

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

FORM 10-Q

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

For the quarterly period ended September 30, 2021

or

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

Commission File Number: 001-33274

TravelCenters of America Inc.

(Exact Name of Registrant as Specified in its Charter)

Maryland

20-5701514

(State or Other Jurisdiction of Incorporation or Organization)

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

24601 Center Ridge Road, Westlake, OH 44145-5639

(Address and Zip Code of Principal Executive Offices)

(440) 808-9100

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Shares of Common Stock, \$0.001 Par Value Per Share	TA	The Nasdaq Stock Market LLC
8.25% Senior Notes due 2028	TANNI	The Nasdaq Stock Market LLC
8.00% Senior Notes due 2029	TANNL	The Nasdaq Stock Market LLC
8.00% Senior Notes due 2030	TANNZ	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

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

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

Number of the registrant's shares of common stock outstanding as of October 29, 2021: 14,579,621.

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As used herein, the terms "we," "us," "our" and "TA" include TravelCenters of America Inc. and its consolidated subsidiaries unless otherwise expressly stated or the context otherwise requires.

Part I. Financial Information
Item 1. Financial Statements

TravelCenters of America Inc.
Consolidated Balance Sheets (Unaudited)
(in thousands, except par value amount)

	September 30, 2021	December 31, 2020
Assets:		
Current assets:		
Cash and cash equivalents	\$ 621,103	\$ 483,151
Accounts receivable (net of allowance for doubtful accounts of \$1,343 and \$1,016 as of September 30, 2021 and December 31, 2020, respectively)	149,410	94,429
Inventory	169,543	172,830
Other current assets	22,129	35,506
Total current assets	962,185	785,916
Property and equipment, net	789,403	801,789
Operating lease assets	1,680,902	1,734,883
Goodwill	22,213	22,213
Intangible assets, net	11,060	11,529
Other noncurrent assets	110,438	87,530
Total assets	\$ 3,576,201	\$ 3,443,860
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	\$ 249,982	\$ 158,075
Current operating lease liabilities	116,046	111,255
Other current liabilities	207,311	175,867
Total current liabilities	573,339	445,197
Long term debt, net	524,925	525,397
Noncurrent operating lease liabilities	1,685,084	1,763,166
Other noncurrent liabilities	104,602	69,121
Total liabilities	2,887,950	2,802,881
Stockholders' equity:		
Common stock, \$0.001 par value, 216,000 shares of common stock authorized as of September 30, 2021 and December 31, 2020, and 14,579 and 14,574 shares of common stock issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	14	14
Additional paid-in capital	783,778	781,841
Accumulated other comprehensive loss	(194)	(205)
Accumulated deficit	(95,347)	(141,084)
Total TA stockholders' equity	688,251	640,566
Noncontrolling interest	—	413
Total stockholders' equity	688,251	640,979
Total liabilities and stockholders' equity	\$ 3,576,201	\$ 3,443,860

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

TravelCenters of America Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Fuel	\$ 1,424,997	\$ 791,880	\$ 3,830,886	\$ 2,244,219
Nonfuel	511,063	474,097	1,460,787	1,304,674
Rent and royalties from franchisees	3,886	3,947	11,649	10,482
Total revenues	1,939,946	1,269,924	5,303,322	3,559,375
Cost of goods sold (excluding depreciation):				
Fuel	1,318,987	711,757	3,547,154	1,990,241
Nonfuel	206,265	188,114	577,195	512,784
Total cost of goods sold	1,525,252	899,871	4,124,349	2,503,025
Site level operating expense	246,871	221,864	708,097	655,950
Selling, general and administrative expense	39,563	32,967	112,083	108,171
Real estate rent expense	63,898	65,226	191,378	191,893
Depreciation and amortization expense	24,276	32,299	72,244	89,113
Other operating expense (income), net	230	—	(642)	—
Income from operations	39,856	17,697	95,813	11,223
Interest expense, net	11,843	7,375	34,966	22,064
Other (income) expense, net	(1,034)	233	1,667	1,109
Income (loss) before income taxes	29,047	10,089	59,180	(11,950)
(Provision) benefit for income taxes	(6,847)	(1,432)	(13,776)	4,222
Net income (loss)	22,200	8,657	45,404	(7,728)
Less: net income (loss) for noncontrolling interest	—	52	(333)	104
Net income (loss) attributable to common stockholders	\$ 22,200	\$ 8,605	\$ 45,737	\$ (7,832)
Other comprehensive income (loss), net of taxes:				
Foreign currency income (loss), net of taxes of \$(36), \$27, \$(1) and \$(33) respectively	\$ 28	\$ —	\$ 11	\$ (18)
Other comprehensive income (loss) attributable to common stockholders	28	—	11	(18)
Comprehensive income (loss) attributable to common stockholders	\$ 22,228	\$ 8,605	\$ 45,748	\$ (7,850)
Net income (loss) per share of common stock attributable to common stockholders:				
Basic and diluted	\$ 1.52	\$ 0.61	\$ 3.14	\$ (0.76)

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

TravelCenters of America Inc.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 45,404	\$ (7,728)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash rent credits, net	(17,527)	(15,827)
Depreciation and amortization expense	72,244	89,113
Deferred income tax benefit (provision)	13,336	(3,045)
Gain on sale of assets, net	(642)	—
Changes in operating assets and liabilities:		
Accounts receivable	(55,345)	59,238
Inventory	3,288	35,684
Other assets	8,700	3,280
Accounts payable and other liabilities	108,369	43,807
Other, net	3,459	9,050
Net cash provided by operating activities	181,286	213,572
Cash flows from investing activities:		
Capital expenditures	(46,782)	(36,795)
Proceeds from other asset sales	8,803	1,270
Investment in equity investee	(1,350)	—
Other	148	(1,864)
Net cash used in investing activities	(39,181)	(37,389)
Cash flows from financing activities:		
Proceeds from underwritten public equity offering	—	79,985
West Greenwich Loan borrowings	—	16,600
Payments on West Greenwich Loan	(498)	—
Payments on Revolving Credit Facility	—	(7,900)
Payments on Term Loan Facility	(1,500)	—
Distributions to noncontrolling interest	(80)	(65)
Acquisition of stock from employees	(110)	—
Other, net	(2,029)	(1,589)
Net cash (used in) provided by financing activities	(4,217)	87,031
Effect of exchange rate changes on cash	64	22
Net increase in cash and cash equivalents	137,952	263,236
Cash and cash equivalents at the beginning of the period	483,151	17,206
Cash and cash equivalents at the end of the period	\$ 621,103	\$ 280,442
Supplemental disclosure of cash flow information:		
Lease modification (operating to finance lease)	\$ 28,201	\$ —
Interest paid, net of capitalized interest	33,069	21,353
Income taxes paid (refunded)	74	(56)

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

TravelCenters of America Inc.
Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands)

	Number of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total TA Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
June 30, 2021	14,581	\$ 14	\$ 783,137	\$ (222)	\$ (117,547)	\$ 665,382	\$ —	\$ 665,382
Grants under share award plan and stock based compensation, net	(2)	—	641	—	—	641	—	641
Other comprehensive loss, net of taxes	—	—	—	28	—	28	—	28
Net income	—	—	—	—	22,200	22,200	—	22,200
September 30, 2021	<u>14,579</u>	<u>\$ 14</u>	<u>\$ 783,778</u>	<u>\$ (194)</u>	<u>\$ (95,347)</u>	<u>\$ 688,251</u>	<u>\$ —</u>	<u>\$ 688,251</u>
June 30, 2020	8,298	\$ 8	\$ 700,619	\$ (190)	\$ (143,622)	\$ 556,815	\$ 1,470	\$ 558,285
Grants under share award plan and stock based compensation, net	(2)	—	(41)	—	—	(41)	—	(41)
Proceeds from underwritten public equity offering	6,100	6	79,979	—	—	79,985	—	79,985
Net income	—	—	—	—	8,605	8,605	52	8,657
September 30, 2020	<u>14,396</u>	<u>\$ 14</u>	<u>\$ 780,557</u>	<u>\$ (190)</u>	<u>\$ (135,017)</u>	<u>\$ 645,364</u>	<u>\$ 1,522</u>	<u>\$ 646,886</u>

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

TravelCenters of America Inc.
Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands)

	Number of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total TA Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
December 31, 2020	14,574	\$ 14	\$ 781,841	\$ (205)	\$ (141,084)	\$ 640,566	\$ 413	\$ 640,979
Grants under share award plan and stock based compensation, net	5	—	2,537	—	—	2,537	—	2,537
Distribution to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other changes	—	—	(600)	—	—	(600)	—	(600)
Other comprehensive loss, net of taxes	—	—	—	11	—	11	—	11
Net income (loss)	—	—	—	—	45,737	45,737	(333)	45,404
September 30, 2021	<u>14,579</u>	<u>14</u>	<u>783,778</u>	<u>(194)</u>	<u>(95,347)</u>	<u>688,251</u>	<u>—</u>	<u>688,251</u>
December 31, 2019	8,307	\$ 8	\$ 698,402	\$ (172)	\$ (127,185)	\$ 571,053	\$ 1,483	\$ 572,536
Grants under share award plan and stock based compensation, net	(11)	—	2,176	—	—	2,176	—	2,176
Proceeds from underwritten public equity offering	6,100	6	79,979	—	—	79,985	—	79,985
Distribution to noncontrolling interest	—	—	—	—	—	—	(65)	(65)
Other comprehensive loss, net of taxes	—	—	—	(18)	—	(18)	—	(18)
Net (loss) income	—	—	—	—	(7,832)	(7,832)	104	(7,728)
September 30, 2020	<u>14,396</u>	<u>14</u>	<u>780,557</u>	<u>(190)</u>	<u>(135,017)</u>	<u>645,364</u>	<u>1,522</u>	<u>646,886</u>

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

TravelCenters of America Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollars and shares in thousands, except per share amounts)

1. Business Description and Basis of Presentation

TravelCenters of America Inc. is a Maryland corporation. We operate or franchise 279 travel centers, standalone truck service facilities and a standalone restaurant. Our customers include trucking fleets and their drivers, independent truck drivers, highway and local motorists and casual diners. We also collect rents, royalties and other fees from our tenants and franchisees.

As of September 30, 2021, our business included 275 travel centers in 44 states in the United States and the province of Ontario, Canada, primarily along the U.S. interstate highway system, operated primarily under the "TravelCenters of America," "TA," "TA Express," "Petro Stopping Centers" and "Petro" brand names. Of these travel centers, we owned 51, we leased 181, we operated two for a joint venture in which we owned a noncontrolling interest and 41 were owned or leased from others by our franchisees. We operated 232 of our travel centers and franchisees operated 43 travel centers, including two we leased to franchisees. Our travel centers offer a broad range of products and services, including diesel fuel and gasoline, as well as nonfuel products and services such as truck repair and maintenance services, diesel exhaust fluid, full service restaurants, quick service restaurants, travel stores and various customer amenities.

As of September 30, 2021, our business included three standalone truck service facilities operated under the "TA Truck Service" brand name. Of these standalone truck service facilities, we leased two and owned one. Our standalone truck service facilities offer extensive maintenance and emergency repair and roadside services to large trucks.

As of September 30, 2021, our business included one standalone restaurant that we operated for a joint venture in which we owned a noncontrolling interest.

On April 21, 2021, we completed the sale of our Quaker Steak & Lube, or QSL, business for \$5,000, excluding costs to sell and certain closing adjustments. See Note 3 of this Quarterly Report for more information about the sale of our QSL business.

We manage our business as one segment. We make specific disclosures concerning fuel and nonfuel products and services because they facilitate our discussion of trends and operational initiatives within our business and industry. We have a single travel center located in a foreign country, Canada, that we do not consider material to our operations.

The accompanying interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, applicable for interim financial statements. The disclosures presented do not include all the information necessary for complete financial statements in accordance with GAAP. These unaudited interim financial statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, or our Annual Report. In the opinion of our management, the accompanying unaudited interim consolidated financial statements include all adjustments, including normal recurring adjustments, considered necessary for a fair presentation. All intercompany transactions and balances have been eliminated. While our revenues are modestly seasonal, the quarterly variations in our operating results may reflect greater seasonal differences because our rent expense and certain other costs do not vary seasonally. The COVID-19 pandemic has, and economic conditions occasionally in the past have, significantly altered the seasonal aspects of our business, and they may have similar impacts in the future. For this and other reasons, our operating results for interim periods are not necessarily indicative of the results that may be expected for a full year.

Fair Value Measurement

Senior Notes

We collectively refer to our \$110,000 of 8.25% Senior Notes due 2028, our \$120,000 of 8.00% Senior Notes due 2029 and our \$100,000 of 8.00% Senior Notes due 2030 as our Senior Notes, which are our senior unsecured obligations. We estimate that, based on their trading prices (a Level 2 input), the aggregate fair value of our Senior Notes on September 30, 2021, was \$354,756.

TravelCenters of America Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollars and shares in thousands, except per share amounts)

Recently Issued Accounting Pronouncement and Other Accounting Matters

In December 2019, the Financial Accounting Standards Board issued Accounting Standards Update 2019-12, *Income Taxes – Simplifying the Accounting for Income Taxes*, which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. We adopted this standard on January 1, 2021, using the prospective transition method. The implementation of this update did not have a material impact on our consolidated financial statements.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, as a response to the economic uncertainty resulting from the COVID-19 pandemic, which, among other things, included several temporary changes to corporate income tax provisions such as modifications to limitations on deductibility of net operating losses and business interest, provisions relating to the deferral of the employer portion of social security taxes incurred through December 31, 2020, and employee retention tax credit, which is a refundable payroll credit for certain qualified wages and health benefits. As of September 30, 2021, we have deferred \$23,340 of employer social security payments, and have included this amount in other current liabilities in our consolidated balance sheets. On December 27, 2020 and March 11, 2021, the CARES Act was modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, respectively, extending the employee retention tax credit through December 31, 2021. During the year ended December 31, 2020, we recognized \$3,268 relating to the employee retention tax credit, which is included in accounts receivable in our consolidated balance sheets. We continue to evaluate the total amount of employee retention tax credits for which we may be eligible and the \$3,268 outstanding receivable as of September 30, 2021 is still our best estimate. We will continue to evaluate the impact of this legislation on our operations and consolidated financial statements in future periods to the extent additional guidance and regulations are issued.

2. Revenues

We recognize revenues based on the consideration specified in the contract with the customer, net of any sales incentives (such as customer loyalty programs and customer rebates) and excluding amounts collected on behalf of third parties (such as sales and excise taxes). The majority of our revenues are generated at the point of sale in our retail locations. Revenues consist of fuel revenues, nonfuel revenues and rents and royalties from franchisees.

Disaggregation of Revenues

We disaggregate our revenues based on the type of good or service provided to the customer, or by fuel revenues and nonfuel revenues, in our consolidated statements of operations and comprehensive income (loss). Nonfuel revenues disaggregated by type of good or service for the three and nine months ended September 30, 2021 and 2020, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Nonfuel revenues:				
Store and retail services	\$ 197,842	\$ 179,517	\$ 564,054	\$ 489,575
Truck service	200,192	189,630	565,520	504,584
Restaurant	79,850	77,665	233,657	233,369
Diesel exhaust fluid	33,179	27,285	97,556	77,146
Total nonfuel revenues	\$ 511,063	\$ 474,097	\$ 1,460,787	\$ 1,304,674

TravelCenters of America Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollars and shares in thousands, except per share amounts)

Contract Liabilities

Our contract liabilities, which are presented in our consolidated balance sheets in other current and other noncurrent liabilities, primarily include deferred revenues related to our customer loyalty programs, gift cards, rebates payable to customers and other deferred revenues. The following table shows the changes in our contract liabilities between periods.

	Customer Loyalty Programs	Other	Total
December 31, 2019	\$ 17,993	\$ 4,822	\$ 22,815
Increases due to unsatisfied performance obligations arising during the period	115,792	15,791	131,583
Revenues recognized from satisfied performance obligations during the period	(98,147)	(12,879)	(111,026)
Other	(12,817)	(589)	(13,406)
December 31, 2020	22,821	7,145	29,966
Increases due to unsatisfied performance obligations arising during the period	95,943	9,762	105,705
Revenues recognized from satisfied performance obligations during the period	(89,444)	(8,609)	(98,053)
Other	(2,804)	(1,496)	(4,300)
September 30, 2021	\$ 26,516	\$ 6,802	\$ 33,318

As of September 30, 2021, we expect the unsatisfied performance obligations relating to our customer loyalty programs and other contract liabilities will generally be satisfied within 12 months.

