or our credit agreement or by issuing debt securities or additional equity. We had approximately \$20.4 million and \$8.9 million in expansion capital expenditures for the six months ended June 30, 2021 and 2020, respectively, primarily related to investments in our gasoline station business.

We currently expect maintenance capital expenditures of approximately \$45.0 million to \$55.0 million and expansion capital expenditures, excluding acquisitions, of approximately \$50.0 million to \$60.0 million in 2021, relating primarily to investments in our gasoline station business. These current estimates depend, in part, on the timing of completion of projects, availability of equipment and workforce, weather, the scope and duration of the COVID-19 pandemic and unanticipated events or opportunities requiring additional maintenance or investments.

We believe that we will have sufficient cash flow from operations, borrowing capacity under our credit agreement and the ability to issue additional equity and/or debt securities to meet our financial commitments, debt service obligations, contingencies and anticipated capital expenditures. However, we are subject to business and operational risks, including uncertainties related to the extent and duration of the COVID-19 pandemic and geopolitical events, each of which could adversely affect our cash flow. A material decrease in our cash flows would likely have an adverse effect on our borrowing capacity as well as our ability to issue additional equity and/or debt securities.

Cash Flow

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

	Six Months Ended June 30,	
	2021	2020
Net cash (used in) provided by operating activities	\$ (53,558)	\$ 162,003
Net cash used in investing activities	\$ (44,102)	\$ (16,852)
Net cash provided by (used in) financing activities	\$ 94,123	\$ (146,835)

Operating Activities

Cash flow from operating activities generally reflects our net income, balance sheet changes arising from inventory purchasing patterns, the timing of collections on our accounts receivable, the seasonality of parts of our businesses, fluctuations in product prices, working capital requirements and general market conditions.

Net cash (used in) provided by operating activities was (\$53.5 million) and \$162.0 million for the six months ended June 30, 2021 and 2020, respectively, for a period-over-period decrease in cash flow from operating activities of \$215.5 million. The period-over-period change was due primarily to an increase in prices during the six months ended June 30, 2021 as compared to a decrease during the prior year period.

Except for net income, the primary drivers of the changes in operating activities include the following (in thousands):

	Six Months Ended June 30,		Period over Period Change
	2021	2020	
(Increase) decrease in accounts receivable	\$ (122,540)	\$ 180,003	\$ (302,543)
(Increase) decrease in inventories	\$ (106,137)	\$ 106,142	\$ (212,279)
Increase (decrease) in accounts payable	\$ 39,765	\$ (210,035)	\$ 249,800
Decrease (increase) in change in derivatives	\$ 31,425	\$ (48,616)	\$ 80,041

For the six months ended June 30, 2021, the increases in accounts receivable, inventories and accounts payable are largely due to the increase in prices. The decrease in operating cash flow was also impacted by the year-over-year

change in derivatives of \$80.0 million in part due to the increase in prices during the first six months of 2021 compared to the decrease in prices in the same period of 2020 and to changes in the volume of physical forward contracts.

For the six months ended June 30, 2020, the decreases in accounts receivable, inventories and accounts payable are largely due to the decrease in prices, primarily caused by the COVID-19 pandemic and geopolitical events.

Investing Activities

Net cash used in investing activities was \$44.1 million for the six months ended June 30, 2021 and included \$20.4 million in expansion capital expenditures, \$18.3 million in maintenance capital expenditures, \$7.1 million in acquisitions primarily related to four company-operated gasoline stations and convenience stores, and \$1.7 million in seller note issuances which represent notes we received from buyers in connection with the sale of certain of our gasoline stations. Net cash used in investing activities was offset by \$3.4 million in proceeds from the sale of property and equipment.

Net cash used in investing activities was \$16.8 million for the six months ended June 30, 2020 and included \$12.8 million in maintenance capital expenditures, \$8.9 million in expansion capital expenditures and \$1.2 million in seller note issuances, offset by \$6.1 million in proceeds from the sale of property and equipment.

