

REFINITIV

## DELTA REPORT

10-Q

DK - DELEK US HOLDINGS, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 2264

■ CHANGES	720
■ DELETIONS	502
■ ADDITIONS	1042

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**Form 10-Q**

(Mark One)

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

For the quarterly period ended June September 30, 2023

or

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

For the transition period from to

Commission file number 001-38142

**DELEK US HOLDINGS, INC.**

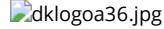
(Exact name of registrant as specified in its charter)

Delaware

35-2581557

(State or other jurisdiction of incorporation or organization)

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



310 Seven Springs Way, Suite 500

Brentwood

Tennessee

37027

(Address of principal executive offices)

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer  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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01	DK	New York Stock Exchange

At August 1, 2023 November 1, 2023, there were 64,817,914 63,933,521 shares of common stock, \$0.01 par value, outstanding (excluding securities held by, or for the account of, the Company or its subsidiaries).

Table of Contents

# Delek US Holdings, Inc.

Quarterly Report on Form 10-Q

For the Quarterly Period Ended **June 30, 2023** **September 30, 2023**

## PART I. FINANCIAL INFORMATION

<u>Item 1. Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Income</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income</u>	5
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28 29
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	62 65
<u>Item 4. Controls and Procedures</u>	65 68

## PART II. OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	66 69
<u>Item 1A. Risk Factors</u>	66 69
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	66 69
<u>Item 5. Other Information</u>	66 69
<u>Item 6. Exhibits</u>	66 71
<u>Signatures</u>	68 72



2 |



Financial Statements

## Part I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### Delek US Holdings, Inc.

Condensed Consolidated Balance Sheets (unaudited)  
(In millions, except share and per share data)

ASSETS	ASSETS	June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
Current assets:	Current assets:								
Cash and cash equivalents	Cash and cash equivalents	\$ 821.6		\$ 841.3		\$ 901.7		\$ 841.3	
Accounts receivable, net	Accounts receivable, net	1,003.5		1,234.4		1,166.9		1,234.4	
Inventories, net of inventory valuation reserves	Inventories, net of inventory valuation reserves	1,276.4		1,518.5		1,179.2		1,518.5	
Other current assets	Other current assets	94.6		122.7		85.6		122.7	
Total current assets	Total current assets	3,196.1		3,716.9		3,333.4		3,716.9	

Property, plant and equipment:	Property, plant and equipment:		Property, plant and equipment:		
Property, plant and equipment	Property, plant and equipment	4,577.2	Property, plant and equipment	4,603.1	4,349.0
Less: accumulated depreciation	Less: accumulated depreciation	(1,708.0)	Less: accumulated depreciation	(1,768.3)	(1,572.6)
Property, plant and equipment, net	Property, plant and equipment, net	2,869.2	Property, plant and equipment, net	2,834.8	2,776.4
Operating lease right-of-use assets	Operating lease right-of-use assets	169.5	Operating lease right-of-use assets	160.3	179.5
Goodwill	Goodwill	744.3	Goodwill	744.3	744.3
Other intangibles, net	Other intangibles, net	305.1	Other intangibles, net	300.4	315.6
Equity method investments	Equity method investments	363.7	Equity method investments	371.2	359.7
Other non-current assets	Other non-current assets	121.6	Other non-current assets	124.6	100.4
Total assets	Total assets	\$ 7,769.5	Total assets	\$ 7,869.0	\$ 8,192.8
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:	Current liabilities:		Current liabilities:		
Accounts payable	Accounts payable	\$ 1,990.1	Accounts payable	\$ 2,006.8	\$ 1,745.6
Current portion of long-term debt	Current portion of long-term debt	49.5	Current portion of long-term debt	29.5	74.5
Current portion of obligation under Inventory Intermediation Agreement	Current portion of obligation under Inventory Intermediation Agreement	—	Current portion of obligation under Inventory Intermediation Agreement	—	49.9
Current portion of operating lease liabilities	Current portion of operating lease liabilities	50.2	Current portion of operating lease liabilities	49.9	49.6
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	824.8	Accrued expenses and other current liabilities	916.5	1,166.8
Total current liabilities	Total current liabilities	2,914.6	Total current liabilities	3,002.7	3,086.4
Non-current liabilities:	Non-current liabilities:		Non-current liabilities:		
Long-term debt, net of current portion	Long-term debt, net of current portion	2,761.4	Long-term debt, net of current portion	2,608.5	2,979.2
Obligation under Inventory Intermediation Agreement	Obligation under Inventory Intermediation Agreement	453.4	Obligation under Inventory Intermediation Agreement	502.2	491.8
Environmental liabilities, net of current portion	Environmental liabilities, net of current portion	111.6	Environmental liabilities, net of current portion	111.6	111.5
Asset retirement obligations	Asset retirement obligations	42.5	Asset retirement obligations	42.9	41.8
Deferred tax liabilities	Deferred tax liabilities	280.7	Deferred tax liabilities	304.2	266.5
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	113.4	Operating lease liabilities, net of current portion	106.8	122.4

Other non-current liabilities	Other non-current liabilities	29.0	23.7	Other non-current liabilities	33.1	23.7
Total non-current liabilities	Total non-current liabilities	3,792.0	4,036.9	Total non-current liabilities	3,709.3	4,036.9
Stockholders' equity:	Stockholders' equity:			Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—	Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 110,000,000 shares authorized, 83,150,295 shares and 84,509,517 shares issued at June 30, 2023 and December 31, 2022, respectively	Common stock, \$0.01 par value, 110,000,000 shares authorized, 82,241,519 shares and 84,509,517 shares issued at September 30, 2023 and December 31, 2022, respectively	0.8	0.9	Common stock, \$0.01 par value, 110,000,000 shares authorized, 82,241,519 shares and 84,509,517 shares issued at September 30, 2023 and December 31, 2022, respectively	0.8	0.9
Additional paid-in capital	Additional paid-in capital	1,121.8	1,134.1	Additional paid-in capital	1,116.4	1,134.1
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(5.3)	(5.2)	Accumulated other comprehensive loss	(5.3)	(5.2)
Treasury stock, 17,575,527 shares, at cost, at June 30, 2023 and December 31, 2022, respectively	Treasury stock, 17,575,527 shares, at cost, at September 30, 2023 and December 31, 2022, respectively	(694.1)	(694.1)	Treasury stock, 17,575,527 shares, at cost, at September 30, 2023 and December 31, 2022, respectively	(694.1)	(694.1)
Retained earnings	Retained earnings	518.1	507.9	Retained earnings	619.9	507.9
Non-controlling interests in subsidiaries	Non-controlling interests in subsidiaries	121.6	125.9	Non-controlling interests in subsidiaries	119.3	125.9
Total stockholders' equity	Total stockholders' equity	1,062.9	1,069.5	Total stockholders' equity	1,157.0	1,069.5
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 7,769.5	\$ 8,192.8	Total liabilities and stockholders' equity	\$ 7,869.0	\$ 8,192.8

See accompanying notes to the condensed consolidated financial statements

**Delek US Holdings, Inc.**  
Condensed Consolidated Statements of Income (unaudited)

(In millions, except share and per share data)