3. Disposition Activity

On April 21, 2021, we completed the sale of our QSL business for \$5,000, excluding costs to sell and certain closing adjustments. We had classified our QSL business as held for sale as of December 31, 2020. We did not treat the sale of QSL as a discontinued operation, as we concluded that its effect was not material and did not represent a strategic shift in our business. As of the date of sale, our QSL business included 41 standalone restaurants in 11 states in the United States operated primarily under the QSL brand name.

During the first quarter of 2021, we recorded impairment charges of \$650, primarily resulting from the change in fair value of underlying assets sold, which were included in depreciation and amortization expense in our consolidated statements of operations and comprehensive income (loss). During the second quarter of 2021, we recognized a \$606 loss on the sale of QSL, which was included in other operating expense (income), net, in our consolidated statements of operations and comprehensive income (loss). Impairment charges relating to our QSL net asset disposal group cumulatively totaled \$14,365, which includes a \$13,715 impairment charge recognized during the year ended December 31, 2020 and were included in depreciation and amortization expense in our consolidated statements of operations and comprehensive income (loss).

4. Stockholders' Equity

The following table presents a reconciliation of net income (loss) attributable to common stockholders to net income (loss) available to common stockholders and the related earnings (loss) per share of common stock for the three and nine months ended September 30, 2021 and 2020.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) attributable to common stockholders	\$ 22,200	\$ 8,605	\$ 45,737	\$ (7,832)
Less: net (income) loss attributable to participating securities	497	175	1,048	(273)
Net income (loss) available to common stockholders	\$ 21,703	\$ 8,430	\$ 44,689	\$ (7,559)
Weighted average shares of common stock ⁽¹⁾	14,254	13,779	14,239	9,890
Basic and diluted net income (loss) per share of common stock attributable to common stockholders	\$ 1.52	\$ 0.61	\$ 3.14	\$ (0.76)

⁽¹⁾ Excludes unvested shares of common stock awarded under our share award plans, in which shares of common stock are considered participating securities because they participate equally in earnings and losses with all of our other shares of common stock. The weighted average number of unvested shares of

common stock outstanding for the three months ended September 30, 2021 and 2020, was 327 and 286, respectively. The weighted average number of unvested shares of common stock outstanding for the nine months ended September 30, 2021 and 2020, was 334 and 358, respectively.

5. Goodwill

The Goodwill balance as of September 30, 2021 and December 31, 2020 was \$22,213, all of which relates to our travel centers reporting unit. Goodwill is tested for impairment annually as of July 31, or more frequently if circumstances warrant, at the reporting unit level. As of July 31, 2021, we evaluated our travel centers reporting unit for impairment using a qualitative analysis which included evaluating financial trends, industry and market conditions and assessing the reasonableness of the assumptions used in the most recent quantitative analysis, including comparing actual results to the projections used in the quantitative analysis.

After evaluating and weighing all relevant events and circumstances, we concluded that it is not more likely than not that the fair value of the travel centers reporting unit was less than its carrying amount.

The impact of the COVID-19 pandemic on our operations was included in our analyses. However, we are unable to predict the duration and severity of the COVID-19 pandemic and as a result, we are unable to determine what the ultimate impact will be on our financial results and financial position. We will continue to closely monitor the impact of the COVID-19 pandemic on the fair value of our travel centers reporting unit.

6. Leasing Transactions

As a Lessee

We have lease agreements covering many of our properties, as well as various equipment, with the most significant leases being our five leases with Service Properties Trust, or SVC, which are further described below. Certain of our leases include renewal options, and certain leases include escalation clauses and purchase options. Renewal periods are included in calculating our operating lease assets and liabilities when they are reasonably certain. Leases with an initial term of 12 months or less are not recognized in our consolidated balance sheets.

As of September 30, 2021, most of our SVC Leases (as defined below), the leases covering our other properties, and most of our equipment leases, were classified as operating leases and certain of our other equipment leases and one ground lease pursuant to one SVC Lease were classified as finance leases. As of September 30, 2021, our non-SVC finance lease assets and

TravelCenters of America Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollars and shares in thousands, except per share amounts)

liabilities were immaterial to our consolidated financial statements. Finance lease assets were included in other noncurrent assets, with the corresponding current and noncurrent finance lease liabilities included in other current liabilities and other noncurrent liabilities, respectively, on our consolidated balance sheets.

Certain of our operating leases provide for variable lease costs, which primarily include percentage rent and our obligation for the estimated cost of removing underground storage tanks under the SVC Leases.

Our lease costs are included in various balances in our consolidated statements of operations and comprehensive income (loss), as shown in the following table. For the three and nine months ended September 30, 2021 and 2020, our lease costs consisted of the following:

Classification in our Consolidated Statements of Operations and Comprehensive Income (Loss)		Three Months Ended September 30,	
		2021	2020
Operating lease costs: SVC Leases	Real estate rent expense	\$ 58,951	\$ 59,500
Operating lease costs: other	Real estate rent expense	2,447	4,182
Variable lease costs: SVC Leases	Real estate rent expense	2,332	1,372
Variable lease costs: other	Real estate rent expense	168	172
Total real estate rent expense		63,898	65,226
Operating lease costs: equipment and other	Site level operating expense and selling, general and administrative expense	710	881
Financing lease costs: equipment and other	Site level operating expense	53	—
Short-term lease costs	Site level operating expense and selling, general and administrative expense	171	390
Amortization of finance lease assets: SVC Leases	Depreciation and amortization expense	553	—
Amortization of finance lease assets: other	Depreciation and amortization expense	553	79
Interest on finance lease liabilities: SVC Leases	Interest expense, net	305	—
Interest on finance lease liabilities: other	Interest expense, net	134	32
Sublease income	Nonfuel revenues	(502)	(542)
Net lease costs		\$ 65,875	\$ 66,066

TravelCenters of America Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollars and shares in thousands, except per share amounts)

		Nine Months Ended September 30,	
		2021	2020
	Classification in our Consolidated Statements of Operations and Comprehensive Income (Loss)		
Operating lease costs: SVC Leases	Real estate rent expense	\$ 177,040	\$ 178,499
Operating lease costs: other	Real estate rent expense	7,529	9,859
Variable lease costs: SVC Leases	Real estate rent expense	6,303	3,073
Variable lease costs: other	Real estate rent expense	506	462
Total real estate rent expense		191,378	191,893
Operating lease costs: equipment and other	Site level operating expense and selling, general and administrative expense	2,332	2,797
Financing lease costs: equipment and other	Site level operating expense	152	—
Short-term lease costs	Site level operating expense and selling, general and administrative expense	513	1,340
Amortization of finance lease assets: SVC Leases	Depreciation and amortization expense	1,290	—
Amortization of finance lease assets: other	Depreciation and amortization expense	1,212	79
Interest on finance lease liabilities: SVC Leases	Interest expense, net	716	—
Interest on finance lease liabilities: other	Interest expense, net	323	32
Sublease income	Nonfuel revenues	(1,505)	(1,565)
Net lease costs		\$ 196,411	\$ 194,576

Maturities of our operating lease liabilities that had remaining noncancelable lease terms in excess of one year as of September 30, 2021, were as follows:

	SVC Leases ⁽¹⁾	Other	Total
Years ended December 31:			
2021	\$ 67,350	\$ 1,134	\$ 68,484
2022	268,980	4,133	273,113
2023	255,407	2,601	258,008
2024	251,234	1,463	252,697
2025	251,221	1,334	252,555
Thereafter	1,789,682	3,483	1,793,165
Total operating lease payments	2,883,874	14,148	2,898,022
Less: present value discount ⁽²⁾	(1,094,815)	(2,077)	(1,096,892)
Present value of operating lease liabilities	\$ 1,789,059	\$ 12,071	\$ 1,801,130

⁽¹⁾ Includes rent for properties we sublease from SVC and pay directly to SVC's landlords.

⁽²⁾ The discount rate used to derive the present value of unpaid lease payments is based on the rates implicit in the SVC Leases and our incremental borrowing rate for all other leases.

The weighted average remaining lease term for our operating leases as of September 30, 2021, was approximately 12 years. Our weighted average discount rate for our operating leases as of September 30, 2021, was approximately 9.1%.

During the nine months ended September 30, 2021 and 2020, we paid \$208,905 and \$208,327, respectively, for amounts that had been included in the measurement of our operating lease liabilities.

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As of September 30, 2021 and December 31, 2020, our operating lease assets and liabilities consisted of the following:

	September 30, 2021	December 31, 2020
Operating lease assets:		
SVC Leases	\$ 1,669,329	\$ 1,724,428
Other	11,573	10,455
Total operating lease assets	<u>\$ 1,680,902</u>	<u>\$ 1,734,883</u>
Current operating lease liabilities:		
SVC Leases	\$ 112,030	\$ 106,788
Other	4,016	4,467
Total current operating lease liabilities	<u>\$ 116,046</u>	<u>\$ 111,255</u>
Noncurrent operating lease liabilities:		
SVC Leases	\$ 1,677,029	\$ 1,756,449
Other	8,055	6,717
Total noncurrent operating lease liabilities	<u>\$ 1,685,084</u>	<u>\$ 1,763,166</u>

On March 9, 2021, we and SVC amended one of the SVC Leases to reflect the renewal of a third party ground lease at one of the 179 travel center properties that we lease from SVC. This ground lease, which was previously accounted for as an operating lease, is now accounted for as a finance lease. As a result of this ground lease modification, the applicable ground lease has balances, as of September 30, 2021, of \$27,095 in other noncurrent assets, \$1,487 in other current liabilities and \$26,346 in other noncurrent liabilities on our consolidated balance sheets.

Maturities of the financing lease liabilities related to the amended ground lease noted above that had remaining noncancelable lease terms in excess of one year as of September 30, 2021, were as follows:

	Finance Ground Lease
Years ended December 31:	
2021	\$ 644
2022	2,591
2023	2,656
2024	2,722
2025	2,790
Thereafter	24,986
Total financing lease payments	36,389
Less: present value discount ⁽¹⁾	(8,556)
Present value of financing lease liabilities	<u>\$ 27,833</u>

⁽¹⁾ The discount rate used to derive the present value of unpaid lease payments is based on the rate implicit in the SVC Lease.

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Leasing Agreements with SVC. As of September 30, 2021, we leased from SVC a total of 179 properties under five leases that expire between 2029 and 2035, subject to our right to extend those leases. We refer to these five leases collectively as the SVC Leases.

We recognized total real estate rent expense under the SVC Leases of \$61,283 and \$60,872 for the three months ended September 30, 2021 and 2020, respectively, and \$183,343 and \$181,572 for the nine months ended September 30, 2021 and 2020, respectively. Included in these rent expense amounts are percentage rent payable of \$1,850 and \$893 for the three months ended September 30, 2021 and 2020, respectively, and \$4,827 and \$1,742 for the nine months ended September 30, 2021 and 2020, respectively, which are based on a percentage of the increases in total nonfuel revenues at each leased property over base year levels, deferred rent of \$4,404 and \$13,211 for the three and nine month periods, respectively, and adjustments to record minimum annual rent on a straight line basis over the terms of the leases and estimated future payments by us for the cost of removing underground storage tanks on a straight line basis. The remaining balance of our deferred rent obligations was \$26,422 as of September 30, 2021.

Pursuant to the SVC Leases, we may request that SVC purchase qualifying capital improvements we make at the leased travel centers in return for increased annual minimum rent. We did not sell to SVC any improvements we made to properties leased from SVC for the three and nine months ended September 30, 2021 and 2020.

As permitted by the SVC Leases, we sublease a portion of certain travel centers to third parties to operate other retail operations. These subleases are classified as operating leases. We recognized sublease rental income of \$502 and \$542 for the three months ended September 30, 2021 and 2020, respectively, and \$1,505 and \$1,565 for the nine months ended September 30, 2021 and 2020, respectively.

As a Lessor

We leased two travel centers to franchisees as of September 30, 2021 and 2020. Rent revenues from these operating leases totaled \$595 and \$584 for the three months ended September 30, 2021 and 2020, respectively, and \$1,763 and \$1,728 for the nine months ended September 30, 2021 and 2020, respectively. Future minimum lease payments due to us for the two leased sites under these operating leases as of September 30, 2021, were \$595 for the remainder of 2021 and \$1,190 for 2022. See above for information regarding certain travel centers that we lease from SVC in which we sublease a portion of the travel centers to third parties to operate other retail operations. We also lease portions of owned properties to third parties to operate other retail operations.

7. Business Management Agreement with RMR

The RMR Group LLC, or RMR, provides us certain services that we require to operate our business, and which relate to various aspects of our business. RMR provides these services pursuant to a business management agreement. Pursuant to the business management agreement, we incurred aggregate fees and certain cost reimbursements payable to RMR of \$3,822 and \$3,369 for the three months ended September 30, 2021 and 2020, respectively, and \$10,418 and \$9,513 for the nine months ended September 30, 2021 and 2020, respectively, which included reimbursements for our share of RMR's costs for providing internal audit services. These amounts are included in selling, general and administrative expense in our consolidated statements of operations and comprehensive income (loss). For more information about our relationship with RMR, see Note 8 of this Quarterly Report and our Annual Report.

8. Related Party Transactions

We have relationships and historical and continuing transactions with SVC, RMR and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have directors, trustees or officers who are also our Directors or officers. RMR is a majority owned subsidiary of The RMR Group Inc. The Chair of our Board of Directors and one of our Managing Directors, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of The RMR Group Inc. Mr. Portnoy is also a managing director and the president and chief executive officer of The RMR Group Inc. and an officer and employee of RMR. Jonathan M. Pertchik, our other Managing Director and Chief Executive Officer, also serves as an officer and employee of RMR. Certain of our other officers and SVC's officers also serve as officers and employees of RMR. Some of our Independent Directors also

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serve as independent trustees or independent directors of other public companies to which RMR or its subsidiaries provide management services. Mr. Portnoy serves as chair of the boards of trustees or boards of directors and as a managing director or managing trustee of these public companies, including SVC. Other officers of RMR, including certain of our officers, serve as managing trustees, managing directors or officers of certain of these companies.

As of September 30, 2021, Mr. Portnoy beneficially owned 659 shares of our common stock (including indirectly through RMR), representing approximately 4.5% of our outstanding shares of common stock.

Relationship with SVC

We are SVC's largest tenant and SVC is our principal landlord and second largest stockholder. As of September 30, 2021, SVC owned 1,185 shares of our common stock, representing approximately 8.1% of our outstanding shares of common stock. As of September 30, 2021, we leased from SVC a total of 179 travel center properties under the SVC Leases. See Note 6 of this Quarterly Report for more information about our lease agreements with SVC.

Our Manager, RMR

RMR provides certain services we require to operate our business. We have a business management agreement with RMR to provide management services to us, which relates to various aspects of our business generally. See Note 7 of this Quarterly Report for more information about our business management agreement with RMR.

Retirement and Separation Arrangements

In December 2019, we and RMR entered into a retirement agreement with Andrew J. Rebholz. Pursuant to his retirement agreement, Mr. Rebholz continued to serve, through June 30, 2020, as a non-executive employee in order to assist in transitioning his duties and responsibilities to his successor. Under Mr. Rebholz's retirement agreement, consistent with past practice, we paid Mr. Rebholz his current annual base salary of \$300 until June 30, 2020, a cash bonus in the amount of \$1,000 in December 2019 and an additional cash payment in the amount of \$1,000 in June 2020, and we fully accelerated the vesting of any unvested shares of our common stock previously awarded to Mr. Rebholz.

In February 2020, we and RMR entered into a separation agreement with our former Executive Vice President, Chief Financial Officer and Treasurer, William E. Myers. Pursuant to his separation agreement, in 2020, we paid Mr. Myers \$300 and fully accelerated the vesting of any unvested shares of our common stock previously awarded to Mr. Myers.

Sale of Property

In May 2021, we sold a property located in Mesquite, Texas to Industrial Logistics Properties Trust, or ILPT, for a sales price of \$2,200, excluding selling costs of \$15. RMR provides management services to ILPT and Mr. Portnoy serves as the chair of the board of trustees and as a managing trustee of ILPT. The gain on sale of assets of \$1,504 was included in other operating expense (income), net for the nine months ended September 30, 2021.

For more information about these and other such relationships and certain other related person transactions, see our Annual Report.