Please read “—Capital Expenditures” for a discussion of our capital expenditures for the six months ended June 30, 2021 and 2020.

Financing Activities

Net cash provided by financing activities was \$94.1 million for the six months ended June 30, 2021 and included \$158.5 million in net borrowing from our working capital revolving credit facility due primarily to the increase in prices and \$72.2 million in net proceeds from the issuance of the Series B Preferred Units, offset by \$88.6 million in net payments on our revolving credit facility, \$44.1 million in cash distributions to our limited partners (preferred and common unitholders) and our general partner and \$3.8 million in the repurchase of common units pursuant to our repurchase program for future satisfaction of our LTIP obligations. The proceeds from the issuance of the Series B units were used to pay down the revolving credit facility.

Net cash used in financing activities was \$146.8 million for the six months ended June 30, 2020 and included \$107.2 million in net payments on our working capital revolving credit facility due to lower prices and an increase in net income, \$35.0 million in cash distributions to our limited partners (preferred and common unitholders) and our general partner, \$4.7 million in net payments on our revolving credit facility, and \$0.3 million in the repurchase of common units pursuant to our repurchase program for future satisfaction of our LTIP obligations. Net cash used in financing activities was offset by \$0.4 million in capital contributions from our noncontrolling interest at Basin Transload.

See Note 7 of Notes to Consolidated Financial Statements for supplemental cash flow information related to our working capital revolving credit facility and revolving credit facility.

Credit Agreement

Certain subsidiaries of ours, as borrowers, and we and certain of our subsidiaries, as guarantors, have a \$1.25 billion senior secured credit facility. On May 5, 2021, we and certain of our subsidiaries entered into a fifth amendment to our credit agreement which, among other things, increased the total aggregate commitment from \$1.17 billion to \$1.25 billion and extended the maturity date from April 29, 2022 to May 6, 2024 (see “—Fifth Amendment to the Credit Agreement” below).

We repay amounts outstanding and reborrow funds based on our working capital requirements and, therefore, classify as a current liability the portion of the working capital revolving credit facility we expect to pay down during the course of the year. The long-term portion of the working capital revolving credit facility is the amount we expect to be outstanding during the entire year.

There are two facilities under the credit agreement:

- a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of our borrowing base and \$800.0 million; and
- a \$450.0 million revolving credit facility to be used for general corporate purposes.

Availability under the working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Availability under the borrowing base may be affected by events beyond our control, such as changes in petroleum product prices, collection cycles, counterparty performance, advance rates and limits and general economic conditions.

The average interest rates for the credit agreement were 2.4% and 2.8% for the three months ended June 30, 2021 and 2020, respectively, and 2.5% and 3.1% for the six months ended June 30, 2021 and 2020, respectively.

On March 5, 2021, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after December 31, 2021 for the 1-week and 2-month U.S. dollar settings and after June 30, 2023 for the remaining U.S. dollar settings. Our credit agreement includes provisions to determine a replacement rate for LIBOR if necessary during its term based on the secured overnight financing rate published by the Federal Reserve Bank of New York. We currently do not expect the transition from LIBOR to have a material impact on us.

As of June 30, 2021, we had total borrowings outstanding under the credit agreement of \$376.3 million, including \$33.4 million outstanding on the revolving credit facility. In addition, we had outstanding letters of credit of \$78.8 million. Subject to borrowing base limitations, the total remaining availability for borrowings and letters of credit was \$794.9 million and \$778.5 million at June 30, 2021 and December 31, 2020, respectively.

The credit agreement imposes financial covenants that require us to maintain certain minimum working capital amounts, a minimum combined interest coverage ratio, a maximum senior secured leverage ratio and a maximum total leverage ratio. We were in compliance with the foregoing covenants at June 30, 2021. The credit agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the credit agreement). In addition, the credit agreement limits distributions by us to our unitholders to the amount of Available Cash (as defined in the partnership agreement).

Please read Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Credit Agreement” in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on the credit agreement.