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,				
		2023		2022		2023		2022		2023		2022				
		Net revenues	\$ 4,195.6	Net revenues	\$ 5,982.6	Net revenues	\$ 8,119.9	Net revenues	\$ 10,441.7	Net revenues	\$ 4,748.4	Net revenues	\$ 5,324.9	Net revenues	\$ 12,868.3	Net revenues
Net revenues	Net revenues	\$ 4,195.6	\$ 5,982.6	\$ 8,119.9	\$ 10,441.7	Net revenues	\$ 4,748.4	\$ 5,324.9	\$ 12,868.3	\$ 15,766.6						
Cost of sales:	Cost of sales:					Cost of sales:										
Cost of materials and other	Cost of materials and other	3,766.6	5,082.6	7,206.2	9,235.1	Cost of materials and other	4,122.1	4,916.0	11,328.3	14,151.1						
Operating expenses (excluding depreciation and amortization presented below)	Operating expenses (excluding depreciation and amortization presented below)	188.7	192.7	359.5	335.1	Operating expenses (excluding depreciation and amortization presented below)	217.7	201.3	577.2	536.4						
Depreciation and amortization	Depreciation and amortization	82.6	62.8	159.4	125.5	Depreciation and amortization	83.7	66.5	243.1	192.0						
Total cost of sales	Total cost of sales	4,037.9	5,338.1	7,725.1	9,695.7	Total cost of sales	4,423.5	5,183.8	12,148.6	14,879.5						
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	31.1	34.0	58.1	61.4	Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	22.7	28.2	80.8	89.6						
General and administrative expenses	General and administrative expenses	75.8	122.3	147.3	172.5	General and administrative expenses	72.0	59.3	219.3	231.8						
Depreciation and amortization	Depreciation and amortization	6.8	5.2	13.4	10.8	Depreciation and amortization	7.6	6.4	21.0	17.2						
Other operating income, net	Other operating income, net	(6.1)	(10.3)	(16.9)	(38.7)	Other operating income, net	(2.1)	(5.8)	(19.0)	(44.5)						
Total operating costs and expenses	Total operating costs and expenses	4,145.5	5,489.3	7,927.0	9,901.7	Total operating costs and expenses	4,523.7	5,271.9	12,450.7	15,173.6						
Operating income	Operating income	50.1	493.3	192.9	540.0	Operating income	224.7	53.0	417.6	593.0						
Interest expense, net	Interest expense, net	80.4	43.6	156.9	82.0	Interest expense, net	82.3	50.7	239.2	132.7						
Income from equity method investments	Income from equity method investments	(25.5)	(15.7)	(40.1)	(26.6)	Income from equity method investments	(27.0)	(17.8)	(67.1)	(44.4)						
Other expense (income), net	Other expense (income), net	0.5	(3.6)	(6.6)	(2.3)	Other expense (income), net	1.8	(0.7)	(4.8)	(3.0)						

Total non-operating expense, net	Total non-operating expense, net	55.4	24.3	110.2	53.1	Total non-operating expense, net	57.1	32.2	167.3	85.3
(Loss) income before income tax (benefit) expense		(5.3)	469.0	82.7	486.9					
Income tax (benefit) expense		(3.8)	100.4	12.0	103.5					
Income before income tax expense						Income before income tax expense	167.6	20.8	250.3	507.7
Income tax expense						Income tax expense	31.5	4.0	43.5	107.5
Net (loss) income		(1.5)	368.6	70.7	383.4	Net income	136.1	16.8	206.8	400.2
Net income attributed to non-controlling interests	Net income attributed to non-controlling interests	6.8	6.8	14.7	15.0	Net income attributed to non-controlling interests	7.4	9.4	22.1	24.4
Net (loss) income attributable to Delek		\$ (8.3)	\$ 361.8	\$ 56.0	\$ 368.4					
Net income attributable to Delek						Net income attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8
Basic (loss) income per share		\$ (0.13)	\$ 5.11	\$ 0.84	\$ 5.12					
Basic income per share						Basic income per share	\$ 1.98	\$ 0.11	\$ 2.80	\$ 5.26
Diluted (loss) income per share		\$ (0.13)	\$ 5.05	\$ 0.84	\$ 5.07					
Diluted income per share						Diluted income per share	\$ 1.97	\$ 0.10	\$ 2.78	\$ 5.21
Weighted average common shares outstanding:	Weighted average common shares outstanding:					Weighted average common shares outstanding:				
Basic	Basic	65,773,609	70,805,458	66,359,537	72,014,151	Basic	64,889,504	70,471,645	65,864,141	71,494,332
Diluted	Diluted	65,773,609	71,679,954	66,835,322	72,675,313	Diluted	65,464,970	71,109,364	66,372,335	72,148,638

See accompanying notes to the condensed consolidated financial statements

4 |



Financial Statements

## Delek US Holdings, Inc.

Condensed Consolidated Statements of Comprehensive Income (unaudited)  
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022		2023		2022	
	Net (loss) income	\$ (1.5)	Net income	\$ 368.6	Net (loss) income	\$ 70.7	Net income	\$ 383.4
Net income								

Other comprehensive loss:	Other comprehensive loss:	Other comprehensive loss:	
Other loss, net of taxes	Other loss, net of taxes	Other loss, net of taxes	
Total other comprehensive loss	Total other comprehensive loss	Total other comprehensive loss	
Comprehensive (loss) income	\$ (1.6)	\$ 368.5	\$ 70.6
Comprehensive income			\$ 383.2
Comprehensive income attributable to non-controlling interest	Comprehensive income attributable to non-controlling interest	Comprehensive income attributable to non-controlling interest	
Comprehensive (loss) income attributable to Delek	\$ 6.8	\$ 6.8	\$ 14.7
			\$ 15.0
Comprehensive income attributable to Delek	\$ (8.4)	\$ 361.7	\$ 55.9
			\$ 368.2
Comprehensive income attributable to Delek			
Comprehensive income attributable to Delek			Comprehensive income attributable to Delek
Comprehensive income attributable to Delek			\$ 128.7
Comprehensive income attributable to Delek			\$ 7.3
Comprehensive income attributable to Delek			\$ 184.6
Comprehensive income attributable to Delek			\$ 375.6

See accompanying notes to the condensed consolidated financial statements

5 |



Financial Statements

### Delek US Holdings, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited)  
(In millions, except share and per share data)

	Three Months Ended June 30, 2023										
	Common Stock		Accumulated			Treasury Stock		Non-Controlling		Total	
	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Retained Earnings	Shares	Amount	Interest in Subsidiaries	Stockholders' Equity	Shares	
Balance at March 31, 2023	84,569,103	\$ 0.9	\$ 1,141.2	\$ (5.2)	\$ 557.2	(17,575,527)	\$ (694.1)	\$ 124.3	\$ 1,124.3		
Balance at June 30, 2023										Balance at June 30, 2023	83,150,295
Net (loss) income	—	—	—	—	(8.3)	—	—	6.8	(1.5)	Net income	—
Net income											
Common stock dividends (\$0.23 per share)	—	—	—	—	(15.0)	—	—	—	(15.0)	Common stock dividends (\$0.23 per share)	—
Common stock dividends (\$0.235 per share)	—	—	—	—	(15.0)	—	—	—	(15.0)	Common stock dividends (\$0.235 per share)	—
Distributions to non-controlling interests	Distributions to non-controlling interests	—	—	—	—	—	—	(9.6)	(9.6)	Distributions to non-controlling interests	—

Equity-based compensation expense	Equity-based compensation expense	—	—	5.7	—	—	—	—	0.2	5.9	Equity-based compensation expense	—	—
Repurchase of common stock	Repurchase of common stock	(1,795,335)	(0.1)	(24.2)	—	(15.7)	—	—	—	(40.0)	Repurchase of common stock	(981,690)	—
Taxes paid due to the net settlement of equity-based compensation	Taxes paid due to the net settlement of equity-based compensation	—	—	(2.9)	—	—	—	—	(0.1)	(3.0)	Taxes paid due to the net settlement of equity-based compensation	—	—
Exercise of equity-based awards	Exercise of equity-based awards	308,196	—	—	—	—	—	—	—	—	Exercise of equity-based awards	48,154	—
Other	Other	68,331	—	2.0	(0.1)	(0.1)	—	—	—	1.8	Other	24,760	—
Balance at June 30, 2023		83,150,295	\$ 0.8	\$ 1,121.8	\$ (5.3)	\$ 518.1	(17,575,527)	\$ (694.1)	\$ 121.6	\$ 1,062.9	Balance at September 30, 2023		\$ 0.8
Balance at September 30, 2023											Balance at September 30, 2023	82,241,519	\$ 0.8