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9. Contingencies

Environmental Contingencies

Extensive environmental laws regulate our operations and properties. These laws may require us to investigate and clean up hazardous substances, including petroleum or natural gas products, released at our owned and leased properties. Governmental entities or third parties may hold us liable for property damage and personal injuries, and for investigation, remediation and monitoring costs incurred in connection with any contamination and regulatory compliance at our locations. We use both underground storage tanks and above ground storage tanks to store petroleum products, natural gas and other hazardous substances at our locations. We must comply with environmental laws regarding tank construction, integrity testing, leak detection and monitoring, overfill and spill control, release reporting and financial assurance for corrective action in the event of a release. At some locations we must also comply with environmental laws relative to vapor recovery or discharges to water. Under the terms of the SVC Leases, we generally have agreed to indemnify SVC for any environmental liabilities related to properties that we lease from SVC and we are required to pay all environmental related expenses incurred in the operation of the leased properties. We have entered into certain other arrangements in which we have agreed to indemnify third parties for environmental liabilities and expenses resulting from our operations.

From time to time we have received, and in the future likely will receive, notices of alleged violations of environmental laws or otherwise have become or will become aware of the need to undertake corrective actions to comply with environmental laws at our locations. Investigatory and remedial actions were, and regularly are, undertaken with respect to releases of hazardous substances at our locations. In some cases we have received, and may receive in the future, contributions to partially offset our environmental costs from insurers, from state funds established for environmental clean up associated with the sale of petroleum products or from indemnitors who agreed to fund certain environmental related costs at locations purchased from those indemnitors. To the extent we incur material amounts for environmental matters for which we do not receive or expect to receive insurance or other third party reimbursement and for which we have not previously recorded a liability, our operating results may be materially adversely affected. In addition, to the extent we fail to comply with environmental laws and regulations, or we become subject to costs and requirements not similarly experienced by our competitors, our competitive position may be harmed.

As of September 30, 2021, we accrued a current liability of \$2,355 and a noncurrent liability of \$1,268 for environmental matters as well as a receivable, which is recorded in noncurrent assets in our consolidated balance sheets, for expected recoveries of certain of these estimated future expenditures of \$972, resulting in an estimated net amount of \$2,651 that we expect to fund in the future. We cannot precisely know the ultimate costs we may incur in connection with currently known environmental related violations, corrective actions, investigation and remediation; however, we do not expect the costs for such matters to be material, individually or in the aggregate, to our financial position or results of operations.

We currently have primary insurance of up to \$20,000 per incident and up to \$20,000 in the aggregate for certain environmental liabilities, subject, in each case, to certain limitations and deductibles. Our current insurance policy expires in June 2024 and we can provide no assurance that we will be able to maintain similar environmental insurance coverage in the future on acceptable terms.

We cannot predict the ultimate effect of changing circumstances and changing environmental laws may have on us in the future or the ultimate outcome of matters currently pending. We cannot be certain that contamination presently unknown to us does not exist at our sites, or that a material liability will not be imposed on us in the future. If we discover additional environmental issues, or if government agencies impose additional environmental requirements, increased environmental compliance or remediation expenditures may be required, which could have a material adverse effect on us.

Legal Proceedings

We are routinely involved in various legal and administrative proceedings incidental to the ordinary course of business, including commercial disputes, employment related claims, wage and hour claims, premises liability claims and tax audits among others. We do not expect that any litigation or administrative proceedings in which we are presently involved, or of which we are aware, will have a material adverse effect on our business, financial condition, results of operations or cash flows.

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10. Inventory

Inventory as of September 30, 2021 and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
Nonfuel products	\$ 131,327	\$ 143,440
Fuel products	38,216	29,390
Total inventory	<u>\$ 169,543</u>	<u>\$ 172,830</u>

11. Equity Investments

On April 30, 2021, we reduced our ownership in Epona, LLC, owner of QuikQ LLC, an independent full-service fuel payment solutions provider, from 50% to less than 50%, for which a pre-tax loss of \$1,826 was included in other expense (income), net in our consolidated statements of operations and comprehensive income (loss) during the nine months ended September 30, 2021. This investment will continue to be accounted for under the equity method.

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

The following discussion should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, or this Quarterly Report, and with our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, or our Annual Report. Unless indicated otherwise, amounts are in thousands of dollars, gallons and shares of common stock, as applicable, other than percentage amounts.

Company Overview

As of September 30, 2021, we operated or franchised 275 travel centers, three standalone truck service facilities and one standalone restaurant. Our customers include trucking fleets and their drivers, independent truck drivers, highway and local motorists and casual diners. We also collect rents, royalties and other fees from our tenants and franchisees.

We manage our business as one segment. We make specific disclosures concerning fuel and nonfuel products and services because they facilitate our discussion of trends and operational initiatives within our business and industry. We have a single travel center located in a foreign country, Canada, that we do not consider material to our operations.

We and our suppliers and customers are experiencing negative impacts from the current reduced market labor availability, including truck driver shortage, increased labor costs and related market pressures which may continue to present us with challenges and could negatively impact our business and operations if these conditions continue.

COVID-19 Pandemic

In March 2020, the World Health Organization, or WHO, declared the outbreak of COVID-19 a pandemic, and, in response to the outbreak, the U.S. Health and Human Services Secretary and many states and municipalities declared public health emergencies. Various governmental responses attempting to contain and mitigate the spread of the virus have negatively impacted, and continue to negatively impact, the global economy, including the U.S. economy.

We believe that our travel centers and the truck drivers that we serve are critical to sustaining a resilient supply chain to support essential services and daily consumption across the United States. Our business has benefited from an increased demand for e-commerce and from being recognized by various governmental authorities as a provider of services essential to businesses, which allowed us to continue operating our travel centers through the COVID-19 pandemic. Further, we also benefited from increased initial demand by businesses and households to stock up on certain products in response to the pandemic, which resulted in increased trucking activity to transport those goods across the United States. However, if there is another economic downturn as a result of the continued impact of the pandemic, demand for the transporting of products across the United States by trucks may decline, possibly significantly. If that occurs, our business, results of operations and financial position may become increasingly negatively impacted.

We have taken various actions in response to the pandemic to address its operating and financial impact and to protect the health and safety of our customers, employees and other persons who visit our travel centers and restaurants. In addition, we are continuing to closely monitor the impact of the pandemic on all aspects of our business. See our Annual Report for further information regarding these actions and monitoring activities.

The U.S. economy has been growing as COVID-19 pandemic conditions have significantly improved in the United States from their low points. Commercial activities in the United States have been returning to pre-pandemic practices and operations and as a result of recent and expected future government spending on pandemic relief, infrastructure and other matters. This recent economic growth may have had some impact on our third quarter of 2021 as diesel fuel sales volume increased 5.8% and total nonfuel revenues increased 7.8%, as compared to the prior year quarter. However, there remains uncertainty as to the ultimate duration and severity of the pandemic on commercial activities, supply chain issues and labor availability, including risks that may arise from variants (such as the Delta variant), mutations or related strains of the virus, the ability to successfully administer vaccinations to a sufficient number of persons or attain immunity to the virus by natural or other means to achieve herd immunity and the impact on the U.S. economy that may result from the inability of other countries to administer vaccinations to their citizens or their citizens' ability to otherwise achieve immunity to the virus. We face potential risks as a result of proposed regulations announced by the Biden administration in September 2021 concerning mandatory COVID-19 vaccinations or required testing for certain employers with over 100 employees as well as proposed regulations to be announced by other government agencies. Implementation could have an adverse effect on our operations given the uncertainty around how the mandate would be administered, how compliance would be documented, and the degree of employee attrition that may result.

As a result of these uncertainties, we are unable to determine what the ultimate impact will be on our and our customers', vendors' and other stakeholders' businesses, operations, financial results and financial position. For further information on the impact the pandemic has had on our business and risks relating to the pandemic and its aftermath on us and our business, see Item 1A. "Risk Factors" in our Annual Report.

Executive Summary of Financial Results

During the three months ended September 30, 2021 and 2020, we generated income before income taxes of \$29,047 and \$10,089, respectively. The \$18,958 increase in income before income taxes was primarily due to the following factors:

- site level gross margin in excess of site level operating expense increased \$19,634, which primarily resulted from incremental margin due to increases in nonfuel and fuel revenues when comparing the three months ended September 30, 2021 and 2020, partially offset by increased labor costs in truck services and field employees who returned to work for restaurant re-openings during 2021 and other operating expenses for the three months ended September 30, 2021; and
- depreciation and amortization expense decreased \$8,023, which primarily resulted from a \$6,610 property and equipment impairment charge recognized with respect to our QSL business during the three months ended September 30, 2020, and a \$2,372 write off of certain assets related to truck service programs that were canceled during the three months ended September 30, 2020.

The above factors were partially offset by an increase in selling, general and administrative expense of \$6,596, which primarily resulted from increases related to the impact of filling open positions, expenses related to consultant fees to assist with identifying and implementing cost reduction and other opportunities, and costs related to increased deployments of cloud-based technology solutions during the three months ended September 30, 2021 and a \$4,468 increase in interest expense, net, which primarily resulted from the Term Loan Facility (as defined below) that we entered into in December 2020.

During the nine months ended September 30, 2021 and 2020, we generated income and loss before income taxes of \$59,180 and \$11,950, respectively. The \$71,130 change from a loss to income before income taxes was primarily due to the following factors:

- site level gross margin in excess of site level operating expense increased \$70,476, which primarily resulted from the incremental margin due to increases in nonfuel and fuel revenues when comparing the nine months ended September 30, 2021 and 2020, partially offset by increased labor costs in truck services and field employees who returned to work for restaurant re-openings during 2021 and other operating expenses for the nine months ended September 30, 2021; and
- depreciation and amortization expense decreased \$16,869, which primarily resulted from \$8,072 of write offs of certain assets related to truck service programs that were canceled during the nine months ended September 30, 2020, a \$6,610 property and equipment impairment charge recognized with respect to our QSL business during the nine months ended September 30, 2020, a \$3,046 goodwill impairment charge recognized during the nine months ended September 30, 2020 with respect to our QSL business and a \$834 write off of intangible assets associated with three franchised standalone restaurants that closed during the nine months ended September 30, 2020, partially offset by a \$650 impairment charge related to the QSL sale during the nine months ended September 30, 2021.

The above factors were partially offset by an increase in selling, general and administrative expense of \$3,912, which primarily resulted from the impact of filling open positions, increases in consultant fees to assist with identifying and implementing cost reduction and other opportunities, and costs related to increased deployments of cloud-based technology solutions, partially offset by expenses related to the Reorganization Plan and executive officer retirement and separation agreements recognized in the nine months ended September 30, 2020 and a \$12,902 increase in interest expense, net, which primarily resulted from the Term Loan Facility (as defined below) that we entered into in December 2020.

Effects of Fuel Prices and Supply and Demand Factors

Our revenues and income are subject to fluctuations, sometimes material, as a result of market prices and the availability of, and demand for, diesel fuel and gasoline. These factors are subject to the worldwide petroleum products supply chain, which historically has experienced price and supply volatility as a result of, among other things, severe weather, terrorism, political crises, military actions and variations in demand that are often the result of changes in the macroeconomic environment. Also, concerted efforts by major oil producing countries and cartels to influence oil supply, as well as other actions by governments regarding trade policies, may impact fuel prices. Further, there have been reports of reduced investment in oil exploration and production as a result of concerns about decreased demand for oil in response to market and governmental factors, including increased demand for alternative energy sources in response to global climate change. These and other factors are believed to have contributed to recent increases in the cost of oil and other fossil energy sources.

Although there are several components that comprise and impact our fuel costs of goods sold, including the cost of fuel, freight and mix, the cost of fuel is the primary driver. Over the past several years there have been significant changes in the cost of fuel. During the three and nine months ended September 30, 2021, fuel prices trended upward, increasing 14.0% and 63.6%, respectively, as compared to the beginning of the period. During the three months ended September 30, 2020, fuel prices trended downward, ending at a 4.1% lower price than at the beginning of the period. The decrease in fuel prices for the three months ended September 30, 2020, primarily resulted from a 5.7% decrease in September 2020 as a result of the decreased demand and reduced production. During the nine months ended September 30, 2020, fuel prices trended downward, ending at a 45.1% lower price than at the beginning of the period. The decrease in fuel prices for the nine months ended September 30, 2020, primarily resulted from decreased demand during the 2020 period due to the pandemic. The average fuel price during the three and nine months ended September 30, 2021, was 70.8% and 50.7% higher than the average fuel price during the three and nine months ended September 30, 2020, respectively. We generally are able to pass changes in our cost for fuel products to our customers, but typically with a delay, such that during periods of rising fuel commodity prices, fuel gross margin per gallon tends to be higher than it otherwise may have been and during periods of falling fuel commodity prices, fuel gross margin per gallon tends to be lower than it otherwise may have been. Increases in the prices we pay for fuel can have negative effects on our sales and profitability and increase our working capital requirements.

Due to the volatility of our fuel costs and our methods of pricing fuel to our customers, we believe that fuel revenues are not a reliable metric for analyzing our results of operations from period to period. As a result solely of changes in fuel prices, our fuel revenues may materially increase or decrease, in both absolute amounts and on a percentage basis, without a comparable change in fuel sales volume or in fuel gross margin, as evidenced by the three and nine months ended September 30, 2021. We therefore consider fuel sales volume and fuel gross margin to be better measures of our performance.

We believe that demand for fuel by trucking companies and motorists for a constant level of miles driven will continue to decline over time because of technological innovations that improve fuel efficiency of motor vehicle engines, other fuel conservation practices and alternative fuels and technologies. Although we believe these factors, combined with competitive pressures, impact the level of fuel sales volume we realize, fuel sales volume increased during the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020. These increases primarily resulted from improved market conditions within the freight industry, traffic increases associated with the ongoing pandemic recovery and the success of our marketing initiatives.

Factors Affecting Comparability

COVID-19 Pandemic

See our discussion regarding the COVID-19 pandemic and its impact on us and our business above.

Growth and Cost Control Strategies

During the 2020 second quarter, we commenced a strategic transformation and turnaround plan, or our Transformation Plan, consisting of numerous initiatives across our organization for the purpose of expanding our travel center network, improving and enhancing operational efficiencies and profitability, strengthening our financial position all in support of our core mission to return every traveler to the road better than they came. Among these initiatives was a corporate restructuring that resulted in immediate selling, general and administrative expense savings and the hiring of many new members of management. We also created a centralized procurement group to drive economies of scale in pricing and increased leverage in vendor negotiations, which is leading to substantial purchasing savings and a streamlined operation. Other key initiatives are focused in areas of liquidity, expanding our franchise base, increasing diesel fuel and gasoline gross margin and fuel sales volume, increasing market share in the truck service business, improving merchandising and increasing gross margin in store and retail services, improving operating effectiveness in our food service offerings and improving information technology systems, while focusing on opportunities to control and rationalize costs.

Since the beginning of 2019, we have entered into franchise agreements for 52 travel centers to be operated under our travel center brand names; four of these franchised travel centers began operations during 2019, 10 began operations during 2020 and four began operations during the nine months ended September 30, 2021. We expect the remaining 34 to open by the third quarter of 2023.

As a result of nationwide labor and supply chain challenges, our capital expenditures plan has been impacted and it is currently expected to be in the range of \$80,000 to \$100,000 in 2021. We do not believe that this delay will have a material impact on the underlying operating business. The 2021 capital expenditures include projects to enhance the guest experience through significant upgrades at our travel centers and to improve our technology systems infrastructure. Approximately half of our capital expenditures in 2021 are focused on growth initiatives that we expect will meet or exceed our 15% to 20% cash on cash return hurdle.

Importantly, we are committed to embracing environmentally friendly sources of energy through our eTA division, which seeks to deliver sustainable and alternative energy to the marketplace and focus on working with the public sector, private companies and customers to facilitate a possible industry transformation. This business division extends our commitment to providing the widest range of commercially prudent and practicable nonfuel offerings across our sites. Recent accomplishments include continued expansion of our biodiesel blending capabilities, availability of DEF at the pump and placement of electric vehicle charging stations. We believe our large, well-located sites and our focus as a pure supplier may provide us with the opportunity to make both fossil and, eventually, non-fossil fuels available and to potentially balance or adjust our product and service offerings as we may determine and subject to availability.