Fifth Amendment to the Credit Agreement

On May 5, 2021, we and certain of our subsidiaries entered into the Fifth Amendment to Third Amended and Restated Credit Agreement (the “Fifth Amendment”), which further amends the credit agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the credit agreement.

The Fifth Amendment amended certain terms, provisions and covenants of the credit agreement, including, without limitation:

- increased the aggregate commitments under the facilities with the commitment under the working capital revolving credit facility increased to \$800.0 million from \$770.0 million and the commitment under the revolving credit facility increased to \$450.0 million from \$400.0 million;
- extended the maturity date for the credit agreement from April 29, 2022 to May 6, 2024;

- (iii) decreased by 0.125% the applicable rate under the working capital revolving credit facility for borrowings of base rate loans, Eurocurrency rate loans and cost of funds rate loans and for issuances of letters of credit; and
- (iv) reduced the Eurocurrency rate floor to zero basis points and the cost of funds rate floor to zero basis points.

All other material terms of the credit agreement remain substantially the same as disclosed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Credit Agreement” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Senior Notes

We had 7.00% senior notes due 2027 and 6.875% senior notes due 2029 outstanding at June 30, 2021 and December 31, 2020. Please read Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Notes” in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on these senior notes.

Financing Obligations

We had financing obligations outstanding at June 30, 2021 and December 31, 2020 associated with historical sale-leaseback transactions that did not meet the criteria for sale accounting. Please read Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Obligations” in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The uncertainty surrounding the short and long-term impact of COVID-19, including the inability to project the timing of an economic recovery, may have an impact on our use of estimates. Actual results may differ from these estimates under different assumptions or conditions.

These estimates are based on our knowledge and understanding of current conditions and actions that we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations and are recorded in the period in which they become known. We have identified the following estimates that, in our opinion, are subjective in nature, require the exercise of judgment, and involve complex analysis: inventory, leases, revenue recognition, trustee taxes, derivative financial instruments, goodwill, evaluation of long-lived asset impairment and environmental and other liabilities.

The significant accounting policies and estimates that we have adopted and followed in the preparation of our consolidated financial statements are detailed in Note 2 of Notes to Consolidated Financial Statements, “Summary of Significant Accounting Policies” included in our Annual Report on Form 10-K for the year ended December 31, 2020.

There have been no subsequent changes in these policies and estimates that had a significant impact on our financial condition and results of operations for the periods covered in this report.

Recent Accounting Pronouncements

A description and related impact expected from the adoption of certain new accounting pronouncements is provided in Note 18 of Notes to Consolidated Financial Statements included elsewhere in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risks to which we are exposed are interest rate risk and commodity risk. We currently utilize various derivative instruments to manage exposure to commodity risk.

Interest Rate Risk

We utilize variable rate debt and are exposed to market risk due to the floating interest rates on our credit agreement. Therefore, from time to time, we utilize interest rate collars, swaps and caps to hedge interest obligations on specific and anticipated debt issuances.

As of June 30, 2021, we had total borrowings outstanding under our credit agreement of \$376.3 million. Please read Part I, Item 2. “Management’s Discussion and Analysis—Liquidity and Capital Resources—Credit Agreement,” for information on interest rates related to our borrowings. The impact of a 1% increase in the interest rate on this amount of debt would have resulted in an increase in interest expense, and a corresponding decrease in our results of operations, of approximately \$3.8 million annually, assuming, however, that our indebtedness remained constant throughout the year.

Commodity Risk

We hedge our exposure to price fluctuations with respect to refined petroleum products, renewable fuels, crude oil and gasoline blendstocks in storage and expected purchases and sales of these commodities. The derivative instruments utilized consist primarily of exchange-traded futures contracts traded on the NYMEX, CME and ICE and over-the-counter transactions, including swap agreements entered into with established financial institutions and other credit-approved energy companies. Our policy is generally to purchase only products for which we have a market and to structure our sales contracts so that price fluctuations do not materially affect our profit. While our policies are designed to minimize market risk, as well as inherent basis risk, exposure to fluctuations in market conditions remains. Except for the controlled trading program discussed below, we do not acquire and hold futures contracts or other derivative products for the purpose of speculating on price changes that might expose us to indeterminable losses.