Three Months Ended June 30, 2022															
	Common Stock		Accumulated Other			Treasury Stock		Non-Controlling Interest in Subsidiaries		Total Stockholders' Equity		Common Stock		P	
	Shares	Amount	Additional Paid-in Capital	Comprehensive Loss	Retained Earnings	Shares	Amount	Subsidiaries	Equity	Shares	Amount	Common Stock	Ad		
Balance at March 31, 2022	88,320,612	\$ 0.9	\$ 1,156.0	\$ (3.9)	\$ 391.3	(17,575,527)	\$ (694.1)	\$ 124.5	\$ 974.7	Balance at June 30, 2022	88,610,583	\$ 0.9	\$ 0.9		
Balance at June 30, 2022										Balance at June 30, 2022	88,610,583	\$ 0.9	\$ 0.9		
Net income	Net income	—	—	—	361.8	—	—	6.8	368.6	Net income	—	—	Common stock dividends (\$0.40 per share)	—	
Common stock dividends (\$0.40 per share)										Common stock dividends (\$0.40 per share)	—	—			
Distributions to non-controlling interests	Distributions to non-controlling interests	—	—	—	—	—	—	(9.0)	(9.0)	Distributions to non-controlling interests	—	—	Distributions to non-controlling interests	—	
Equity-based compensation expense	Equity-based compensation expense	—	—	7.1	—	—	—	—	0.1	7.2	Equity-based compensation expense	—	—	Equity-based compensation expense	—
Repurchase of common stock										Repurchase of common stock	(1,435,602)	—	Repurchase of common stock	—	
Taxes paid due to the net settlement of equity-based compensation	Taxes paid due to the net settlement of equity-based compensation	—	—	(4.0)	—	—	—	—	(4.0)	Taxes paid due to the net settlement of equity-based compensation	—	—	Taxes paid due to the net settlement of equity-based compensation	—	
Exercise of equity-based awards	Exercise of equity-based awards	289,971	—	—	—	—	—	—	—	—	Exercise of equity-based awards	53,522	—	Exercise of equity-based awards	—
Other	Other	—	—	—	(0.1)	—	—	—	(0.1)	Other	—	—	Other	—	
Balance at June 30, 2022		88,610,583	\$ 0.9	\$ 1,159.1	\$ (3.9)	\$ 753.0	(17,575,527)	\$ (694.1)	\$ 122.4	\$ 1,337.4	Balance at September 30, 2022		\$ 0.9	\$ 0.9	
Balance at September 30, 2022										Balance at September 30, 2022	87,228,503	\$ 0.9	\$ 0.9		

**Delek US Holdings, Inc.**

Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited)  
(In millions, except share and per share data)

		Six Months Ended June 30, 2023													
		Accumulated			Treasury Shares			Non-Controlling		Total Stockholders' Equity	Common Stock				
		Common Stock	Additional Paid-in Capital	Other Comprehensive Loss	Retained Shares	Earnings	Shares	Amount	Interest in Subsidiaries	Shares					
Balance at December 31, 2022	Balance at December 31, 2022	84,509,517	\$ 0.9	\$ 1,134.1	\$ (5.2)	\$ 507.9	(17,575,527)	\$ (694.1)	\$ 125.9	\$ 1,069.5	2022	84,509,517			
Net income	Net income	—	—	—	—	56.0	—	—	14.7	70.7	Net income	—			
Common stock dividends (\$0.45 per share)	Common stock dividends (\$0.45 per share)	—	—	—	—	(29.7)	—	—	—	(29.7)	Common stock dividends (\$0.45 per share)	—			
Common stock dividends (\$0.685 per share)	Common stock dividends (\$0.685 per share)	—	—	—	—	—	—	—	—	—	Common stock dividends (\$0.685 per share)	—			
Distributions to non-controlling interests	Distributions to non-controlling interests	—	—	—	—	—	—	—	(19.1)	(19.1)	Distributions to non-controlling interests	—			
Equity-based compensation expense	Equity-based compensation expense	—	—	12.0	—	—	—	—	0.3	12.3	Equity-based compensation expense	—			
Repurchase of common stock	Repurchase of common stock	(1,811,627)	(0.1)	(24.4)	—	(15.9)	—	—	—	(40.4)	Repurchase of common stock	(2,793,317)			
Taxes paid due to the net settlement of equity-based compensation	Taxes paid due to the net settlement of equity-based compensation	—	—	(3.4)	—	—	—	—	(0.2)	(3.6)	Taxes paid due to the net settlement of equity-based compensation	—			
Exercise of equity-based awards	Exercise of equity-based awards	361,839	—	—	—	—	—	—	—	—	Exercise of equity-based awards	409,993			
Other	Other	90,566	—	3.5	(0.1)	(0.2)	—	—	—	3.2	Other	115,326			
Balance at June 30, 2023	Balance at June 30, 2023	83,150,295	\$ 0.8	\$ 1,121.8	\$ (5.3)	\$ 518.1	(17,575,527)	\$ (694.1)	\$ 121.6	\$ 1,062.9	Balance at September 30, 2023	82,241,519			
Balance at September 30, 2023	Balance at September 30, 2023	—	—	—	—	—	—	—	—	—	Balance at September 30, 2023	82,241,519			

		Six Months Ended June 30, 2022													
		Accumulated			Treasury Stock			Non-Controlling		Total Stockholders' Equity	Common Stock				
		Common Stock	Additional Paid-in Capital	Other Comprehensive Loss	Retained Shares	Earnings	Shares	Amount	Interest in Subsidiaries	Shares					
Balance at December 31, 2021	Balance at December 31, 2021	91,772,080	\$ 0.9	\$ 1,206.5	\$ (3.8)	\$ 384.7	(17,575,527)	\$ (694.1)	\$ 119.8	\$ 1,014.0	2021	91,772,080			

Net income	Net income	—	—	—	—	368.4	—	—	15.0	383.4	Net income	—
Common stock dividends (\$0.40 per share)										Common stock dividends (\$0.40 per share)		—
Equity-based compensation expense	Equity-based compensation expense	—	—	12.4	—	—	—	—	0.2	12.6	Equity-based compensation expense	—
Distribution to non-controlling interest		—	—	—	—	—	—	—	(17.7)	(17.7)		
Distributions to non-controlling interests										Distributions to non-controlling interests		—
Sale of Delek Logistics common limited partner units, net	Sale of Delek Logistics common limited partner units, net	—	—	8.5	—	—	—	—	5.1	13.6	Sale of Delek Logistics common limited partner units, net	—
Repurchase of common stock										Repurchase of common stock		(1,435,602)
Purchase of Delek common stock from IEP Energy Holding LLC	Purchase of Delek common stock from IEP Energy Holding LLC	(3,497,268)	—	(64.0)	—	—	—	—	—	(64.0)	Holding LLC	(3,497,268)
Taxes paid due to the net settlement of equity-based compensation	Taxes paid due to the net settlement of equity-based compensation	—	—	(4.3)	—	—	—	—	—	(4.3)	compensation	—
Exercise of equity-based awards	Exercise of equity-based awards	335,771	—	—	—	—	—	—	—	—	awards	389,293
Other	Other	—	—	—	(0.1)	(0.1)	—	—	—	(0.2)	Other	—
Balance at June 30, 2022	88,610,583	\$ 0.9	\$ 1,159.1	\$ (3.9)	\$ 753.0	(17,575,527)	\$ (694.1)	\$ 122.4	\$ 1,337.4			
Balance at September 30, 2022										Balance at September 30, 2022		87,228,503