Seasonality

Our sales volumes are generally lower in the first and fourth quarters than the second and third quarters of each year. In the first quarter, the movement of freight by professional truck drivers as well as motorist travel are usually at their lowest levels of the calendar year. In the fourth quarter, freight movement is typically lower due to the holiday season. While our revenues are modestly seasonal, quarterly variations in our operating results may reflect greater seasonal differences as our rent expense and certain other costs do not vary seasonally. The COVID-19 pandemic has, and economic conditions occasionally in the past have, significantly altered the seasonal aspects of our business, and they may have similar impacts in the future.

Results of Operations

All of our company operated locations are same site locations with the exception of one standalone truck service facility. As a result, same site operating results are not presented as part of this discussion and analysis as they would not provide materially different information from our consolidated results.

Consolidated Financial Results

The following table presents changes in our operating results for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020.

	Three Months Ended September 30,			
	2021	2020	\$ Change	% Change
Revenues:				
Fuel	\$ 1,424,997	\$ 791,880	\$ 633,117	80.0 %
Nonfuel	511,063	474,097	36,966	7.8 %
Rent and royalties from franchisees	3,886	3,947	(61)	(1.5) %
Total revenues	1,939,946	1,269,924	670,022	52.8 %
Gross margin:				
Fuel	106,010	80,123	25,887	32.3 %
Nonfuel	304,798	285,983	18,815	6.6 %
Rent and royalties from franchisees	3,886	3,947	(61)	(1.5) %
Total gross margin	414,694	370,053	44,641	12.1 %
Site level operating expense	246,871	221,864	25,007	11.3 %
Selling, general and administrative expense	39,563	32,967	6,596	20.0 %
Real estate rent expense	63,898	65,226	(1,328)	(2.0) %
Depreciation and amortization expense	24,276	32,299	(8,023)	(24.8) %
Other operating expense, net	230	—	230	— %
Income from operations	39,856	17,697	22,159	125.2 %
Interest expense, net	11,843	7,375	4,468	60.6 %
Other (income) expense, net	(1,034)	233	(1,267)	(543.8) %
Income before income taxes	29,047	10,089	18,958	187.9 %
Provision for income taxes	(6,847)	(1,432)	(5,415)	(378.1) %
Net income	22,200	8,657	13,543	156.4 %
Less: net income for noncontrolling interest	—	52	(52)	(100.0) %
Net income attributable to common stockholders	\$ 22,200	\$ 8,605	\$ 13,595	158.0 %

	Nine Months Ended September 30,			
	2021	2020	\$ Change	% Change
Revenues:				
Fuel	\$ 3,830,886	\$ 2,244,219	\$ 1,586,667	70.7 %
Nonfuel	1,460,787	1,304,674	156,113	12.0 %
Rent and royalties from franchisees	11,649	10,482	1,167	11.1 %
Total revenues	5,303,322	3,559,375	1,743,947	49.0 %
Gross margin:				
Fuel	283,732	253,978	29,754	11.7 %
Nonfuel	883,592	791,890	91,702	11.6 %
Rent and royalties from franchisees	11,649	10,482	1,167	11.1 %
Total gross margin	1,178,973	1,056,350	122,623	11.6 %
Site level operating expense	708,097	655,950	52,147	7.9 %
Selling, general and administrative expense	112,083	108,171	3,912	3.6 %
Real estate rent expense	191,378	191,893	(515)	(0.3)%
Depreciation and amortization expense	72,244	89,113	(16,869)	(18.9)%
Other operating income, net	(642)	—	(642)	— %
Income from operations	95,813	11,223	84,590	753.7 %
Interest expense, net	34,966	22,064	12,902	58.5 %
Other expense, net	1,667	1,109	558	50.3 %
Income (loss) before income taxes	59,180	(11,950)	71,130	595.2 %
(Provision) benefit for income taxes	(13,776)	4,222	(17,998)	(426.3)%
Net income (loss)	45,404	(7,728)	53,132	687.5 %
Less: net (loss) income for noncontrolling interest	(333)	104	(437)	(420.2)%
Net income (loss) attributable to common stockholders	\$ 45,737	\$ (7,832)	\$ 53,569	684.0 %

Three Months Ended September 30, 2021, as Compared to Three Months Ended September 30, 2020

Fuel Revenues. Fuel revenues for the three months ended September 30, 2021, increased by \$633,117, or 80.0%, as compared to the three months ended September 30, 2020, primarily as a result of an increase in fuel sales volume in addition to an increase in market prices for fuel. The table below presents the factors causing the changes in total fuel sales volume and revenues between periods. See "Effects of Fuel Prices and Supply and Demand Factors" for more information regarding the impact market prices for fuel has on our financial results.

	Gallons Sold	Fuel Revenues
Results for the three months ended September 30, 2020	555,102	\$ 791,880
Increase due to petroleum products price changes		562,189
Increase due to volume changes	27,214	65,204
Increase in wholesale fuel sales volume	3,532	5,724
Net change from prior year period	30,746	633,117
Results for the three months ended September 30, 2021	585,848	\$ 1,424,997

Nonfuel Revenues. Nonfuel revenues for the three months ended September 30, 2021, increased by \$36,966, or 7.8%, as compared to the three months ended September 30, 2020, as a result of increases in our store and retail services, truck service, restaurants and diesel exhaust fluid revenues. These increases were primarily due to the impact the COVID-19 pandemic had on nonfuel revenues for the three months ended September 30, 2020, including the additional sales from certain travel center restaurants that have now re-opened or are operating with expanded hours as compared to the pandemic conditions experienced in the prior year, and the progress of our Transformation Plan.

Rent and Royalties from Franchisees. Rent and royalties from franchisees for the three months ended September 30, 2021, decreased by \$61, or 1.5%, as compared to the three months ended September 30, 2020, primarily as a result of the sale of franchised standalone restaurants in the sale of our QSL business in April 2021, partially offset by franchised travel centers that began operations after September 30, 2020.

Fuel Gross Margin. Fuel gross margin for the three months ended September 30, 2021, increased by \$25,887, or 32.3%, as compared to the three months ended September 30, 2020, primarily as a result of an increase in fuel sales volume and a more favorable purchasing environment during the three months ended September 30, 2021.

Nonfuel Gross Margin. Nonfuel gross margin for the three months ended September 30, 2021, increased by \$18,815, or 6.6%, as compared to the three months ended September 30, 2020, due to the increase in total nonfuel revenues. Nonfuel gross margin percentage for the three months ended September 30, 2021, decreased 70 basis points to 59.6% from 60.3% compared to the three months ended September 30, 2020, primarily due to a change in the mix of products and services sold and certain pricing and marketing initiatives.

Site Level Operating Expense. Site level operating expense for the three months ended September 30, 2021, increased by \$25,007, or 11.3%, as compared to the three months ended September 30, 2020, primarily due to increased labor costs in truck services and field employees who returned to work during 2021 to support our restaurant re-openings as compared to furloughs and lower staffing levels in 2020 in response to the COVID-19 pandemic and increased other operating expenses for the three months ended September 30, 2021. Site level operating expense as a percentage of nonfuel revenues increased 150 basis points to 48.3% for the three months ended September 30, 2021, from 46.8% for the three months ended September 30, 2020, primarily due to higher labor costs for the three months ended September 30, 2021 as we restaffed in response to improved business conditions and re-opening of certain full service restaurants.

Selling, General and Administrative Expense. Selling, general and administrative expense for the three months ended September 30, 2021, increased by \$6,596, or 20.0%, as compared to the three months ended September 30, 2020, primarily as a result of increases related to the impact of filling open positions, expenses related to consultant fees to assist with identifying and implementing cost reduction and other opportunities, and costs related to increased deployments of cloud-based technology solutions during the three months ended September 30, 2021.

Real Estate Rent Expense. Real estate rent expense for the three months ended September 30, 2021, decreased by \$1,328, or 2.0%, as compared to the three months ended September 30, 2020, primarily as a result of a \$1,262 impairment charge recognized to operating lease assets with respect to our QSL business during the three months ended September 30, 2020.

Depreciation and Amortization Expense. Depreciation and amortization expense for the three months ended September 30, 2021, decreased by \$8,023, or 24.8%, as compared to the three months ended September 30, 2020, primarily as a result of a \$6,610 property and equipment impairment charge recognized with respect to our QSL business during the three months ended September 30, 2020, and a \$2,372 write off of certain assets related to truck service programs that were canceled during the three months ended September 30, 2020.

Interest Expense, Net. Interest expense, net for the three months ended September 30, 2021, increased by \$4,468, or 60.6%, as compared to the three months ended September 30, 2020, primarily as a result of the Term Loan Facility (as defined below) that we entered into in December 2020.

(Provision)Benefit for Income Taxes. Provision for income taxes for the three months ended September 30, 2021 increased to \$6,847 compared to \$1,432 for the three months ended September 30, 2020. The increase in the income tax provision is primarily due to higher pretax income recognized in the three months ended September 30, 2021, as compared to the three months ended September 30, 2020.

Nine Months Ended September 30, 2021, as Compared to Nine Months Ended September 30, 2020

Fuel Revenues. Fuel revenues for the nine months ended September 30, 2021, increased by \$1,586,667, or 70.7%, as compared to the nine months ended September 30, 2020, primarily as a result of an increase in fuel sales volume in addition to an increase in market prices for fuel. The table below presents the factors causing the changes in total fuel sales volume and revenues between periods. See "Effects of Fuel Prices and Supply and Demand Factors" for more information regarding the impact market prices for fuel has on our financial results.

	Gallons Sold	Fuel Revenues
Results for the nine months ended September 30, 2020	1,520,104	\$ 2,244,219
Increase due to petroleum products price changes		1,163,614
Increase due to volume changes	184,259	408,131
Increase in wholesale fuel sales volume	8,988	14,922
Net change from prior year period	193,247	1,586,667
Results for the nine months ended September 30, 2021	1,713,351	\$ 3,830,886

Nonfuel Revenues. Nonfuel revenues for the nine months ended September 30, 2021, increased by \$156,113, or 12.0%, as compared to the nine months ended September 30, 2020, primarily as a result of increases in our store and retail services, truck service, restaurants and diesel exhaust fluid revenues. These increases were primarily due to the impact the COVID-19 pandemic had on nonfuel revenues for the nine months ended September 30, 2020, including the additional sales from certain travel center restaurants that have now re-opened or are operating with expanded hours as compared to the pandemic conditions experienced in the prior year, and the progress of our Transformation Plan.

Rent and Royalties from Franchisees. Rent and royalties from franchisees for the nine months ended September 30, 2021, increased by \$1,167, or 11.1%, as compared to the nine months ended September 30, 2020, primarily as a result of the franchised travel centers that began operations since the beginning of 2020, partially offset by the sale of franchised standalone restaurants from the sale of our QSL business in April 2021.

Fuel Gross Margin. Fuel gross margin for the nine months ended September 30, 2021, increased by \$29,754, or 11.7%, as compared to the nine months ended September 30, 2020, primarily as a result of an increase in fuel sales volume and a more favorable purchasing environment during the nine months ended September 30, 2021.

Nonfuel Gross Margin. Nonfuel gross margin for the nine months ended September 30, 2021, increased by \$91,702, or 11.6%, as compared to the nine months ended September 30, 2020, primarily as a result of the increase in total nonfuel revenues. Nonfuel gross margin percentage for the nine months ended September 30, 2021, remained essentially flat at 60.5% as compared to the nine months ended September 30, 2020.

Site Level Operating Expense. Site level operating expense for the nine months ended September 30, 2021, increased by \$52,147, or 7.9%, as compared to the nine months ended September 30, 2020, primarily due to increased labor costs in truck services and field employees who returned to work during 2021 to support our restaurant re-openings as compared to furloughs and lower staffing levels in 2020 in response to the COVID-19 pandemic and increased other operating expenses for the nine months ended September 30, 2021. This increase was partially offset by \$3,769 of bonuses paid to support those who continued to work at our locations during the COVID-19 pandemic during the nine months ended September 30, 2020. Site level operating expense as a percentage of nonfuel revenues decreased 180 basis points to 48.5% for the nine months ended September 30, 2021, from 50.3% for the nine months ended September 30, 2020, primarily due to the increase in nonfuel revenues and management of cost reintroduction as business conditions improved and we re-opened certain full service restaurants.

Selling, General and Administrative Expense. Selling, general and administrative expense for the nine months ended September 30, 2021, increased by \$3,912, or 3.6%, as compared to the nine months ended September 30, 2020, primarily as a result of the impact of filling open positions, increases in consultant fees to assist with identifying and implementing cost reduction and other opportunities, and costs related to increased deployments of cloud-based technology solutions, partially offset by expenses related to the Reorganization Plan and executive officer retirement and separation agreements recognized in the nine months ended September 30, 2020.

Real Estate Rent Expense. Real estate rent expense for the nine months ended September 30, 2021, decreased by \$515, or 0.3%, as compared to the nine months ended September 30, 2020, primarily as a result of a \$1,262 impairment charge recognized to operating lease assets with respect to our QSL business during the nine months ended September 30, 2020, partially offset by an increase in percentage rent due to SVC as a result of the increase in total nonfuel revenues during the nine months ended September 30, 2021.

Depreciation and Amortization Expense. Depreciation and amortization expense for the nine months ended September 30, 2021, decreased by \$16,869, or 18.9%, as compared to the nine months ended September 30, 2020, primarily as a result of \$8,072 of write offs of certain assets related to truck service programs that were canceled during the nine months ended September 30, 2020, a \$6,610 property and equipment impairment charge recognized with respect to our QSL business during the nine months ended September 30, 2020, a \$3,046 goodwill impairment charge recognized during the nine months ended September 30, 2020, with respect to our QSL business and a \$834 write off of intangible assets associated with three franchised standalone restaurants that closed during the nine months ended September 30, 2020, partially offset by a \$650 impairment charge related to the QSL sale during the nine months ended September 30, 2021.

Interest Expense, Net. Interest expense, net for the nine months ended September 30, 2021, increased by \$12,902, or 58.5%, as compared to the nine months ended September 30, 2020, primarily as a result of the Term Loan Facility (as defined below) that we entered into in December 2020.

(Provision) Benefit for Income Taxes. Provision for income taxes for the nine months ended September 30, 2021 increased to \$13,776 as compared to an income tax benefit of \$4,222 for the nine months ended September 30, 2020. The increase in the income tax provision is primarily due to pretax income recognized in the nine months ended September 30, 2021, as compared to a pretax loss in the nine months ended September 30, 2020.

Liquidity and Capital Resources

Our principal liquidity requirements are to meet our operating and financing costs and to fund our capital expenditures, acquisitions and working capital requirements. Our principal sources of liquidity to meet these requirements are our:

- cash balance;
- operating cash flow;
- our Credit Facility (as defined below) with a current maximum availability of \$200,000 subject to limits based on our qualified collateral;
- potential sales to SVC of improvements we make to the sites we lease from SVC;
- potential issuances of new debt and equity securities; and
- potential financing or selling of unencumbered real estate that we own.

We believe that the primary risks we currently face with respect to our operating cash flow are:

- the potential intensifying of the negative impacts from the COVID-19 pandemic, including if the United States experiences a prolonged and significant decline in economic activity that reduces demand for our products and services;
- continuing decreased demand for our fuel products resulting from regulatory and market efforts for improved engine fuel efficiency, fuel conservation and alternative fuels and technologies;
- decreased demand for our products and services that we may experience as a result of competition or otherwise;
- the fixed nature of a significant portion of our expenses, which may restrict our ability to realize a sufficient reduction in our expenses to offset a reduction in our revenues;
- the costs and funding that may be required to execute our growth initiatives;
- the possible inability of acquired or developed properties to generate the stabilized financial results we expected at the time of acquisition or development;
- increasing labor costs;
- labor availability;

- increased cost of fleet card fees;
- increased costs for nonfuel products that we may not be able to pass through to our customers;
- increases in our cost of capital due to increasing market interest rates;
- adverse impacts from the current supply chain challenges;
- increased costs we may need to incur to operate our business in response to the COVID-19 pandemic, including enhancing sanitation, other preventative measures, and the potential implementation of a vaccine mandate and testing; and
- the negative impacts on our gross margins and working capital requirements due to the higher level of prices for petroleum products or due to increases in the cost of our fuel or nonfuel products resulting from inflation generally.