While we seek to maintain a position that is substantially balanced within our commodity product purchase and sales activities, we may experience net unbalanced positions for short periods of time as a result of variances in daily purchases and sales and transportation and delivery schedules as well as other logistical issues inherent in our businesses, such as weather conditions. In connection with managing these positions, we are aided by maintaining a constant presence in the marketplace. We also engage in a controlled trading program for up to an aggregate of 250,000 barrels of commodity products at any one point in time. Changes in the fair value of these derivative instruments are recognized in the consolidated statements of operations through cost of sales. In addition, because a portion of our crude oil business may be conducted in Canadian dollars, we may use foreign currency derivatives to minimize the risks of unfavorable exchange rates. These instruments may include foreign currency exchange contracts and forwards. In conjunction with entering into the commodity derivative, we may enter into a foreign currency derivative to hedge the resulting foreign currency risk. These foreign currency derivatives are generally short-term in nature and not designated for hedge accounting.

We utilize exchange-traded futures contracts and other derivative instruments to minimize or hedge the impact of commodity price changes on our inventories, fuel purchases and forward fixed price commitments. Any hedge ineffectiveness is reflected in our results of operations. We utilize regulated exchanges, including the NYMEX, CME

and ICE, which are exchanges for the respective commodities that each trades, thereby reducing potential delivery and supply risks. Generally, our practice is to close all exchange positions rather than to make or receive physical deliveries.

At June 30, 2021, the fair value of all of our commodity risk derivative instruments and the change in fair value that would be expected from a 10% price increase or decrease are shown in the table below (in thousands):

	Fair Value at June 30, 2021	Gain (Loss)	
		Effect of 10% Price Increase	Effect of 10% Price Decrease
Exchange traded derivative contracts	\$ (132,100)	\$ (39,863)	\$ 39,863
Forward derivative contracts	(26,924)	10,543	(10,543)
Total	<u>\$ (159,024)</u>	<u>\$ (29,320)</u>	<u>\$ 29,320</u>

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX, CME and ICE. The fair value of the swaps and option contracts are estimated based on quoted prices from various sources such as independent reporting services, industry publications and brokers. These quotes are compared to the contract price of the swap, which approximates the gain or loss that would have been realized if the contracts had been closed out at June 30, 2021. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. All hedge positions offset physical exposures to the physical market; none of these offsetting physical exposures are included in the above table. Price-risk sensitivities were calculated by assuming an across-the-board 10% increase or decrease in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10% change in prompt month prices, the fair value of our derivative portfolio would typically change less than that shown in the table due to lower volatility in out-month prices. We have a daily margin requirement to maintain a cash deposit with our brokers based on the prior day's market results on open futures contracts. The balance of this deposit will fluctuate based on our open market positions and the commodity exchange's requirements. The brokerage margin balance was \$25.1 million at June 30, 2021.

We are exposed to credit loss in the event of nonperformance by counterparties to our exchange-traded derivative contracts, physical forward contracts, and swap agreements. We anticipate some nonperformance by some of these counterparties which, in the aggregate, we do not believe at this time will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders. Exchange-traded derivative contracts, the primary derivative instrument utilized by us, are traded on regulated exchanges, greatly reducing potential credit risks. We utilize major financial institutions as our clearing brokers for all NYMEX, CME and ICE derivative transactions and the right of offset exists with these financial institutions. Accordingly, the fair value of our exchange-traded derivative instruments is presented on a net basis in the consolidated balance sheet. Exposure on physical forward contracts and swap agreements is limited to the amount of the recorded fair value as of the balance sheet dates.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our principal executive officer and principal financial officer, management evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were operating and effective as of June 30, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2021 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

The information required by this item is included in Note 17 of Notes to Consolidated Financial Statements and is incorporated herein by reference.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the factors discussed below and in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, which could materially affect our business, financial condition or future results.