See accompanying notes to the condensed consolidated financial statements

7 |



Financial Statements

## Delek US Holdings, Inc.

### Condensed Consolidated Statements of Cash Flows (unaudited) (In millions)

Six Months Ended June 30,

Nine Months Ended September 30,

		2023	2022		2023	2022
<b>Cash flows from operating activities:</b>	<b>Cash flows from operating activities:</b>			<b>Cash flows from operating activities:</b>		
Net income	Net income	\$ 70.7	\$ 383.4	Net income	\$ 206.8	\$ 400.2
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	172.8	136.3	Depreciation and amortization	264.1	209.2
Non-cash lease expense	Non-cash lease expense	30.2	35.4	Non-cash lease expense	44.2	48.5
Deferred income taxes	Deferred income taxes	12.0	93.9	Deferred income taxes	24.9	95.6
Income from equity method investments	Income from equity method investments	(40.1)	(26.6)	Income from equity method investments	(67.1)	(44.4)
Dividends from equity method investments	Dividends from equity method investments	19.5	14.5	Dividends from equity method investments	35.8	26.3
Non-cash lower of cost or market/net realizable value adjustment	Non-cash lower of cost or market/net realizable value adjustment	(9.6)	(1.2)	Non-cash lower of cost or market/net realizable value adjustment	(6.2)	19.1
Equity-based compensation expense	Equity-based compensation expense	12.3	12.6	Equity-based compensation expense	20.5	20.4
Other	Other	6.3	7.8	Other	6.5	10.4
Changes in assets and liabilities:	Changes in assets and liabilities:			Changes in assets and liabilities:		
Accounts receivable	Accounts receivable	240.2	(513.9)	Accounts receivable	78.6	(230.0)
Inventories and other current assets	Inventories and other current assets	280.6	(533.9)	Inventories and other current assets	371.5	(419.8)
Fair value of derivatives	Fair value of derivatives	(19.4)	(74.9)	Fair value of derivatives	(8.6)	(56.2)
Accounts payable and other current liabilities	Accounts payable and other current liabilities	(134.9)	777.4	Accounts payable and other current liabilities	54.6	524.8
Obligation under Inventory Intermediation Agreements	Obligation under Inventory Intermediation Agreements	(146.3)	283.0	Obligation under Inventory Intermediation Agreements	(97.5)	108.7
Non-current assets and liabilities, net	Non-current assets and liabilities, net	(4.1)	(7.9)	Non-current assets and liabilities, net	(5.3)	3.3
Net cash provided by operating activities	Net cash provided by operating activities	490.2	585.9	Net cash provided by operating activities	922.8	716.1
<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>			<b>Cash flows from investing activities:</b>		
Acquisition of 3 Bear	Acquisition of 3 Bear	—	(621.7)	Acquisition of 3 Bear	—	(625.4)
Equity method investment contributions	Equity method investment contributions	—	(0.1)	Equity method investment contributions	—	(0.1)

Distributions from equity method investments	Distributions from equity method investments	7.3	1.7	Distributions from equity method investments	10.5	1.7
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(277.6)	(98.1)	Purchases of property, plant and equipment	(338.3)	(192.8)
Purchase of equity securities	Purchase of equity securities	(9.0)	—	Purchase of equity securities	(11.0)	—
Purchases of intangible assets	Purchases of intangible assets	(1.3)	(3.8)	Purchases of intangible assets	(2.6)	(4.5)
Proceeds from sale of property, plant and equipment	Proceeds from sale of property, plant and equipment	0.7	1.1	Proceeds from sale of property, plant and equipment	1.3	1.2
Insurance proceeds				Insurance proceeds		1.5
Net cash used in investing activities	Net cash used in investing activities	(279.9)	(720.9)	Net cash used in investing activities	(338.6)	(819.9)
<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>			<b>Cash flows from financing activities:</b>		
Proceeds from long-term revolvers	Proceeds from long-term revolvers	1,547.0	1,470.9	Proceeds from long-term revolvers	2,615.4	1,571.4
Payments on long-term revolvers	Payments on long-term revolvers	(1,781.5)	(848.0)	Payments on long-term revolvers	(3,019.4)	(1,022.5)
Payments on term debt	Payments on term debt	(12.3)	(26.7)	Payments on term debt	(18.4)	(38.9)
Proceeds from product financing agreements	Proceeds from product financing agreements	656.0	508.2	Proceeds from product financing agreements	908.2	744.6
Repayments of product financing agreements	Repayments of product financing agreements	(603.2)	(511.0)	Repayments of product financing agreements	(922.6)	(704.6)
Proceeds from Inventory Intermediation Agreement	Proceeds from Inventory Intermediation Agreement	32.2	—	Proceeds from Inventory Intermediation Agreement	32.2	—
Proceeds from termination of Supply & Offtake Obligation	Proceeds from termination of Supply & Offtake Obligation	25.8	—	Proceeds from termination of Supply & Offtake Obligation	25.8	—
Taxes paid due to the net settlement of equity-based compensation	Taxes paid due to the net settlement of equity-based compensation	(3.6)	(4.3)	Taxes paid due to the net settlement of equity-based compensation	(4.6)	(5.4)
Repurchase of common stock	Repurchase of common stock	(40.4)	—	Repurchase of common stock	(65.4)	(40.0)
Distribution to non-controlling interest	Distribution to non-controlling interest	(19.1)	(17.7)	Distribution to non-controlling interest	(28.8)	(26.9)
Proceeds from sale of Delek Logistics common limited partner units	Proceeds from sale of Delek Logistics common limited partner units	—	16.4	Proceeds from sale of Delek Logistics common limited partner units	—	16.4
Purchase of Delek common stock from IEP Energy Holding LLC	Purchase of Delek common stock from IEP Energy Holding LLC	—	(64.0)	Purchase of Delek common stock from IEP Energy Holding LLC	—	(64.0)
Dividends paid	Dividends paid	(29.7)	—	Dividends paid	(44.9)	(28.3)
Deferred financing costs paid	Deferred financing costs paid	(1.2)	(0.7)	Deferred financing costs paid	(1.3)	(0.7)

Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(230.0)	523.1	Net cash (used in) provided by financing activities	(523.8)	401.1
Net (decrease) increase in cash and cash equivalents		(19.7)	388.1			
Net increase in cash and cash equivalents				Net increase in cash and cash equivalents	60.4	297.3
Cash and cash equivalents at the beginning of the period	Cash and cash equivalents at the beginning of the period	841.3	856.5	Cash and cash equivalents at the beginning of the period	841.3	856.5
Cash and cash equivalents at the end of the period	Cash and cash equivalents at the end of the period	\$ 821.6	\$ 1,244.6	Cash and cash equivalents at the end of the period	\$ 901.7	\$ 1,153.8

### Delek US Holdings, Inc.

Condensed Consolidated Statements of Cash Flows (unaudited) (Continued)  
(In millions)

Supplemental disclosures of cash flow information:	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid during the period for:				
Interest, net of capitalized interest of \$1.0 million and \$0.7 million in the 2023, and 2022 periods, respectively	\$ 159.9	75.4		
Interest, net of capitalized interest of \$3.2 million and \$1.5 million in the 2023, and 2022 periods, respectively			Interest, net of capitalized interest of \$3.2 million and \$1.5 million in the 2023, and 2022 periods, respectively	\$ 232.3
Income taxes	Income taxes	\$ 6.6	\$ 9.2	\$ 26.5
<b>Non-cash investing activities:</b>				
Decrease in accrued capital expenditures	Decrease in accrued capital expenditures	\$ (24.3)	\$ (4.8)	\$ (36.7)
<b>Non-cash financing activities:</b>				
Non-cash lease liability arising from obtaining right-of-use assets during the period	Non-cash lease liability arising from obtaining right-of-use assets during the period	\$ 22.9	\$ 11.3	\$ 17.5

See accompanying notes to the condensed consolidated financial statements



**Delek US Holdings, Inc.**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

**1. Organization and Basis of Presentation**

Delek US Holdings, Inc. operates through its consolidated subsidiaries, which include Delek US Energy, Inc. ("Delek Energy") (and its subsidiaries) and Alon USA Energy, Inc. ("Alon") (and its subsidiaries). The terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek and its consolidated subsidiaries. Delek's common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "DK."