Our business requires substantial amounts of working capital, including cash liquidity, and our working capital requirements can be especially large because of the volatility of fuel prices. Selectively acquiring additional properties and businesses and developing new sites requires us to expend substantial capital for any such properties, businesses or developments. In addition, our properties are high traffic sites with many customers and large trucks entering and exiting our properties daily, requiring us to expend capital to maintain, repair and improve our properties. Although we had a cash balance of \$621,103 at September 30, 2021, and net cash provided by operating activities of \$181,286 for the nine months ended September 30, 2021, we cannot be sure that we will maintain sufficient amounts of cash, that we will generate future profits or positive cash flows or that we will be able to obtain additional financing, if and when it becomes necessary or desirable to pursue business opportunities. We believe we have sufficient financial resources to fund operations and required capital expenditures for greater than 12 months.

Our Investment and Financing Liquidity and Resources

Revolving Credit Facility

On December 14, 2020, we and certain of our subsidiaries entered into an amendment to our Amended and Restated Loan and Security Agreement, or the Credit Facility, with a group of commercial banks that matures on July 19, 2024. Under the Credit Facility, a maximum of \$200,000 may be drawn, repaid and redrawn until maturity. The availability of this maximum amount is subject to limits based on qualified collateral. Subject to available collateral and lender participation, the maximum amount of this Credit Facility may be increased to \$300,000. The Credit Facility may be used for general business purposes and allows for the issuance of letters of credit. Generally, no principal payments are due until maturity. Under the terms of the Credit Facility, interest is payable on outstanding borrowings at a rate based on, at our option, LIBOR or a base rate, plus a premium (which premium is subject to adjustment based upon facility availability, utilization and other matters). At September 30, 2021, based on our qualified collateral, a total of \$108,212 was available to us for loans and letters of credit under the Credit Facility. At September 30, 2021, there were no borrowings outstanding under the Credit Facility but we had outstanding \$14,128 of letters of credit issued under that facility, which reduced the amount available for borrowing under the Credit Facility, leaving \$94,084 available for our use as of that date. At September 30, 2021, we were in compliance with all covenants of the Credit Facility. As of October 29, 2021, there were no borrowings outstanding under the Credit Facility and approximately \$94,084 available under the Credit Facility for our use as of that date.

Term Loan Facility

On December 14, 2020, we entered into a \$200,000 Term Loan Facility, or the Term Loan Facility, which is secured by a pledge of all the equity interests of substantially all of our wholly owned subsidiaries, a pledge, subject to the prior interest of the lenders under our Credit Facility, of substantially all of our other assets and the assets of such wholly owned subsidiaries and mortgages on certain of our fee owned real properties. We have been using the \$190,062 in net proceeds from our Term Loan Facility for general business purposes, including the funding of deferred capital expenditures, updates to key information technology infrastructure and growth initiatives consistent with our Transformation Plan. Interest on amounts outstanding under the Term Loan Facility are calculated at LIBOR, with a LIBOR floor of 100 basis points, plus 600 basis points, and the Term Loan Facility matures on December 14, 2027. Our Term Loan Facility requires monthly interest payments and quarterly principal payments of \$500, or 1.0% of the original principal amount annually. Remaining principal amounts outstanding under the Term Loan Facility may be prepaid beginning on December 14, 2022.

Underwritten Public Equity Offering

On July 6, 2020, we received net proceeds of \$79,980, after \$296 of offering costs and \$5,124 of underwriting discounts and commissions, from the sale and issuance of 6,100 shares of common stock in an underwritten public equity offering. We have been using the net proceeds from this offering to fund deferred maintenance and other capital expenditures necessary to enhance property conditions and implement growth initiatives, for working capital and for general corporate purposes.

West Greenwich Loan

On February 7, 2020, we entered into a 10 year term loan for \$16,600 with The Washington Trust Company, or the West Greenwich Loan. The West Greenwich Loan is secured by a mortgage encumbering our travel center located in West Greenwich, Rhode Island. The interest rate is fixed at 3.85% for five years based on the five year Federal Home Loan Bank rate plus 198 basis points, and will reset thereafter. The West Greenwich Loan requires us to make principal and interest payments monthly. The proceeds from the West Greenwich Loan were used for general business purposes. We may, at our option with 60 days prior written notice, repay the loan in full prior to the end of the 10 year term plus, if repaid prior to February 7, 2023, a nominal penalty.

IHOP Secured Advance Note

On October 28, 2019, we entered into a multi-unit franchise agreement with IHOP Franchisor LLC, or IHOP, in which we agreed to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants over the next five years, or the IHOP Agreement. Concurrent with entering into the IHOP Agreement, we entered into a Secured Advance Note with IHOP, or the IHOP Note, pursuant to which we can borrow up to \$10,000 in connection with the costs to convert our full service restaurants to IHOP restaurants. As of September 30, 2021, there were no loans outstanding under the IHOP Note.

Sources and Uses of Cash

The following is a summary of our sources and uses of cash for the nine months ended September 30, 2021 and 2020, as reflected in our consolidated statements of cash flows:

(in thousands)	Nine Months Ended September 30,		\$ Change
	2021	2020	
Cash and cash equivalents at the beginning of the period	\$ 483,151	\$ 17,206	\$ 465,945
Net cash provided by (used in):			
Operating activities	181,286	213,572	(32,286)
Investing activities	(39,181)	(37,389)	(1,792)
Financing activities	(4,217)	87,031	(91,248)
Effect of exchange rate changes on cash	64	22	42
Cash and cash equivalents at the end of the period	\$ 621,103	\$ 280,442	\$ 340,661

Cash Flows from Operating Activities. During the nine months ended September 30, 2021 and 2020, we had net cash inflows from operating activities of \$181,286 and \$213,572, respectively. The \$32,286 change was primarily due to a decrease in cash generated from working capital, primarily as a result of lower receivable collections due to the collection of the

biodiesel credit in 2020, partially offset by higher earnings in 2021 during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020.

Cash Flows from Investing Activities. During the nine months ended September 30, 2021 and 2020, we had net cash outflows from investing activities of \$39,181 and \$37,389, respectively. The \$1,792 change primarily resulted from an increase in capital expenditures, partially offset by proceeds from the sale of assets during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020.

Cash Flows from Financing Activities. During the nine months ended September 30, 2021 and 2020, we had net cash outflows and inflows from financing activities of \$4,217 and \$87,031, respectively. The \$91,248 change primarily resulted from \$79,985 proceeds received from the underwritten public equity offering and \$16,600 proceeds received under the West Greenwich Loan during the nine months ended September 30, 2020, partially offset by repayments of \$1,500 on our Term Loan Facility and repayments of \$498 on the West Greenwich Loan during the nine months ended September 30, 2021 and a \$7,900 repayment of our borrowings under our Credit Facility during the nine months ended September 30, 2020.

Related Party Transactions

We have relationships and historical and continuing transactions with SVC, The RMR Group LLC, or RMR, and others related to them. For further information about these and other such relationships and related party transactions, see Notes 6, 7 and 8 to the Consolidated Financial Statements included in Item 1. of this Quarterly Report, our Annual Report, our definitive Proxy Statement for our 2021 Annual Meeting of Stockholders and our other filings with the Securities and Exchange Commission. In addition, see Item 1A. "Risk Factors" in our Annual Report for a description of risks that may arise as a result of these and other related party transactions and relationships. We may engage in additional transactions with related parties, including businesses to which RMR or its subsidiaries provide management services.

Environmental and Climate Change Matters

Legislation and regulation regarding climate change, including greenhouse gas emissions, and other environmental matters and market reaction to any such legislation or regulation or to climate change concerns, may decrease the demand for our fuel products, may require us to expend significant amounts and may otherwise negatively impact our business. For instance, federal and state governmental requirements addressing emissions from trucks and other motor vehicles, such as the U.S. Environment Protection Agency's, or EPA's, gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor fuel, as well as new fuel efficiency standards for medium and heavy duty commercial trucks, have caused us to add certain services and provide certain products to our customers at a cost to us that we may be unable to pass through to our customers. Also, various private initiatives and government regulations to promote fuel efficiency and control air pollutant emissions from the trucking industry may raise the cost of trucking as compared to other types of freight transport, as a result decreasing the demand for our fuel products and negatively impacting our business.

For example, in August 2016 the EPA and the National Highway Traffic Safety Administration established final regulations intended to phase in more stringent greenhouse gas emission and fuel efficiency standards for medium and heavy duty trucks. Under the Trump Administration, the EPA and the U.S. Department of Transportation rolled back various rules relating to greenhouse gas emissions and fuel efficiency standards for trucks and other motor vehicles, including portions of the rule discussed above. President Biden has signed executive orders requiring federal agencies to review certain actions taken by the Trump Administration with respect to fuel efficiency standards and the U.S. Congress is considering legislation that would dedicate significant resources to environmental initiatives, but it is difficult to predict what, if any, changes to existing rules will occur under the Biden Administration or as a result of federal legislative action or due to related legal challenges and, if changes occur, what impact those changes would have on our industry, us or our business. In addition, the California Air Resources Board, or CARB, routinely considers rulemaking activity the purpose of which is to make heavy duty truck fleets operating in the state more fuel efficient and less polluting. The Trump Administration challenged CARB's ability to take such actions, and legal challenges remain to the enforceability of CARB's rulemaking. Because of the size of the California market and economy, fleet rules adopted by CARB frequently have influence throughout the United States. We may not be able to completely offset the loss of business we may suffer as a result of increasing engine efficiency and other fuel conservation and pollution reduction efforts under federal or state rules or as a result of other existing or future regulation or changes in customer demand.

Many observers believe severe weather activities in different parts of the country over the last few years are evidence of global climate change. Such severe weather may have an adverse effect on individual properties we own, lease or operate, or

the volume of business at our locations. We mitigate these risks by owning, leasing and operating a diversified portfolio of properties, by procuring insurance coverage we believe adequately protects us from material damages and losses and by attempting to monitor and be prepared for such events. However, we cannot be certain that our mitigation efforts will be sufficient or that future storms, rising sea levels or other changes that may occur due to future climate change or otherwise could not have a material adverse effect on our business.

For further information about these and other environmental and climate change matters, and the related risks that may arise, see the disclosure under the heading "Environmental Contingencies" in Note 9 to the Consolidated Financial Statements included in Item 1. of this Quarterly Report, which disclosure is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at September 30, 2021.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2021, there were no changes to our internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Warning Concerning Forward-Looking Statements

This Quarterly Report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Whenever we use words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "will," "may" and negatives and derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. Among others, the forward-looking statements that appear in this Quarterly Report include statements that:

- Our expectations about our and the trucking industry's ability to operate through the COVID-19 pandemic;
- The duration and severity of any adverse economic impact that might result from the COVID-19 pandemic on us and our customers, suppliers and other stakeholders;
- Our operating results for the three and nine months ended September 30, 2021, reflect certain improvements as compared to the three and nine months ended September 30, 2020. This may imply that we will increase or maintain these improvements and that we will be profitable in the future. However, certain of these improvements resulted from unique items that may not occur in the future. In addition, customer demand and competitive conditions, among other factors, may significantly impact our fuel and nonfuel revenues and the costs of our fuel and nonfuel products may increase in the future because of inflation or other reasons. If fuel gross margin per gallon, or fuel or nonfuel sales volume, decline, if we are not able to pass increases in fuel or nonfuel costs to our customers or if our nonfuel sales mix changes in a manner that negatively impacts our nonfuel gross margin, our nonfuel revenues or our fuel and nonfuel gross margin may decline. In fact, since we became a public company in 2007, we have been able to produce only occasional profits and we have accumulated significant losses. We may be unable to produce future profits and our losses may increase;
- We are executing our Transformation Plan, which includes numerous initiatives that we believe will improve and enhance our operational efficiencies and profitability, increase diesel fuel and gasoline gross margin and fuel sales volume, increase market share in the truck service industry, improve merchandising and gross margin in store and retail services, improve operating effectiveness in our full service restaurants and expand our franchise base. However, we may not be able to recognize the improvements to our operating results that we anticipate. In addition, the costs incurred to complete the initiatives may be greater than we anticipate;
- We have incurred costs to support our anticipated business growth. This statement may imply that these costs will result in increased revenues and us receiving the expected return on our investments in growing our business. However, these costs may exceed any increased revenue we may receive from this growth or the returns on these investments may be less than expected;
- Our belief that our sites are large and well-located may prove otherwise and, if so, we may not realize the benefits we expect based on the characteristics of our sites;
- We may make acquisitions and develop new locations in the future including adding sites through franchising. Managing and integrating acquired, developed or franchised locations can be difficult, time consuming and/or more expensive than anticipated and involve risks of financial losses. We may not operate our acquired or developed locations as profitably as we may expect. In addition, acquisitions or property development may subject us to greater risks than our continuing operations, including the assumption of unknown liabilities;
- Our belief that, as of the date of this Quarterly Report, we had sufficient financial resources to fund operations for the at least 12 months. However our business is subject to risks, including risks beyond our control. If economic conditions decline for an extended period or if we fail to operate our business and compete successfully, our business, results of operations and financial condition may be materially adversely impacted, which may result in our not having sufficient financial resources to fund operations for the foreseeable future;
- We expect to expand our network by entering into new franchise agreements. However, we may not succeed in entering these agreements and the commencement and stabilization of any new franchises may not occur, may be delayed or may not open, and these franchises may not be successful or generate the royalties for us that we expect;

- We have a Credit Facility with a current maximum availability of \$200.0 million. The availability of this maximum amount is subject to limits based on our qualified collateral, including our eligible cash, accounts receivable, inventory, equipment and intangible assets that varies in amount from time to time. Accordingly, our borrowing and letter of credit availability at any time may be less than \$200.0 million. At September 30, 2021, based on our eligible collateral at that date, our borrowing and letter of credit availability was \$108.2 million, of which we had used \$14.1 million for outstanding letters of credit. The maximum amount available under the Credit Facility may be increased to \$300.0 million, the availability of which is subject to limits based on our available collateral and lender participation. However, if we do not have sufficient collateral or if we are unable to identify lenders willing to increase their commitments or join our Credit Facility, we may not be able to increase the size of our Credit Facility or the availability of borrowings when we may want or need to do so; and
- We may not spend the \$80.0 million to \$100.0 million of capital expenditures in 2021 that we currently expect to spend, we may spend more or less than these amounts, and we may not reach our expected cash on cash return hurdle.

These and other unexpected results may be caused by various factors, some of which are beyond our control, including:

- Continued improved fuel efficiency of motor vehicle engines and other fuel conservation and alternative fuel practices and sources employed or used by our customers and alternative fuel technologies, alternative forms of energy or other means of transportation that may be developed and widely adopted in the future may continue to reduce the demand for the fuel that we sell and may adversely affect our business;
- Competition within the travel center, truck repair and restaurant industries may adversely impact our financial results. Our business requires substantial amounts of working capital and our competitors may have greater financial and other resources than we do;
- Future increases in fuel prices may reduce the demand for the products and services that we sell;
- Future commodity fuel price increases, fuel price volatility or other factors may cause us to need more working capital to maintain our inventory and carry our accounts receivable at higher balances than we now expect and the general availability of, demand for and pricing of motor fuels may change in ways which lower the profitability associated with our selling motor fuels;
- Our suppliers may be unwilling or unable to maintain the current credit terms for our purchases. If we are unable to purchase goods on reasonable credit terms, our required working capital may increase and we may incur material losses. Also, in times of rising fuel and nonfuel prices, our suppliers may be unwilling or unable to increase the credit amounts they extend to us, which may increase our working capital requirements. The availability and the terms of any credit we may be able to obtain are uncertain;
- Most of our trucking company customers transact business with us by use of fuel cards issued by third party fuel card companies. Fuel card companies facilitate payments to us and charge us fees for these services. The fuel card industry has only two significant participants. We believe almost all trucking companies use only a single fuel card provider and have become increasingly dependent upon services provided by their respective fuel card provider to manage their fleets. Continued lack of competition among fuel card companies may result in future increases in our transaction fee expenses or working capital requirements, or both;
- Our labor costs may continue to increase in response to business and market demands and conditions, business opportunities or pursuant to legal requirements;
- The costs we have incurred and expect to incur to support our planned and expected growth of our business may exceed any increased revenue we may receive from this growth or result in our returns on these investments being less than we expect and target;
- Fuel supply disruptions may occur, which may limit our ability to purchase fuel for resale;
- We and our suppliers and customers are experiencing negative impacts from the current reduced market labor availability, including truck driver shortage, and related market pressures which may continue to present us with challenges and could negatively impact our business and operations if these conditions continue;
- Continued supply chain challenges may limit our growth, reduce our scale and scope of operations, increase our operating costs, continue to expand the time to complete our capital projects, and adversely impact our results of operations and financial condition;

- If trucking companies are unable to satisfy market demands for transporting goods or if the use of other means of transporting goods increases, the trucking industry may experience reduced business, which would negatively affect our business, results of operations and liquidity;
- Trucking companies have incurred, and may incur additional, increased labor costs to retain and hire truck drivers, which may reduce the amount these companies are willing to pay for our services;
- Adverse weather events, natural disasters and global climate change may adversely impact our travel centers and other properties, operations and financial condition;
- Compliance with, and changes to, federal, state and local laws and regulations, including those related to tax, employment and environmental matters, accounting rules and financial reporting standards, payment card industry requirements, competition and similar matters may increase our operating costs and reduce or eliminate our profits;
- We are routinely involved in litigation. Discovery during litigation and court decisions often have unanticipated results. Litigation is usually expensive and can be distracting to management. We cannot be sure of the outcome of any of the litigation matters in which we are or may become involved;
- Acts of terrorism, geopolitical risks, wars, public health crises, such as the ongoing COVID-19 pandemic, or other man made or natural disasters beyond our control may adversely affect our financial results; and
- Although we believe that we benefit from our relationships with our related parties, including SVC, RMR and others affiliated with them, actual and potential conflicts of interest with related parties may present a contrary perception or result in litigation, and the benefits we believe we may realize from the relationships may not materialize.