Cyber security breaches and other disruptions could compromise our information and operations, and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, in our data centers and on our networks, we collect and store sensitive data including, without limitation, our proprietary business information and that of our customers, suppliers and business partners, information with respect to potential ventures and transactions, and personally identifiable information of our employees, customers and business partners. The secure storage, processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to ransomware, malware or other cyber attacks by hackers, or breached due to employee error, malfeasance or other disruptions, or as a result of security breaches experienced by our business partners, suppliers and/or vendors. Any such cyber attack or breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of our operations, damage to our reputation, and loss of confidence in our ability to supply our products and services, which could adversely affect our business.

Item 6. Exhibits

(a) Exhibits

- 3.1 — [Certificate of Limited Partnership of Global Partners LP \(incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed on May 10, 2005\).](#)
- 3.2 — [Fifth Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of March 24, 2021 \(incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on March 24, 2021\).](#)
- 4.1 — [Indenture, dated October 7, 2020, among the Issuers, the Guarantors and Regions Bank, as trustee \(incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on October 8, 2020\).](#)
- 4.2 — [Registration Rights Agreement, dated October 7, 2020, among the Issuers, the Guarantors and the Initial Purchasers \(incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on October 8, 2020\).](#)
- 4.3 — [First Supplemental Indenture, dated as of October 28, 2020, among the Issuers, the Guarantors and Regions Bank, as trustee \(incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed on December 16, 2020\).](#)

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4.4	—	First Supplemental Indenture, dated as of October 28, 2020, among the Issuers, the Guarantors and Regions Bank, as successor to Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.5 to the Registration Statement on Form S-4 filed on December 16, 2020).
31.1*	—	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Global GP LLC, general partner of Global Partners LP.
31.2*	—	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Global GP LLC, general partner of Global Partners LP.
32.1†	—	Section 1350 Certification of Chief Executive Officer of Global GP LLC, general partner of Global Partners LP.
32.2†	—	Section 1350 Certification of Chief Financial Officer of Global GP LLC, general partner of Global Partners LP.
101.INS*	—	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	—	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	—	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	—	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	—	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

† Not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section.

SIGNATURES

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

GLOBAL PARTNERS LP

By: Global GP LLC,
its general partner

Dated: August 6, 2021

By: /s/ Eric Slifka
Eric Slifka
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 6, 2021

By: /s/ Daphne H. Foster
Daphne H. Foster
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, Eric Slifka, President and Chief Executive Officer of Global GP LLC, the general partner of Global Partners LP, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2021 of Global 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(s) 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(s) 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.

Dated: August 6, 2021

By: /s/ Eric Slifka

Eric Slifka
President and Chief Executive Officer
of Global GP LLC, general partner
of Global Partners LP

CERTIFICATION

I, Daphne H. Foster, Chief Financial Officer of Global GP LLC, the general partner of Global Partners LP, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2021 of Global 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(s) 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(s) 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.

Dated: August 6, 2021

By: /s/ Daphne H. Foster
Daphne H. Foster
Chief Financial Officer
of Global GP LLC, general partner
of Global Partners LP

**CERTIFICATION OF THE
CHIEF EXECUTIVE OFFICER OF
GLOBAL PARTNERS LP
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying report on Form 10-Q for the period ended June 30, 2021 of Global Partners LP (the "Partnership") and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Slifka, President and Chief Executive Officer of Global GP LLC, the general partner of the Partnership, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: August 6, 2021

By: /s/ Eric Slifka

Eric Slifka
President and Chief Executive Officer
of Global GP LLC, general partner
of Global Partners LP

**CERTIFICATION OF THE
CHIEF FINANCIAL OFFICER OF
GLOBAL PARTNERS LP
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying report on Form 10-Q for the period ended June 30, 2021 of Global Partners LP (the "Partnership") and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daphne H. Foster, Chief Financial Officer of Global GP LLC, the general partner of the Partnership, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: August 6, 2021

By: /s/ Daphne H. Foster

Daphne H. Foster
Chief Financial Officer
of Global GP LLC, general partner
of Global Partners LP