Our condensed consolidated financial statements include the accounts of Delek and its subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States ("U.S.") Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted, although management believes that the disclosures herein are adequate to make the financial information presented not misleading. Our unaudited condensed consolidated financial statements have been prepared in conformity with GAAP applied on a consistent basis with those of the annual audited consolidated financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2023 (the "Annual Report on Form 10-K") and in accordance with the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2022 included in our Annual Report on Form 10-K.

Our condensed consolidated financial statements include Delek Logistics Partners, LP ("Delek Logistics", NYSE:DKL), which is a variable interest entity ("VIE"). On June 1, 2022, DKL Delaware Gathering, LLC, a subsidiary of the Delek Logistics, acquired 100% of the limited liability company interests in 3 Bear Delaware Holding - NM, LLC ("3 Bear") from 3 Bear Energy - New Mexico LLC (subsequently renamed to Delek Delaware Gathering ("Delaware Gathering")), related to their crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico (the "Delaware Gathering Acquisition"). See Note 2 - Acquisitions for additional information. As the indirect owner of the general partner of Delek Logistics, we have the ability to direct the activities of this entity that most significantly impact its economic performance. We are also considered to be the primary beneficiary for accounting purposes for this entity and are Delek Logistics' primary customer. In the event that Delek Logistics incurs a loss, our operating results will reflect such loss, net of intercompany eliminations, to the extent of our ownership interest in this entity.

In the opinion of management, all adjustments necessary for a fair presentation of the financial condition and the results of operations for the interim periods have been included. All significant intercompany transactions and account balances have been eliminated in consolidation. All adjustments are of a normal, recurring nature. Operating results for the interim period should not be viewed as representative of results that may be expected for any future interim period or for the full year.

**Reclassifications**

Certain prior period amounts have been reclassified in order to conform to the current period presentation.

**New Accounting Pronouncements Adopted During 2023**

**ASU 2023-03, Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718)**

In July 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-03, Presentation of Financial Statements (Topic 205), Income Statement-Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation-Stock Compensation (Topic 718) ("ASU 2023-03"). This ASU amends or supersedes various SEC paragraphs within the FASB Accounting Standards Codification to conform to past SEC announcements and guidance issued by the SEC. ASU 2023-03 does not provide any new guidance, so there is no transition or effective date. We adopted ASU 2023-03 in July 2023. There was no material impact on our condensed consolidated financial statements.

**Accounting Pronouncements Not Yet Adopted**

**ASU 2023-06, Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative**

In October 2023, the FASB issued ASU 2023-06 Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative ("ASU 2023-06"). The main provision of ASU 2023-06 is to clarify or improve disclosure and presentation requirements of a variety of topics, which will allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the FASB accounting standard codification with the SEC's regulations. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company is currently evaluating the provisions of the amendments and the impact on its future consolidated statements, but does not currently expect adopting this new guidance will have a material impact on its consolidated financial statements and related disclosures.



**2. Acquisitions**

**Delek Delaware Gathering (formally 3 Bear)**

Delek Logistics completed the Delaware Gathering Acquisition on June 1, 2022 (the "Acquisition Date"), in which it acquired crude oil and natural gas gathering, processing and transportation and storage operations, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico.

The purchase price for Delaware Gathering was \$628.3 million. The Delaware Gathering Acquisition was financed through a combination of cash on hand and borrowings under the Delek Logistics' Revolving Facility (as discussed in Note 9 of these consolidated financial statements).

For the three and **six** months ended **June 30, 2023** **September 30, 2023**, we incurred no incremental direct acquisition and integration costs. For the three and **six** months ended **June 30, 2022** **September 30, 2022**, we incurred **\$6.2 million** **\$4.2 million** and **\$6.4 million** **\$10.6 million**, respectively, in incremental direct acquisition and integration costs that principally consist of legal, advisory and other professional fees. Such costs are included in general and administrative expenses in the accompanying condensed consolidated statements of income for these periods.

The Delaware Gathering Acquisition was accounted for using the acquisition method of accounting, whereby the purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their fair values. The excess of the consideration paid over the fair value of the net assets acquired was recorded as goodwill.

9 |



#### Notes to Condensed Financial Statements (Unaudited)

##### **Determination of Purchase Price**

The table below represents the purchase price (in millions):

Base purchase price:		\$ 624.7
Add: closing net working capital (as defined in the 3 Bear Purchase Agreement)		3.6
Less: closing indebtedness (as defined in the 3 Bear Purchase Agreement)		(80.6)
Cash paid for the adjusted purchase price		547.7
Cash paid to payoff 3 Bear credit agreement (as defined in the 3 Bear Purchase Agreement)		80.6
Purchase price		<u><u>\$ 628.3</u></u>

##### **Purchase Price Allocation**

The following table summarizes the final fair values of assets acquired and liabilities assumed in the Delaware Gathering Acquisition as of June 1, 2022 (in millions):

Assets acquired:

Cash and cash equivalents		\$ 2.7
Accounts receivables, net		28.9
Inventories		1.8
Other current assets		1.0
Property, plant and equipment		382.8
Operating lease right-of-use assets		7.4
Goodwill		14.8
Other intangibles, net (1)		223.5
Other non-current assets		0.5
Total assets acquired		<u><u>\$ 663.4</u></u>

Liabilities assumed:

Accounts payable		8.0
Accrued expenses and other current liabilities		22.4
Current portion of operating lease liabilities		1.0
Asset retirement obligations		2.3
Operating lease liabilities, net of current portion		1.4
Total liabilities assumed		<u><u>35.1</u></u>
Fair value of net assets acquired		<u><u>\$ 628.3</u></u>

(1) The acquired intangible assets amount includes the following identified intangibles:

- Customer relationships intangible that is subject to amortization with a preliminary fair value of \$210.0 million, which will be amortized over an 11.6-year useful life.
- Rights-of-way intangible that is subject to amortization with a preliminary fair value of \$13.5 million, which will be amortized over the weighted-average useful life of 25.4 years.

The fair value of property, plant and equipment was based on the combination of the cost and market approaches. Key assumptions in the cost approach include determining the replacement cost by evaluating recently published data and adjusting replacement cost for physical deterioration, functional and economic obsolescence. We used the market approach to measure the value of certain assets through an analysis of recent sales or offerings of comparable properties.

The fair value of customer relationships was based on the income approach. Key assumptions in the income approach include projected revenue attributable to customer relationships, operating margins and discount rates.

The fair values discussed above were based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements.

The fair values of all other current assets and liabilities were equivalent to their carrying values due to their short-term nature.

The goodwill recognized in the Delaware Gathering Acquisition is primarily attributable to enhancing our third-party revenues, further diversification of our customer and product mix, expanding our footprint into the Delaware basin and bolstering our Environmental, Social and Governance ("ESG") optionality through furthering carbon capture opportunities and greenhouse gas reduction projects currently underway. This goodwill is deductible for income tax purposes. Goodwill related to the Delaware Gathering Acquisition is included in the logistics segment.