Results that differ from those stated or implied by our forward-looking statements may also be caused by various changes in our business or market conditions as described more fully in our Annual Report, including under "Warning Concerning Forward-Looking Statements" and Item 1A. "Risk Factors," and elsewhere in this Quarterly Report.

You should not place undue reliance upon forward-looking statements. Except as required by law, we undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

Part II. Other Information**Item 1A. Risk Factors**

There have been no material changes during the period covered by this Quarterly Report on Form 10-Q to the risk factors previously disclosed under the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***Issuer Purchases of Equity Securities***

The following table provides information about our purchases of our equity securities during the three months ended September 30, 2021.

Calendar Month	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 2021	772	\$ 29.24	—	\$ —
August 2021	—	—	—	—
September 2021	—	—	—	—
Total	772	\$ 29.24	—	—

⁽¹⁾ During the three months ended September 30, 2021, all common stock purchases were made to satisfy share award recipients' tax withholding and payment obligations in connection with the vesting of awards of shares of common stock, which were repurchased by us based on their fair market value on the repurchase date.

Item 6. Exhibits

<u>3.1</u>	<u>Plan of Conversion (Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed July 30, 2019)</u>
<u>3.2</u>	<u>Articles of Conversion of TravelCenters of America LLC (Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K filed July 30, 2019)</u>
<u>3.3</u>	<u>Articles of Incorporation of TravelCenters of America Inc. (Incorporated by reference to Exhibit 99.4 to our Current Report on Form 8-K filed July 30, 2019)</u>
<u>3.4</u>	<u>Articles of Amendment to the Articles of Incorporation of TravelCenters of America Inc. (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed June 26, 2020)</u>
<u>3.5</u>	<u>Amended and Restated Bylaws of TravelCenters of America Inc. (Incorporated by reference to Exhibit 99.5 to our Current Report on Form 8-K filed July 30, 2019)</u>
<u>4.1</u>	<u>Form of Stock Certificate (Incorporated by reference to Exhibit 4.3 to our Post Effective Amendment to our Registration Statement on Form S-3 filed August 1, 2019)</u>
<u>4.2</u>	<u>Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of January 15, 2013 (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed January 15, 2013)</u>
<u>4.3</u>	<u>First Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of January 15, 2013 (Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed January 15, 2013)</u>
<u>4.4</u>	<u>Second Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of December 16, 2014 (Incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 8-A (File No. 001-33274) filed December 16, 2014)</u>
<u>4.5</u>	<u>Third Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of October 5, 2015 (Incorporated by reference to Exhibit 4.1 to our Registration Statement on Form 8-A (File No. 001-33274) filed October 5, 2015)</u>
<u>4.6</u>	<u>Fourth Supplemental Indenture by and between TravelCenters of America Inc. (as successor by statutory conversion to TravelCenters of America LLC) and U.S. Bank National Association, as trustee, dated as of August 1, 2019 (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 1, 2019)</u>
<u>4.7</u>	<u>Form of 8.25% Senior Notes due 2028 (included in Exhibit 4.3 above)</u>
<u>4.8</u>	<u>Form of 8.00% Senior Notes due 2029 (included in Exhibit 4.4 above)</u>
<u>4.9</u>	<u>Form of 8.00% Senior Notes due 2030 (included in Exhibit 4.5 above)</u>
<u>10.1</u>	<u>*WEX Merchant Acceptance Agreement, dated as of November 5, 2016, by and between WEX Inc. and TA Operating LLC (filed herewith)</u>
<u>10.2</u>	<u>*Amendment # 1 to the WEX Merchant Acceptance Agreement, executed as of January 6, 2017, by and between WEX Inc. and TA Operating LLC (filed herewith)</u>
<u>31.1</u>	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)</u>
<u>31.2</u>	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith)</u>
<u>32.1</u>	<u>Section 1350 Certification of Chief Executive Officer and Chief Financial Officer (furnished herewith)</u>
101.INS	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	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

SIGNATURE

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

TravelCenters of America Inc.

Date: November 2, 2021

By: /s/ Peter J. Crage

Name: Peter J. Crage

Title: Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO TRAVELCENTERS OF AMERICA INC. IF PUBLICLY DISCLOSED.**

WEX MERCHANT ACCEPTANCE AGREEMENT

This Agreement is made by and between **TA Operating LLC** (“**MERCHANT**”), a Delaware limited liability company with its principal place of business at 24601 Center Ridge Road, Westlake, OH 44145, and **WEX INC.**, a Delaware corporation with its principal place of business at 97 Darling Avenue, South Portland, Maine 04106, (“**WEX**”). This Agreement supersedes all previous agreements in place between the parties and their respective affiliates and subsidiaries, and any modifications shall be in writing and mutually agreed upon by the respective parties listed above.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties to this Agreement hereby agree as follows:

1.1 DEFINITIONS

- A. “Business Day” shall mean any Monday, Tuesday, Wednesday, Thursday or Friday but excluding any day when banks in Utah and/or New York are generally closed for business.
- B. “Card” or “Cards” shall mean the charge cards, virtual card numbers, or other approved account access devices which are described on Exhibit B attached hereto and made a part hereof. Notwithstanding the foregoing, WEX shall be permitted to change the name of a Card from that described on Exhibit B provided that such successor Card shall be subject to the same terms and conditions of this Agreement (including, without limitation, the WEX fees and transaction types (i.e., Local and OTR)) as its predecessor.
- C. “Cardholder” shall mean the holder of the Card.
- D. “Card Sale” shall mean any transaction involving the use of any Card at a Distribution Site to purchase a Product.
- E. “Card Sale Procedures” shall mean the WEX Card Sale Procedures attached as Exhibit A-1 hereto and EFS Card Sale Procedures attached as Exhibit A-2 hereto.
- F. “Chargeback” means that a posted sale has been disputed and the amount of such sale will be deducted from the pending settlement in accordance with the provisions contained in the applicable Card Sale Procedures.
- G. “Confidential Information” shall include, without limitation, software, processes, trade secrets, financial information, customer lists, inventions, technical data, developments,

pricing, drawings, business plans, schedules, test marketing data, marketing plans of either party which shall be proprietary and confidential.

- H. "Distribution Sites" means the retail locations operated by MERCHANT. Sites which use Merchant's brand names but which are independently owned distributor, dealer or franchisee sites (collectively, "Franchise Sites") shall have the right and option to accept Cards under terms compliant with this Agreement, but WEX shall be required to enter into their own acceptance agreements for these sites and Merchant shall have no liability with respect to the Franchise Sites or WEX's obligations thereunder.
- I. "Effective Date" means November 7, 2016.
- J. "Local Transaction" shall mean a fuel transaction (gasoline and diesel) that is processed on the front islands (fore-court and not the commercial diesel islands) of a Distribution Site.
- K. "Over the Road Transaction" or "OTR Transaction" shall mean a diesel transaction that is processed on the truck diesel islands (sometimes referred to as the "back" or "commercial" diesel islands) of a Distribution Site.
- L. "Prior Agreements" means (i) Fleet One Merchant Services Agreement dated January 12, 2012, as amended, between Merchant and Fleet One, LLC, (ii) EFS Transportation Processing Services Inc. Processing Agreement between Petro Stopping Centers, L.P. (Merchant's predecessor in interest) and EFS Transportation Services, Inc. ("EFS") dated April 1, 2003, as amended, (iii) Truck Stop Master Operating Policies and Procedures Contract between Merchant and EFS dated January 1, 2002, as amended, and Card Acceptance Agreement between Merchant and TA/TCH LLC dated April 30, 2008.
- M. "Products" for the purposes of this Agreement, shall mean and include motor fuel, motor oil, repairs, tires and merchandise. Products shall exclude gift cards, non-WEX branded prepaid cards, lottery tickets or other games of chance.
- N. "WEX Fees" shall mean the fees charged by WEX to Merchant for processing Card Transactions, as more particularly described in Exhibit B.

1.2 HONORING CARDS

- A. MERCHANT shall in full compliance with this Agreement honor at its Distribution Sites in the United States and Canada, any Card properly presented for the purchase of Products based upon the Card Sale Procedures.
- B. Each Card Sale shall be deemed to create a sales draft issued by the Cardholder and instructing the card issuer to pay MERCHANT. WEX shall honor such sales drafts issued in conformity with the terms and conditions set forth herein.
- C. This Agreement shall not apply to Local Transactions on gasoline and diesel islands at a Distribution Site that are branded (by a major oil company, such as Shell, BP, Exxon,

etc.) to the extent (and only to the extent) that Merchant accepts a Card through an agreement with such brand.

- D. An approved card issuer is an entity that has entered into an agreement with WEX to issue WEX branded cards and is the party that has a direct credit or prepaid card relationship with the fleet customer or Cardholder. It is understood that approved card issuers may include subsidiaries and affiliates of WEX Inc. as well as other third party issuers.
- D. As settlement agent and servicer for its approved card issuers, including WEX Bank, WEX shall make all payments to MERCHANT on behalf of such approved card issuers. WEX, as each approved card issuer's servicer, shall be responsible for all of such card issuer's communications with MERCHANT. Except for its or their obligations to pay MERCHANT, WEX shall not have any rights, duties, or liabilities as principal hereunder for Cards not issued by WEX or its subsidiaries of affiliates.

2.1 CARD SALES

- A. MERCHANT agrees to comply with the Card Sale Procedures, and any related technical specifications regarding card acceptance provided in writing to Merchant by WEX. The technical specification provides requirements for both the point of sale equipment and the network host for all Cards ("WEX Technical Specification"). WEX reserves the right to amend, modify or supplement the WEX Technical Specification, [***]. MERCHANT agrees to adopt any such amendments or changes to the WEX Technical Specifications based upon a mutually agreed upon timeframe so that MERCHANT remains on the most up-to-date specification as required by WEX, provided, however, that if adopting such amendment or changes will require MERCHANT to make a capital investment that MERCHANT considers, in its sole discretion, material, MERCHANT shall have the right to terminate this Agreement upon notice given to WEX.
- B. WEX shall remit to MERCHANT [***], for all Card Sales under this Agreement as well as providing MERCHANT with reporting in a form agreed by WEX and Merchant through a [***] settlement file so that MERCHANT may allocate payments as appropriate to its Distribution Sites. Notwithstanding the foregoing, WEX shall provide a separate payment to Merchant's sites located in [***].
- C. WEX reserves the right to terminate acceptance at a Distribution Site if such Distribution Site does not remain compliant with the terms of this Agreement or if in WEX's sole discretion, continued acceptance at the Distribution Site poses financial or reputational risk to WEX.

2.2 FEES

- A. MERCHANT shall pay to WEX the WEX Fees.
- B. [***]

2.3 MISCELLANEOUS MERCHANT RESPONSIBILITIES

- A. Notwithstanding that WEX provides MERCHANT with a variety of reports for the Card Sales that WEX processes, MERCHANT agrees that it shall still maintain its own records of the Card Sales.
- B. WEX shall not be responsible for collecting, paying or reporting taxes, fees or other charges related to purchases made using Cards such as but not limited to sales and use taxes that are incurred by MERCHANT. This section does not apply to the obligations of the parties as more fully described in Sections 5.1 and 5.2 related to federal and state fuel tax exemptions.
- C. MERCHANT shall review any reports provided by WEX regarding the Card Sales promptly upon receipt and shall notify WEX within [***] of the date of the report as to any mistakes contained therein. Failure to do so shall be deemed MERCHANT's acceptance of the report as complete and satisfactory performance of WEX under this Agreement.
- D. MERCHANT is responsible for the correction of all Card Sales that have been identified by WEX as having Merchant errors. Uncorrected Card Sales will not be processed by WEX after [***] that WEX reported to MERCHANT the processing error. MERCHANT can elect in writing to have WEX correct the errors on MERCHANT'S behalf based upon information provided by MERCHANT. Such services will be performed at [***].
- E. MERCHANT shall provide WEX with a list of its locations, which shall be updated as necessary and prior to transmitting Card Sale data from a new location.

3.1 PAYMENT FOR CARD SALES BY WEX

- A. WEX shall pay MERCHANT for each Card Sale processed by WEX less any WEX Fee. Payment shall be made by WEX by [***] in accordance with terms set forth on Exhibit B.

3.2 REPORTS

- A. WEX shall provide MERCHANT or its designee, reports in a form mutually agreed between Merchant and WEX for Card Sales and the amounts paid to MERCHANT through [***] settlement reports in an agreed form which may include, but not be limited to, information related to the [***].
- B. WEX shall use best efforts to provide accurate and complete reports, based upon the data transmitted to WEX by MERCHANT. In the event that incorrect data was provided resulting in a correction to payment, WEX will adjust any payments to MERCHANT as required based upon the receipt of corrected data from the MERCHANT provided that such correction is requested in accordance with Section 2.3.0 or 2.3.D.

- C. In the event that MERCHANT requests a custom report or custom file layout, such reports may be created by mutual agreement of the parties. Additional fees may be charged to MERCHANT for the creation and maintenance of custom reporting files and will be charged only upon the agreement of the parties.

4.1 REPRESENTATIONS AND WARRANTIES

- A. The parties each hereby represent and warrant:
- i. They are duly organized, validly existing and in good standing under the laws of their state of their organization and have all governmental approvals, licenses, filings or permits necessary to conduct their business and enter into and perform this Agreement;
 - ii. The Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.
- B. In addition, MERCHANT represents and warrants as to each Card Sale reported to WEX:
- i. it represents a bona fide Card Sale of Products sold and delivered in the ordinary course of business for the total sales price reported by MERCHANT to WEX;
 - ii. MERCHANT shall have performed all of its obligations to the Cardholder in connection with the Card Sale;
 - iii. it involves no other Card Sale than the one described therein;
 - iv. each Product had quality and grade as represented by MERCHANT;
 - v. (for in-store Card Sales only) MERCHANT shall have taken commercially reasonable steps to [***]; and,
 - vi. all electronically or telephonically or hardware generated invoices, receipts, records or memoranda of sales shall in fact be genuine and not forged or unauthorized.
- C. WEX hereby disclaims any and all warranties, express or implied, concerning card processing services covered by this Agreement including all warranties of merchantability and fitness for a particular purpose.

4.2 LIABILITIES

- A. The parties shall be liable to the other for actual damages resulting from a breach of this Agreement whether due to the performance or failure to perform by a party.

- B. Notwithstanding the foregoing, the parties shall not be liable to the other for any indirect, special, incidental or consequential damages, including, but not limited to, lost profits even if the parties have knowledge of the possibility of such damages.

5.1 CREDIT CARD ISSUER EXEMPTIONS (FEDERAL EXCISE TAX AND SOME STATES)

- A. WEX provides net billing of the federal excise taxes on gasoline and diesel fuel in accordance with the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005 as well as net billing for certain motor fuel taxes for those states that have adopted similar rules which allow the credit card issuer to facilitate exemptions to qualified tax exempt fleets (“Exempt Fleet”).
- B. MERCHANT shall be paid for Card Sales with the applicable taxes included and shall pay its Distribution Sites with applicable taxes included when WEX is administering the exemption.
- C. WEX will obtain from each Exempt Fleet copies of relevant tax exemption documentation necessary for the Exempt Fleet to demonstrate its tax-exempt status.