#### ***Unaudited Pro Forma Financial Information***

The following table summarizes the unaudited pro forma financial information of the Company assuming the Delaware Gathering Acquisition had occurred on January 1, 2022. The unaudited pro forma financial information has been adjusted to give effect to certain pro forma adjustments that are directly related to the Delaware Gathering Acquisition based on available information and certain assumptions that management believes are factually supportable. The most significant pro forma adjustments relate to (i) incremental interest expense and amortization of deferred financing costs associated with revolving credit facility borrowings incurred in connection with the Delaware Gathering Acquisition, (ii) incremental depreciation resulting from the estimated fair values of acquired property, plant and equipment, (iii) incremental amortization resulting from the estimated fair values of acquired customer relationships intangible (iv) accounting policy alignment, and (v) transaction costs. The unaudited pro forma financial information excludes any expected cost savings or other synergies as a result of the Delaware Gathering Acquisition. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had the Delaware Gathering Acquisition been effective as of the dates presented, nor is it indicative of future operating results of the combined company. Actual results may differ significantly from the unaudited pro forma financial information.

(in millions, except per share data)	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022		(in millions, except per share data)	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Net sales	\$ 6,030.8	Net sales	\$ 10,540.3		Net sales	\$ 5,324.9	\$ 15,865.2	
Net income attributable to Delek	Net income attributable to Delek	\$ 363.5	Net income attributable to Delek	\$ 364.0	Net income attributable to Delek	\$ 10.1	\$ 374.1		
Net income per share:	Net income per share:		Net income per share:		Net income per share:				
Basic income per share	Basic income per share	\$ 5.13	Basic income per share	\$ 5.05	Basic income per share	\$ 0.14	\$ 5.23		
Diluted income per share	Diluted income per share	\$ 5.07	Diluted income per share	\$ 5.01	Diluted income per share	\$ 0.14	\$ 5.19		

#### ***3. Segment Data***

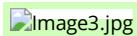
We aggregate our operating units into three reportable segments: Refining, Logistics, and Retail. Operations that are not specifically included in the reportable segments are included in Corporate, Other and Eliminations, which consist of the following:

- our corporate activities;
- results of certain immaterial operating segments, including our Canadian crude trading operations (as discussed in Note 10); and
- intercompany eliminations.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker, or CODM, assesses financial information for decision-making purposes. The change primarily represents reporting the operating results of wholesale crude operations within the refining segment. Prior to this change, wholesale crude operations were reported as part of corporate, other and eliminations. While this reporting change did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes.

The disaggregated financial results for the reporting segments have been prepared using a management approach, which is consistent with the basis and manner in which management internally disaggregates financial information for the purposes of assisting internal operating decisions. The CODM evaluates performance based upon EBITDA attributable to Delek. We define EBITDA attributable to Delek for any period as net income (loss) attributable to Delek plus interest expense, income tax expense (benefit), depreciation and amortization. Segment EBITDA should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered alternatives to net income (loss), which is the most directly comparable financial measure to EBITDA that is in accordance with U.S. GAAP. Segment EBITDA, as determined and measured by us, should also not be compared to similarly titled measures reported by other companies.

11 |



#### Notes to Condensed Financial Statements (Unaudited)

Assets by segment are not a measure used to assess the performance of the Company by the CODM and thus are not disclosed.

##### **Refining Segment**

The refining segment processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel and aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 barrels per day ("bpd") as of **June 30, 2023** **September 30, 2023**, including the following:

- Tyler, Texas refinery (the "Tyler refinery");
- El Dorado, Arkansas refinery (the "El Dorado refinery");
- Big Spring, Texas refinery (the "Big Spring refinery"); and
- Krotz Springs, Louisiana refinery (the "Krotz Springs refinery").

The refining segment also owns and operates three biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas, Cleburne, Texas and New Albany, Mississippi.

11 |



#### Notes to Condensed Financial Statements (Unaudited)

##### **Logistics Segment**

Our logistics segment owns and operates crude oil, refined products and natural gas logistics and marketing assets as well as water disposal and recycling assets. The logistics segment generates revenue by charging fees for gathering, transporting and storing crude oil and natural gas, marketing, distributing, transporting and storing intermediate and refined products and disposing and recycling water in select regions of the southeastern United States, the Delaware Basin in New Mexico and West Texas for our refining segment and third parties, and sales of wholesale products in the West Texas market. The operating results and assets acquired in the Delaware Gathering Acquisition have been included in the logistics segment since June 1, 2022.

##### **Retail Segment**

Our retail segment consists of 247 **250** owned and leased convenience store sites as of **June 30, 2023** **September 30, 2023**, located primarily in West Texas and New Mexico. These convenience stores typically offer various grades of fuel, food and beverage products, general merchandise, and certain food and other services. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery.

##### **Business Segment Operating Performance**

The following is a summary of business segment operating performance as measured by EBITDA attributable to Delek for the period indicated (in millions):

(In millions)	Three Months Ended June 30, 2023					Consolidated
	Refining	Logistics	Retail	Eliminations		
Net revenues (excluding intercompany fees and revenues)	\$ 3,849.0	\$ 113.9	\$ 232.7	\$ —	\$ —	\$ 4,195.6
Inter-segment fees and revenues	203.5	133.0	—	(336.5)	—	—
<b>Total revenues</b>	<b>\$ 4,052.5</b>	<b>\$ 246.9</b>	<b>\$ 232.7</b>	<b>\$ (336.5)</b>	<b>\$ —</b>	<b>\$ 4,195.6</b>

Segment EBITDA attributable to Delek	\$ 110.5	\$ 90.9	\$ 15.0	\$ (58.7)	\$ 157.7
Depreciation and amortization	(59.8)	(23.7)	(2.6)	(3.3)	(89.4)
Interest expense, net	(12.2)	(35.0)	—	(33.2)	(80.4)
Income tax benefit					3.8
Net loss attributable to Delek					\$ (8.3)
Capital spending (excluding business combinations)	\$ 29.5	\$ 19.4	\$ 5.3	\$ 7.0	\$ 61.2

		Three Months Ended June 30, 2022					Three Months Ended September 30, 2023					
(In millions)	(In millions)	Corporate, Other and Eliminations					(In millions)	Corporate, Other and Eliminations				
		Refining	Logistics	Retail	Consolidated	Refining		Logistics	Retail	Consolidated	Refining	
Net revenues (excluding intercompany fees and revenues)	Net revenues (excluding intercompany fees and revenues)	\$ 5,562.6	\$ 142.4	\$ 277.1	\$ 0.5	\$ 5,982.6	Net revenues (excluding intercompany fees and revenues)	\$ 4,392.4	\$ 119.5	\$ 236.5	\$ —	\$ 4,748.4
Inter-segment fees and revenues	Inter-segment fees and revenues	312.3	124.3	—	(436.6)	—	Inter-segment fees and revenues	232.1	156.4	—	(388.5)	—
Total revenues	Total revenues	\$ 5,874.9	\$ 266.7	\$ 277.1	\$ (436.1)	\$ 5,982.6	Total revenues	\$ 4,624.5	\$ 275.9	\$ 236.5	\$ (388.5)	\$ 4,748.4
Segment EBITDA attributable to Delek	Segment EBITDA attributable to Delek	\$ 587.9	\$ 62.6	\$ 12.5	\$ (89.2)	\$ 573.8	Segment EBITDA attributable to Delek	\$ 285.1	\$ 96.5	\$ 16.2	\$ (64.0)	\$ 333.8
Depreciation and amortization	Depreciation and amortization	(49.9)	(13.3)	(3.2)	(1.6)	(68.0)	Depreciation and amortization	(60.1)	(24.6)	(3.6)	(3.0)	(91.3)
Interest expense, net	Interest expense, net	(1.7)	(16.8)	—	(25.1)	(43.6)	Interest expense, net	(12.0)	(37.0)	0.1	(33.4)	(82.3)
Income tax expense	Income tax expense				(100.4)		Income tax expense					(31.5)
Net income attributable to Delek	Net income attributable to Delek				\$ 361.8		Net income attributable to Delek					\$ 128.7
Income from equity method investments	Income from equity method investments						Income from equity method investments	\$ 0.2	\$ 9.3	\$ —	\$ 17.5	\$ 27.0
Capital spending (excluding business combinations)	Capital spending (excluding business combinations)	\$ 19.0	\$ 26.7	\$ 6.0	\$ 8.7	\$ 60.4	Capital spending (excluding business combinations)	\$ 20.2	\$ 13.1	\$ 8.0	\$ 7.0	\$ 48.3