5.2 OTHER STATE AND LOCAL TAX EXEMPTIONS

- A. For tax jurisdictions except for those noted in Section 5.1 above, MERCHANT agrees to sell fuel to certain pre-qualified tax-exempt fleets net of any state, county or local taxes on motor fuel. WEX will obtain from each Exempt Fleet copies of relevant tax exemption documentation necessary for the Exempt Fleet to demonstrate its tax-exempt status.
- B. MERCHANT is responsible for providing WEX with the Card Sale data.
- C. WEX will calculate the amount of tax to be exempted based on the Card Sale data provided by MERCHANT for each applicable taxing jurisdiction. All tax-exempt Card Sales will be reported to WEX by MERCHANT in the amount of the full purchase price inclusive of all applicable taxes.
- D. WEX shall pay MERCHANT net of all taxes from which the Exempt Fleet is qualified for the exemption and for which MERCHANT has agreed to provide the exemption.
- E. WEX will provide MERCHANT, on or before [***].

5.3 ALLOCATION OF LIABILITY (ALL TAXES)

Notwithstanding any other provision contained in this Agreement, liability and loss with respect to any taxes, penalties, interest or other assessments arising out of incorrect tax exemption processing or documentation provided shall be allocated as follows:

- A. WEX shall be responsible for tax losses that result from errors in data processing, including errors in establishing the qualification of an Exempt Fleet or calculating the amount of tax that may be exempted.
- B. MERCHANT shall be responsible for tax losses which arise from errors by WEX based on incorrect information and data provided by MERCHANT, including, but not limited to, incorrect product codes or site information.
- C. If MERCHANT incurs a tax loss for which WEX is not liable hereunder, WEX will assist MERCHANT, as appropriate, in attempting to collect from the Exempt Fleet and/or filing a refund claim, as appropriate.

6.1 ADDITIONAL FEATURES SPECIFIC TO OTR ACCEPTANCE

- A. Direct Bill Transactions: In connection with OTR Transactions, MERCHANT may transmit Card Sales to WEX that are initiated using a Card, but for which Merchant has entered into its own independent agreements with the fleet customer to bill directly ("Direct Bill Transactions"). WEX shall remit these transactions to Merchant for Merchant to bill the fleet directly. Merchant agrees and understands that Merchant is responsible for any and all fraud or credit losses associated with these transactions.
- B. Cash Advance: In order to facilitate providing Cardholders with cash advances, Merchant may accept either a Card approved for OTR Transactions or a check which has been provided to Merchant by WEX. In the event that checks are provided, Merchant shall adhere to the authorization and acceptance procedures provided on the check or in writing by WEX. Merchant agrees to take all commercially reasonable efforts to secure such checks in their possession.

7.1 TERM

- A. Initial Term: This Agreement shall commence upon the Effective Date, and unless sooner terminated pursuant to the provisions of Section 7.2 hereof, shall remain in effect for sixty (60) months.
- B. Renewal Term: Unless sooner terminated pursuant to Section 7.2 below, this Agreement shall automatically renew for additional twenty-four (24) month terms immediately upon expiration of the term then in effect.

7.2 TERMINATION

- A. Any party may terminate this Agreement upon the occurrence of any of the following:
 - i Notice given by either party that it desires to terminate effective at the end of the term then in effect at least six (6) months prior to the expiration of the term then in effect;

- ii. the failure of a party to comply with any of the material covenants or the material terms, conditions, agreements and limitations set forth in this Agreement, and such failure continues for more than thirty (30) days following written notice from the other party(s) and corrective action is not undertaken and diligently pursued or, if the nature of such failure is such that it cannot reasonably be cured in 30 days;
 - iii. any representation or warranty made in connection with this Agreement shall prove to be false or misleading in any material respect and is not cured after thirty (30) days written notice, which may include MERCHANT'S compliance with its chargeback obligations as defined in the Card Sale Procedures;
 - iv. the making of an assignment for the benefit of creditors or the institution of any bankruptcy or insolvency proceeding by a party or the institution by a third party of any bankruptcy proceeding against a party hereto which is not dismissed within sixty (60) days; or,
 - v. the dissolution or termination of operations of a party other than in connection with a merger or sale of substantially all of such party's assets;
 - vi. a party's failure to comply with all applicable and material legal and regulatory requirements, whether federal or state; or
 - vii. a party's intentional misrepresentation or fraud in relation to its performance under this Agreement.
- B. Merchant shall have a right with two (2) days advance notice to terminate this Agreement in the event that WEX does not make settlement payments for undisputed amounts in accordance with the terms of this Agreement provided that such termination shall not be Merchant's exclusive remedy for such failure; provided, however, that in any rolling twelve (12) month period, Merchant's termination right for the first and second such late settlement payment shall be delayed so that it is exercisable on the tenth (10th) day. In all cases of undisputed settlement payments not paid when due, WEX shall pay to Merchant [***].
- C. If Merchant ceases to operate a Distribution Site (but not all or substantially all of Merchant's business, which shall be governed by Section 8.1(B)(ii) below), MERCHANT shall immediately notify WEX whereupon WEX shall stop authorizing Card Sales and no longer process transactions subsequent from the notice date. If it is found that the operation of a Distribution Site has changed without notice, WEX reserves the right to terminate the Agreement with respect to such Distribution Site.
- D. Upon termination of this Agreement, MERCHANT shall:
- i. cease entering into Card Sales using the Card or Cards with respect to the Distribution Site(s) as to which this Agreement is terminated;

- ii. cease promoting Card Sales or acceptance of Cards including removing all decals or signage indicating acceptance from the Distribution Sites; and;
 - iii. return any unused materials or supplies issued by WEX with respect to any Card.
- E. Termination shall not affect any party's respective rights, duties or obligations hereunder with respect to pre-termination Card transactions.

8.1 ENTIRE AGREEMENT/ASSIGNMENT

- A. Entire Agreement: This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof; all prior agreements, representations, statements, negotiations and undertakings are superseded hereby. This Agreement may be altered or amended only by a signed written agreement of the parties.
- B. Assignment:
- i. Assignment by WEX: WEX may not assign or transfer this Agreement, in whole or in part, by operation of law, sale of assets, merger, consolidation or a change of control in the aggregate of 50% or more of the ownership, voting, membership or other indicia of ownership or control from that which exists as of the date of this Agreement, then WEX will provide written notice to Merchant and request Merchant's written consent thereto, which consent shall not be unreasonably withheld. If Merchant withholds its consent to an assignment or transfer, WEX may still proceed with such assignment or transfer whereupon Merchant shall have the option to terminate this Agreement after providing WEX with no less than 180 days prior written notice. Notwithstanding the foregoing, Merchant's consent shall not be required in connection with an assignment of this Agreement to a wholly owned subsidiary or affiliate of WEX.
 - ii. Assignment by Merchant If Merchant assigns or transfers this Agreement, in whole or in part, by operation of law, sale of assets, merger, consolidation or a change within any 12 month period in the majority of Merchant's board of directors which change is not approved by the board of directors of Merchant holding office prior to such change, then Merchant will provide written notice to WEX and request WEX's written consent thereto, which consent will not be unreasonably withheld. If WEX withholds its consent to an assignment or transfer Merchant may still proceed with such assignment or transfer whereupon WEX shall have the option to terminate this Agreement after providing Merchant no less than 180 days prior written notice. Notwithstanding the foregoing, WEX's consent shall not be required in connection with an assignment of this Agreement to a wholly owned subsidiary or affiliate of Merchant.
 - iii. Assignee Bound. Any party for which this Agreement is assigned shall be bound to the terms of the Agreement to the same extent as the parties named herein.

- C. As part of any assignment, change in ownership, change in organizational structure (i.e. change from sole proprietor to partnership) or change in control, MERCHANT shall provide WEX with an updated W-9 validating their proper legal name change and tax identification number.

8.2 SEVERABILITY AND WAIVERS OF PROVISIONS

The fact that any provision of this Agreement may prove to be invalid or unenforceable under any law, rule or regulation of any governmental agency, shall not affect the validity or enforceability of any other provisions of this Agreement. The waiver of any term, condition or right under this Agreement by any party shall not waive any other term, condition or right, or the same term, condition or right on any other occasion.

8.3 FORCE MAJEURE

The parties shall not be liable for failure to timely perform obligations hereunder if such performance is interrupted or delayed by reason of floods, fires, earthquakes, strikes, civil commotions, acts of war or other extraordinary or unexpected manifestations of physical occurrences which cannot be prevented by the exercise of reasonable diligence or ordinary care,

8.4 CONFIDENTIALITY AND DATA SECURITY

- A. The parties agree that it is in their mutual best interest to maintain the confidentiality of the provisions of this Agreement and accordingly, agree that they will not, without the written consent of the other, intentionally disclose the terms hereof, including without limitation, the price terms (unless required by court order or other governmental authority) and that all such terms shall be held in confidence and revealed only to employees, agents, lenders or other persons having a need to know such terms in the course of such person's employment or business relationship with such party.
- B. Merchant acknowledges that it may become aware of WEX's customers and details concerning their purchase transactions and Merchant agrees to keep such information confidential and that such information shall be revealed only to employees, agents, lenders or other persons having a need to know such terms in the course of such person's employment or business relationship with Merchant.
- C. WEX acknowledges that it may become aware of Merchant's customers and details concerning their purchase transactions and agrees that WEX will not solicit, directly or through any affiliate of WEX, Merchants customers provided however, that this Section shall not be construed to restrict or prohibit WEX from identifying and engaging trucking companies using some criteria other than being a Merchant customer for the marketing, promotion and sales by WEX of WEX's various billing and other services and systems and that the foregoing does not prohibit WEX from accepting the request of a Merchant customer to use or convert to a WEX billing or other service or system.

- D. The parties further agree that any obligations to protect Confidential Information is set forth herein shall survive termination of this Agreement for a period of three years, except that as to any Confidential Information designated in writing by the disclosing party to be a “trade secret”, such obligations shall continue indefinitely unless otherwise agreed in writing by the disclosing party.
- E. MERCHANT agrees that WEX may publish MERCHANT’S posted retail prices provided that in any such publication WEX is publishing the comparable (e.g., cash and/or credit) posted retail prices of similarly situated merchants.
- F. The parties each agree to establish security procedures in order to safeguard Card Sale data and Cardholder information. Such procedures shall be compliant with all applicable data security laws and regulations. In the event of a breach or compromise of a party’s systems resulting in a loss or theft of information (including cardholder information), or if such a breach or compromise is suspected, the impacted party shall immediately notify the other parties to this Agreement and shall indemnify, defend and hold harmless the other party to the extent that they were responsible for the breach of the Card Sale or Cardholder data.

8.5 LICENSING OF TRADEMARKS OR SERVICEMARKS

- A. Both parties own certain trademarks and service marks (“Marks”), which may be used by each other on marketing materials used in connection with the acceptance of Cards and in WEX’s standard marketing presentations identifying MERCHANT as a WEX accepting merchant (“Program Materials”). The party granting the license in the use of their Marks to the other party is referred to as the “Licensor”. The party receiving the benefits of the license in the other party’s Marks is referred to as the “Licensee”.
- C. Licensor hereby grants to Licensee, a limited non-exclusive, royalty free and non-transferable license to use certain trademarks and service marks of Licensor for the purpose of affixing such Marks to the any Program Materials developed for the Licensee in accordance with the terms of this Agreement.
- D. Licensee shall not in any manner represent that it has any ownership in the Licensor’s Marks or any registrations thereof. Licensee acknowledges that use of the Marks shall not create in Licensee’s favor any right (other than the limited rights of use granted pursuant to this license), title or interest in, or to, the Marks and that use of the Marks by the Licensee inures to the benefit of the Licensee only to the extent of the limited rights and interests set forth in this Agreement, otherwise use of the Marks by Licensee inures to the benefit of the Licensor.

8.6 GOVERNING LAW

This Agreement shall be governed and construed by the internal laws of the State of Delaware (without reference to choice of law rules).

8.7 AUDIT/FINANCIAL STATEMENTS

- A. Each party, at its sole expense, shall have the right to audit the books and records of the other party relating to such party's performance of this Agreement. All audits shall be conducted in accordance with professional auditing standards and during normal business hours and the requesting party shall provide at least fifteen (15) days advance notice of their intent to audit. The audited party shall fully cooperate with the auditing party to accomplish the audit as expeditiously as possible. Any audit shall be limited in scope to no more than twelve (12) months prior to the date of the actual audit.
- B. MERCHANT agrees, if requested by WEX, to furnish WEX with an income statement and statement of cash flows for the applicable fiscal year and a balance sheet, footnotes to the financial statements and auditor's opinion letter, if applicable, prepared in accordance with generally accepted accounting principles, consistently applied, and which shall be in accordance with the books and records of MERCHANT. Provided that Merchant (or the entity that wholly owns Merchant) remains a publicly traded company, WEX will obtain all information from public sources.

8.8 NOTICE.

Wherever in this Agreement it is required or permitted that notice or demand be given or served by either party to or on the other, such notice or demand shall be in writing and shall be given or served and shall not be deemed to have been duly given or served unless (a) in writing; or (b) either (1) delivered personally, (2) deposited with the United States Postal Service, as registered or certified mail, return receipt requested, bearing adequate postage, or (3) sent by overnight express courier (including, without limitation, Federal Express, DHL Worldwide Express, Airborne Express, United States Postal Service Express Mail) with a request that the addressee sign a receipt evidencing delivery; and (c) addressed to the party at the address below. Either party may change such address by written notice to the other. Service of any notice or demand shall be deemed completed forty-eight (48) hours after deposit thereof, if deposited with the United States Postal Service, or upon receipt (or upon refusal of delivery or confirmation of inability to deliver) if delivered by overnight courier or in person.

If to Merchant:
TA Operating LLC
24601 Center Ridge Road
Westlake, OH 44145
Attention: Chief Executive Officer
with a copy to:
TA Operating LLC
255 Washington Street
Newton, MA 02458
Attention: General Counsel

If to WEX:
WEX Inc.
97 Darling Ave.
South Portland, ME 04106
Attn: Senior Vice President Fleet

WEX Inc.
97 Darling Ave.
South Portland, ME 04106
Attention: General Counsel

8.9 OTHER AGREEMENTS

- A. MERCHANT hereby consents to WEX granting to their principal financing source(s) a security interest in and collateral assignment of this Agreement and acknowledges that, upon the occurrence of an event of default under the applicable loan documents in connection with the present or future financing arrangements between WEX and the financing source, such financing source shall have all of the rights of WEX and, with respect to amounts owed to Merchant, Merchant shall have the same rights against the financing source as it would WEX.
- B. This Agreement shall become effective on the Effective Date. [***].
- C [***]

NOW THEREFORE, the parties hereto, each acting under due and proper authority, have caused this Agreement to be executed as of the day and year set forth below.

WEX INC.

By: Brian Fournier

Title: VP, Merchant

Signed: /s/ Brian Fournier

Date: 11/5/16

TA Operating LLC

By: /s/Thomas M. O'Brien

Title: CEO

Signed: /s/ Thomas M. O'Brien

Date: 11-4-16

EXHIBIT A-1
CARD SALE PROCEDURE
WEX Universal and FleetOne

The following are the Card Sale Procedures for WEX Universal, WEX Crossroads and FleetOne Cards only. For the Card Sale Procedures for EFS and T-Chek Cards, please refer to - Exhibit A-2.

1.1 METHOD OF TRANSMISSION OF CARD SALES TO WEX

- A. MERCHANT shall have the necessary equipment to permit the electronic acceptance of the Card at its Distribution Sites including but not limited to their point of sale equipment and networking services.
- B. MERCHANT shall collect and transmit the Card Sale data in accordance with the WEX Technical Specification. Merchant shall obtain from WEX the necessary acceptance certification for its network and equipment that will be used for processing sales transaction.