12 | 

#### Notes to Condensed Financial Statements (Unaudited)

		Six Months Ended June 30, 2023					Three Months Ended September 30, 2022					
(In millions)	(In millions)	Corporate, Other and Eliminations					(In millions)	Corporate, Other and Eliminations				
		Refining	Logistics	Retail	Consolidated	Refining		Logistics	Retail	Consolidated	Refining	
Segment EBITDA attributable to Delek	\$ 110.5	\$ 90.9	\$ 15.0	\$ (58.7)	\$ 157.7							
Depreciation and amortization	(59.8)	(23.7)	(2.6)	(3.3)	(89.4)							
Interest expense, net	(12.2)	(35.0)	—	(33.2)	(80.4)							
Income tax benefit				3.8								
Net loss attributable to Delek				\$ (8.3)								
Capital spending (excluding business combinations)	\$ 29.5	\$ 19.4	\$ 5.3	\$ 7.0	\$ 61.2							

Net revenues (excluding intercompany fees and revenues)	Net revenues (excluding intercompany fees and revenues)	\$ 7,449.8	\$ 232.4	\$ 437.7	\$ —	\$ 8,119.9	Net revenues (excluding intercompany fees and revenues)	\$ 4,904.5	\$ 166.9	\$ 253.1	\$ 0.4	\$ 5,324.9
Inter-segment fees and revenues	Inter-segment fees and revenues	397.2	258.0	—	(655.2)	—	Inter-segment fees and revenues	262.9	127.2	—	(390.1)	—
Total revenues	Total revenues	\$ 7,847.0	\$ 490.4	\$ 437.7	\$ (655.2)	\$ 8,119.9	Total revenues	\$ 5,167.4	\$ 294.1	\$ 253.1	\$ (389.7)	\$ 5,324.9
Segment EBITDA attributable to Delek	Segment EBITDA attributable to Delek	\$ 302.6	\$ 182.3	\$ 21.4	\$ (108.6)	\$ 397.7	Segment EBITDA attributable to Delek	\$ 90.3	\$ 87.3	\$ 13.5	\$ (56.1)	\$ 135.0
Depreciation and amortization	Depreciation and amortization	(116.4)	(44.8)	(5.3)	(6.3)	(172.8)	Depreciation and amortization	(49.2)	(19.6)	(2.6)	(1.5)	(72.9)
Interest expense, net	Interest expense, net	(21.2)	(67.6)	(0.2)	(67.9)	(156.9)	Interest expense, net	(0.2)	(22.6)	—	(27.9)	(50.7)
Income tax expense	Income tax expense				(12.0)		Income tax expense					(4.0)
Net income attributable to Delek	Net income attributable to Delek				\$ 56.0		Net income attributable to Delek					\$ 7.4
Income from equity method investments							Income from equity method investments	\$ 0.1	\$ 8.6	\$ —	\$ 9.1	\$ 17.8
Capital spending (excluding business combinations)	Capital spending (excluding business combinations)	\$ 177.1	\$ 55.5	\$ 8.0	\$ 12.7	\$ 253.3	Capital spending (excluding business combinations)	\$ 22.7	\$ 32.2	\$ 13.6	\$ 12.3	\$ 80.8

Six Months Ended June 30, 2022												
(In millions)			Refining		Logistics		Retail		Eliminations		Consolidated	
Net revenues (excluding intercompany fees and revenues)			\$ 9,729.1		\$ 225.2		\$ 486.6		\$ 0.8		\$ 10,441.7	
Inter-segment fees and revenues			538.1		248.1		—		(786.2)		—	
Total revenues			\$ 10,267.2		\$ 473.3		\$ 486.6		\$ (785.4)		\$ 10,441.7	
Segment EBITDA attributable to Delek			\$ 667.9		\$ 126.8		\$ 22.8		\$ (127.3)		\$ 690.2	
Depreciation and amortization			(102.7)		(23.7)		(6.7)		(3.2)		(136.3)	
Interest expense, net			(2.3)		(31.0)		—		(48.7)		(82.0)	
Income tax expense											(103.5)	
Net income attributable to Delek											\$ 368.4	
Capital spending (excluding business combinations)			\$ 33.3		\$ 35.8		\$ 9.0		\$ 15.2		\$ 93.3	

Nine Months Ended September 30, 2023												
(In millions)			Refining		Logistics		Retail		Eliminations		Consolidated	
Net revenues (excluding intercompany fees and revenues)			\$ 11,842.2		\$ 351.9		\$ 674.2		\$ —		\$ 12,868.3	
Inter-segment fees and revenues			629.3		414.4		—		(1,043.7)		—	
Total revenues			\$ 12,471.5		\$ 766.3		\$ 674.2		\$ (1,043.7)		\$ 12,868.3	
Segment EBITDA attributable to Delek			\$ 587.7		\$ 278.8		\$ 37.6		\$ (172.6)		\$ 731.5	
Depreciation and amortization			(176.5)		(69.4)		(8.9)		(9.3)		(264.1)	

Interest expense, net	(33.2)	(104.6)	(0.1)	(101.3)	(239.2)
Income tax expense					(43.5)
Net income attributable to Delek					\$ 184.7
Income from equity method investments	\$ 0.7	\$ 22.9	\$ —	\$ 43.5	\$ 67.1
Capital spending (excluding business combinations)	\$ 197.3	\$ 68.6	\$ 16.0	\$ 19.7	\$ 301.6

(In millions)	Nine Months Ended September 30, 2022				
	Refining	Logistics	Retail	Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 14,633.6	\$ 392.1	\$ 739.7	\$ 1.2	\$ 15,766.6
Inter-segment fees and revenues	801.0	375.3	—	(1,176.3)	—
Total revenues	\$ 15,434.6	\$ 767.4	\$ 739.7	\$ (1,175.1)	\$ 15,766.6
Segment EBITDA attributable to Delek	\$ 758.2	\$ 214.1	\$ 36.3	\$ (183.4)	\$ 825.2
Depreciation and amortization	(151.9)	(43.3)	(9.3)	(4.7)	(209.2)
Interest expense, net	(2.5)	(53.6)	—	(76.6)	(132.7)
Income tax expense					(107.5)
Net income attributable to Delek					\$ 375.8
Income from equity method investments	\$ 0.5	\$ 22.7	\$ —	\$ 21.2	\$ 44.4
Capital spending (excluding business combinations)	\$ 56.0	\$ 68.0	\$ 22.6	\$ 27.5	\$ 174.1

13 |


[Notes to Condensed Financial Statements \(Unaudited\)](#)

#### 4. Earnings Per Share

Basic earnings per share (or "EPS") is computed by dividing net income by the weighted average common shares outstanding. Diluted earnings per share is computed by dividing net income, as adjusted for changes to income that would result from the assumed settlement of the dilutive equity instruments included in diluted weighted average common shares outstanding, by the diluted weighted average common shares outstanding. For all periods presented, we have outstanding various equity-based compensation awards that are considered in our diluted EPS calculation (when to do so would be dilutive), and is inclusive of awards disclosed in Note 16 to these condensed consolidated financial statements. For those instruments that are indexed to our common stock, they are generally dilutive when the market price of the underlying indexed share of common stock is in excess of the exercise price.