1.2 MANUAL CARD SALE PROCEDURES

- A. If MERCHANT is unable to obtain an electronic or digital authorization for a Card Sale because WEX's communication facilities are not operable, MERCHANT may either decline to accept the Card Sale or may capture the sales transaction through the use of a suitable imprinter to legibly imprint the Cards on the sales slip and requiring the cardholder to sign the sales receipt ("Manual Card Sale").
- B. MERCHANT shall obtain all information required in Section 1.3.A below for Manual Card Sales. MERCHANT shall take all commercially reasonable efforts to protect Manual Card Sale data from fraud or misuse.
- C. In the event that MERCHANT allows a Manual Card Sale, it may obtain an authorization code from WEX. In such case, WEX reserves the right to assess the Manual Transaction Fee set forth in **Exhibit B**.
- D. If Merchant accepts a Manual Card Sale without first obtaining an authorization code from WEX, the Merchant may still accept the Card for payment; however Merchant shall contact WEX as soon as communication with the WEX authorization facilities can be re-established.
- E. When submitting a Manual Card Sale for processing, MERCHANT shall include the authorization or other approval code it received from WEX when submitting the completed Card Sale to WEX for processing.
- F. If MERCHANT accepts a Manual Card Sale without receiving an authorization code, WEX's liability shall be limited if the Cardholder does not pay for such Card Sale to \$[***] per transaction and \$[***] per day per Distribution Site. WEX reserves the right

to change these limits from time to time, upon prior written notice. Manual Card Sales that exceed these limits shall be at the credit risk of MERCHANT.

1.3 MINIMUM CARD SALE PROCESSING REQUIREMENTS

- A. Card Sale data sent to WEX shall include: [***] and any other information as WEX and MERCHANT may mutually agree upon in writing.
- B. Other than as set forth in Section 1.2.F above, all Card Sales require an authorization or approval from WEX. MERCHANT shall request such authorization from WEX for the total Card Sale amount prior to sending the Card Sale to WEX for processing.
- C. WEX does not provide pre-authorizations, nor does it place available credit on “hold”. [***].
- D. WEX does not provide payment to merchants based upon receipt of information during the authorization process. MERCHANT is still required to submit the completed Card Sale, including the authorization or other approval code, to WEX. Obtaining an authorization without submitting the completed Card Sale to WEX may result in non-payment by WEX for such Card Sale.
- E. MERCHANT shall not accept payment through use of an expired Card or when advised upon authorization inquiry, that the Card is not to be honored.
- F. Merchant shall maintain for [***] a record of all information required in Section 1.3.A above.
- G. Upon request, MERCHANT shall provide the Cardholder with a copy of the transaction receipt documenting the Card Sale. Such receipt shall not include the full account number or driver identification number printed on the receipt.
- H. [***]
- I. Any Card Sale data received by WEX from MERCHANT by the following times for the following Cards (which shall include cash advance transactions on such Card) shall be treated as having been received on that day.

FleetOne cards: 11:59 p.m. Central Time

Money Code/Plus Check: 11:59 p.m. Central Time

Any Card Sale data received by WEX from MERCHANT by the following times for the following Cards (which shall include cash advance transactions on such Card) shall be treated as having been received on the next business day.

WEX CrossRoads and WEX Universal: 5:00 p.m. Eastern Time

- J. MERCHANT shall not divide the price of goods and services purchased in a single transaction among two (2) or more transaction receipts for billing to WEX.
- K. Merchant must not submit Card Sales until Products are delivered.
- L. A Card must be present at the time of purchase. In the event that MERCHANT processes a Card Sale when the Card is not present, MERCHANT bears the risk of the sale being charged back.
- M. MERCHANT shall maintain a record of the Card Sale, including all sales data required for a period of [***]. Upon the reasonable request of WEX, such records shall be provided to WEX within [***] of WEX's request. Failure to provide the requested record may result in a charge back of the Card Sale to MERCHANT if such failure results in WEX not being able to collect from the Cardholder.

1.4 DATA INPUT AND TRANSMISSION

- A. Merchant is responsible for the data entry of Card Sale information by its personnel, or representatives. All data shall meet the prevailing WEX Technical Specification and shall be in good and usable condition.
- B. If information pertaining to any Card Sale is garbled in transmission such that part or all of the record is likely to vary from what MERCHANT transmitted, WEX may advise MERCHANT of the suspected inaccuracy and request retransmission of the record or other appropriate confirmation. WEX may, with notice to MERCHANT, withhold payment for such Card Sales until the record is retransmitted or MERCHANT provides other appropriate confirmation.
- C. If MERCHANT has not provided WEX with required information or if WEX needs to interpret, verify, or validate a Card Sale, WEX may, withhold payment for such Card Sale until MERCHANT sends WEX the necessary information. WEX may make appropriate adjustments in its settlements with MERCHANT to reflect the receipt or correction of any such Card Sale information. WEX shall provide notice to MERCHANT of any Card Sales that it is not able to process due to errors or missing information through its daily settlement reports.
- D. MERCHANT shall submit all Card Sales to WEX for processing within [***] of the transaction date. WEX may accept transactions up to [***] from the date of the transaction for processing and billing to the fleet, however, reserves the right to chargeback any such transaction that is disputed by a fleet customer.

1.5 CHARGEBACKS

- A. Chargebacks shall be made only for Card Sales (i) that are disputed by Cardholder and for which an authorization was not obtained by Merchant (ii) were for unauthorized Products, (iii) were fraudulently made by an employee of MERCHANT or (iv) the WEX

Card Sale Procedures were not followed by Merchant. MERCHANT shall remain liable for all outstanding Chargebacks. Notwithstanding the foregoing, there shall be no Chargeback, or the Chargeback shall be reversed, as applicable, if the Cardholder pays WEX and has no further right to dispute the underlying charge or receive its payment back from WEX whether by contract right or regulation.

- B. Any obligation to pay a Chargeback pursuant to this Agreement shall be unconditional and shall not be waived, released or affected by any settlement, extension, compromise of forbearance or other agreement made or granted by WEX with or to any Cardholder or obligor. Failure to issue a Chargeback with knowledge of a breach of warranty or other defect shall not be deemed a waiver of any of WEX's rights with respect to such a Card Sale. WEX will expend normal business efforts to pursue remedies against Cardholders but shall not be required to exhaust its remedies against Cardholders or others as a condition precedent to requiring performance by MERCHANT of its obligations hereunder.
- 1.6 **Checks.** Cardholders may present a check issued by WEX for the purchase of Products or for cashing. The check should be filled out completely and include an authorization number or other code. MERCHANT may obtain or verify this code using the POS device, or by calling the customer service number listed on the check or the back of cardholders' actual card. MERCHANT shall follow the verification procedures provided by WEX prior to accepting or cashing the check. Please note that even if there is an authorization number included on the check at the time presented to you, you are still required to validate the authorization number prior to accepting or cashing the check.

EXHIBIT A-2
CARD SALE PROCEDURE
EFS, T-Chek, and EFSTS

The following are the Card Sale Procedures for EFS LLC, T-Chek, and EFSTS Cards only. For the Card Sale Procedures for WEX Universal, WEX Crossroads and Fleet One Cards, please refer to Exhibit A-1.

1.1 METHOD OF TRANSMISSION OF CARD SALES TO WEX

- A. MERCHANT shall have the necessary equipment to permit the electronic acceptance of the Card at its Distribution Sites including but not limited to their point of sale equipment and networking services.
- B. MERCHANT shall collect and transmit the Card Sale data in accordance with the WEX Technical Specification, as applicable to the relevant Card (EFS, T-Chek, or EFSTS). Merchant shall obtain from WEX the necessary acceptance certification for its network and equipment that will be used for processing sales transactions.

1.2 MANUAL CARD SALE PROCEDURES

- A. If MERCHANT is unable to obtain an electronic or digital authorization through the point of sale equipment, MERCHANT may contact WEX to obtain authorization for the transaction via voice authorization (“Voice Authorization Transaction”).
- B. Merchant should not accept a Manual Card Sale without obtaining an authorization code from WEX. If Merchant accepts a Card for payment without receiving an authorization code from WEX, Merchant does so at its own risk, and there is no guarantee that WEX will accept the charge and settle the transaction
- C. In the event that MERCHANT allows a Voice Authorization Transaction—unless such transaction is necessitated by the failure WEX’s communication facilities—WEX reserves the right to assess the [***].

1.3 MINIMUM CARD SALE PROCESSING REQUIREMENTS

- A. Card Sale data sent to WEX shall include: [***].
- B. All Card Sales require an authorization or approval from WEX. MERCHANT shall request such authorization from WEX for the total Card Sale amount prior to sending the Card Sale to WEX for processing.
- C. WEX does not provide payment to merchants based upon receipt of information during the authorization process. MERCHANT is still required to submit the completed Card Sale, including the authorization or other approval code, to WEX. Obtaining an authorization without submitting the completed Card Sale to WEX may result in non-payment by WEX for such Card Sale.

- D. MERCHANT shall not accept payment through use of a Card after the card's expiration date (if any) or when advised upon authorization inquiry that the Card is not to be honored.
- E. Merchant shall maintain for [***] a record of all information required in Section 1.3.A above.
- F. Upon request, MERCHANT shall provide the Cardholder with a copy of the transaction receipt documenting the Card Sale. Such receipt shall not include the full account number or driver identification number printed on the receipt.
- G. If the Card Sale is not an island card reader transaction ("pay-at-the-pump"), MERCHANT shall require [***]. Cardholder must be present when receiving authorization of transaction
- H. Any Card Sale data received by WEX from MERCHANT by the following times for the following Cards or product (which shall include cash advance transactions on such Card) shall be treated as having been received on that day.
 - EFS, TChek and EFSTS branded cards: 11:59 p.m. Central Time
 - Money Code/Plus Check: 11:59 p.m. Central Time
- J. MERCHANT shall maintain a record of the Card Sale, including all sales data required for a period of [***]. Upon the reasonable request of WEX, such records shall be provided to WEX within — [***] of WEX's request. Failure to provide the requested record may result in a charge back of the Card Sale to MERCHANT if such failure results in WEX not being able to collect from the Cardholder.

1.4 DATA INPUT AND TRANSMISSION

- A. Merchant is responsible for the data entry of Card Sale information by its personnel, or representatives. All data shall meet the prevailing WEX Technical Specification and shall be in good and usable condition.
- B. If information pertaining to any Card Sale is garbled in transmission such that part or all of the record is likely to vary from what MERCHANT transmitted, WEX may advise MERCHANT of the suspected inaccuracy and request retransmission of the record or other appropriate confirmation. WEX may, with notice to MERCHANT, withhold payment for such Card Sales until the record is retransmitted or MERCHANT provides other appropriate confirmation.
- C. If MERCHANT has not provided WEX with required information or if WEX needs to interpret, verify, or validate a Card Sale, WEX may, withhold payment for such Card Sale until MERCHANT sends WEX the necessary information. WEX may make appropriate adjustments in its settlements with MERCHANT to reflect the receipt or correction of any such Card Sale information. WEX shall provide notice to

MERCHANT of any Card Sale that it is not able to process due to errors or missing information through its daily settlement reports.

- D. MERCHANT shall submit all Card Sales to WEX for processing within [***] of the transaction date. WEX may accept transactions up to [***] from the date of the transaction for processing and billing to the fleet, however, WEX reserves the right to chargeback any such transaction that is disputed by a fleet customer.

1.5 CHARGEBACKS

- A. Chargebacks shall be made only for Card Sales (i) that are disputed by Cardholder and for which an authorization was not obtained by Merchant, (ii) were for unauthorized Products, (iii) were fraudulently made by an employee of MERCHANT or (iv) the WEX Card Sale Procedures were not followed by Merchant. MERCHANT shall remain liable for all outstanding Chargebacks.
- B. Any obligation to pay a Chargeback pursuant to this Agreement shall be unconditional and shall not be waived, released or affected by any settlement, extension, compromise of forbearance or other agreement made or granted by WEX with or to any Cardholder or obligor. Failure to issue a Chargeback with knowledge of a breach of warranty or other defect shall not be deemed a waiver of any of WEX's rights with respect to such a Card Sale. WEX will expend normal business efforts to pursue remedies against Cardholders but shall not be required to exhaust its remedies against Cardholders or others as a condition precedent to requiring performance by MERCHANT of its obligations hereunder. Notwithstanding the foregoing, there shall be no Chargeback, or the Chargeback shall be reversed, as applicable, if the Cardholder pays WEX and has no further right to dispute the underlying charge or receive its payment back from WEX whether by contract right or regulation.

- 1.6 Checks.** Cardholders may present a check issued by WEX for the purchase of Products or for cashing. The check should be filled out completely and include an authorization number or other code. MERCHANT may obtain or verify this code using the POS device, or by calling the customer service number listed on the check or the back of cardholders' actual card. MERCHANT shall follow the verification procedures provided by WEX prior to accepting or cashing the check. Please note that even if there is an authorization number included on the check at the time presented to you, you are still required to validate the authorization number prior to accepting or cashing the check.

Exhibit B
WEX Fee, Settlement
Timing, and Other Fees

WEX Fees and Settlement:

- A. Any amounts due to MERCHANT from WEX as a result of the submission of a sales draft may be paid, at MERCHANTS option, to MERCHANT'S designee, based on the banking information that is provided to WEX. WEX'S payment to MERCHANT'S designee constitutes payment in full to MERCHANT.
- B. For each Card (described below) used by a Cardholder to purchase Product for a particular transaction type (described below), WEX shall pay Merchant [***]. Settlements will be made in batches [***] on the payment schedule below (each a "Settlement").
- C. Transactions of the same transaction type (funded or direct bill) containing both a cash advance along with other Products (such as fuel) will be considered one transaction and only be charged the WEX Fee applicable to the other Product.

Program		Transaction Type	WEX Fee	Settlement Date from the Posting Date (see sample payment schedule attached as Exhibit B-2)
[***]	[***]	[***]	[***]	[***] business day by ACH
	[***]	[***]	[***]	[***] business day by ACH
		[***]	[***]	[***] business day by ACH
		[***]	[***]	[***] business day by ACH
[***]	[***]	[***]	[***]	[***] business day by ACH
	[***]	Funded - Other Products	[***]	[***] business day by ACH

Other	
Voice Authorization (provided that such authorization is not required as a result of the unavailability of WEX's automated authorization system)	[***]
Corporate Settlement	[***]

Exhibit B-1

Sample Payment Schedule

TA Settlement Schedule — [***]

[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO TRAVELCENTERS OF AMERICA INC. IF PUBLICLY DISCLOSED.**

EXHIBIT B-2

REDACTED WEX AMENDMENT

**WEX MERCHANT ACCEPTANCE AGREEMENT
Amendment #1**

This Amendment Number 1 (this “Amendment”) is made to the WEX Merchant Acceptance Agreement dated November 5, 2016, by and between **TA Operating LLC** (“MERCHANT”), a Delaware limited liability company with its principal place of business at 24601 Center Ridge Road, Westlake, OH 44145, and **WEX INC.**, a Delaware corporation with its principal place of business at 97 Darling Avenue, South Portland, Maine 04106, (“WEX”) as follows:

1. The table set forth on Exhibit B, WEX Fees and Settlement (the first table directly below Paragraph C) is deleted in its entirety and replaced with the following:

Program	Card	Transaction Type	WEX Fee	Settlement Date from the Posting Date (see example payment schedule attached as Exhibit B-2)
[***]	[***]	[***]	[***]	[***] business day ACH
	[***]	[***]	[***]	[***] business day ACH
		[***]	[***]	[***] business day ACH
		[***]	[***]	[***] business day ACH
[***]	[***]	[***]	[***]	[***] business day ACH
	[***]	[***]	[***]	[***] business day ACH

2. All other terms and conditions of the Agreement remain in full force and effect.

NOW THEREFORE, the parties hereto, each acting under due and proper authority, have caused this Amendment to be executed as of the day and year set forth below.

WEX INC.

By: Brian Fournier

Title: VP Merchant

Signed: /s/ Brian Fournier

Date: 1/4/17

TA Operating LLC

By: Mark R. Young

Title: Executive Vice President & General Counsel

Signed: /s/ Mark R. Young

Date: 1/6/17

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Jonathan M. Pertchik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TravelCenters of America Inc.;
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.

Date: November 2, 2021

/s/ Jonathan M. Pertchik

Jonathan M. Pertchik

Chief Executive Officer

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Peter J. Crage, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TravelCenters of America Inc.;
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.

Date: November 2, 2021

/s/ Peter J. Crage

Peter J. Crage
Executive Vice President, Chief Financial
Officer and Treasurer

**Certification Pursuant to 18 U.S.C. Sec. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the filing by TravelCenters of America Inc. (the "Company") of the Quarterly Report on Form 10-Q for the period ending September 30, 2021 (the "Report"), each of the undersigned hereby certifies, to the best of his knowledge:

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 Company.

Date: November 2, 2021

/s/ Jonathan M. Pertchik

Jonathan M. Pertchik
Chief Executive Officer

/s/ Peter J. Crage

Peter J. Crage
Executive Vice President, Chief Financial Officer
and Treasurer