13 |


[Notes to Condensed Financial Statements \(Unaudited\)](#)

The following table sets forth the computation of basic and diluted earnings per share.

Numerator:	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022		2023		2022	
	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:	Numerator:
Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS	Numerator for EPS
Net (loss) income	\$ (1.5)	\$ 368.6	\$ 70.7	\$ 383.4								

Net income							Net income	\$ 136.1	\$ 16.8	\$ 206.8	\$ 400.2
Less: Income attributed to non-controlling interest	Less: Income attributed to non-controlling interest						Less: Income attributed to non-controlling interest				
		6.8	6.8	14.7	15.0			7.4	9.4	22.1	24.4
Numerator for basic and diluted EPS attributable to Delek	Numerator for basic and diluted EPS attributable to Delek	\$ (8.3)	\$ 361.8	\$ 56.0	\$ 368.4		Numerator for basic and diluted EPS attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8
<u>Denominator:</u>	<u>Denominator:</u>						<u>Denominator:</u>				
Weighted average common shares outstanding (denominator for basic EPS)	Weighted average common shares outstanding (denominator for basic EPS)	65,773,609	70,805,458	66,359,537	72,014,151		Weighted average common shares outstanding (denominator for basic EPS)	64,889,504	70,471,645	65,864,141	71,494,332
Dilutive effect of stock-based awards	Dilutive effect of stock-based awards	—	874,496	475,785	661,162		Dilutive effect of stock-based awards	575,466	637,719	508,194	654,306
Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	65,773,609	71,679,954	66,835,322	72,675,313		Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	65,464,970	71,109,364	66,372,335	72,148,638
<u>EPS:</u>	<u>EPS:</u>						<u>EPS:</u>				
Basic (loss) income per share	\$ (0.13)	\$ 5.11	\$ 0.84	\$ 5.12			Basic income per share	\$ 1.98	\$ 0.11	\$ 2.80	\$ 5.26
Basic income per share							Basic income per share	\$ 1.98	\$ 0.11	\$ 2.80	\$ 5.26
Diluted (loss) income per share	\$ (0.13)	\$ 5.05	\$ 0.84	\$ 5.07			Diluted income per share	\$ 1.97	\$ 0.10	\$ 2.78	\$ 5.21
Diluted income per share							Diluted income per share	\$ 1.97	\$ 0.10	\$ 2.78	\$ 5.21
The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be anti-dilutive:	The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be anti-dilutive:						The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be anti-dilutive:				

Antidilutive stock-based compensation (because average share price is less than exercise price)	Antidilutive stock-based compensation (because average share price is less than exercise price)	2,572,768	1,450,184	2,149,803	2,853,904	Antidilutive stock-based compensation (because average share price is less than exercise price)	1,254,610	2,138,130	1,756,314	2,380,376
Antidilutive due to loss		464,170	—	—	—					
Total antidilutive stock-based compensation		3,036,938	1,450,184	2,149,803	2,853,904					

## 5. Delek Logistics

Delek Logistics is a publicly traded limited partnership formed by Delek in 2012 that owns and operates crude oil, refined products and natural gas logistics and marketing assets as well as water disposal and recycling assets. A substantial majority of Delek Logistics' assets are integral to Delek's refining and marketing operations. As of **June 30, 2023** **September 30, 2023**, we owned a 78.7% interest in Delek Logistics, consisting of 34,311,278 common limited partner units and the non-economic general partner interest. The limited partner interests in Delek Logistics not owned by us are reflected in net income attributable to non-controlling interest in the accompanying consolidated statements of income and in non-controlling interest in subsidiaries in the accompanying consolidated balance sheets.

We have agreements with Delek Logistics that, among other things, establish fees for certain administrative and operational services provided by us and our subsidiaries to Delek Logistics, provide certain indemnification obligations and establish terms for fee-based commercial logistics and marketing services provided by Delek Logistics and its subsidiaries to us. The revenues and expenses associated with these agreements are eliminated in consolidation.

Delek Logistics is a VIE, as defined under GAAP, and is consolidated into our consolidated financial statements, representing our logistics segment. The assets of Delek Logistics can only be used to settle its own obligations and its creditors have no recourse to our assets. Exclusive of intercompany balances and the marketing agreement intangible asset between Delek Logistics and Delek which are eliminated in consolidation, the Delek Logistics condensed consolidated balance sheets are included in the condensed consolidated balance sheets of Delek. The Delek Logistics condensed consolidated balance sheets are presented below (in millions):

14 |



## Notes to Condensed Financial Statements (Unaudited)

ASSETS	ASSETS	As of June 30, 2023	As of December 31, 2022	ASSETS	As of September 30, 2023	As of December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	\$ 7.7	\$ 8.0	Cash and cash equivalents	\$ 4.2	\$ 8.0
Accounts receivable	Accounts receivable	65.9	53.3	Accounts receivable	41.2	53.3
Accounts receivable from related parties	Accounts receivable from related parties	7.4	—	Accounts receivable from related parties	67.1	—
Inventory	Inventory	3.1	1.5	Inventory	4.1	1.5
Other current assets	Other current assets	1.4	2.4	Other current assets	1.0	2.4
Property, plant and equipment, net	Property, plant and equipment, net	941.7	924.0	Property, plant and equipment, net	936.7	924.0
Equity method investments	Equity method investments	242.7	257.0	Equity method investments	241.9	257.0
Operating lease right-of-use assets	Operating lease right-of-use assets	22.6	24.8	Operating lease right-of-use assets	21.0	24.8
Goodwill	Goodwill	27.1	27.1	Goodwill	27.1	27.1
Intangible assets, net	Intangible assets, net	353.2	364.8	Intangible assets, net	347.9	364.8

Other non-current assets	Other non-current assets	19.8	16.4	Other non-current assets	17.3	16.4
Total assets	Total assets	\$ 1,692.6	\$ 1,679.3	Total assets	\$ 1,709.5	\$ 1,679.3
LIABILITIES AND DEFICIT	LIABILITIES AND DEFICIT			LIABILITIES AND DEFICIT		
Accounts payable	Accounts payable	\$ 14.5	\$ 57.4	Accounts payable	\$ 28.0	\$ 57.4
Accounts payable to related parties	Accounts payable to related parties	—	6.1	Accounts payable to related parties	—	6.1
Current portion of long-term debt	Current portion of long-term debt	15.0	15.0	Current portion of long-term debt	15.0	15.0
Current portion of operating lease liabilities	Current portion of operating lease liabilities	8.2	8.0	Current portion of operating lease liabilities	8.1	8.0
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	18.8	19.7	Accrued expenses and other current liabilities	34.3	19.7
Long-term debt	Long-term debt	1,729.3	1,646.6	Long-term debt	1,726.4	1,646.6
Asset retirement obligations	Asset retirement obligations	9.7	9.3	Asset retirement obligations	9.9	9.3
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	10.5	12.1	Operating lease liabilities, net of current portion	9.2	12.1
Other non-current liabilities	Other non-current liabilities	16.1	15.8	Other non-current liabilities	17.8	15.8
Deficit	Deficit	(129.5)	(110.7)	Deficit	(139.2)	(110.7)
Total liabilities and deficit	Total liabilities and deficit	\$ 1,692.6	\$ 1,679.3	Total liabilities and deficit	\$ 1,709.5	\$ 1,679.3

## 6. Equity Method Investments

### Wink to Webster Pipeline

Through our wholly-owned direct subsidiary Delek Energy, we own a 50% investment in W2W Holdings LLC ("HoldCo") which was formed by us and MPLX Operations LLC ("MPLX") to obtain financing and fund capital calls associated with our collective and contributed interests in the Wink to Webster Pipeline LLC ("WWP") Joint Venture. The Company has determined that HoldCo is a VIE. While we have the ability to exert significant influence through participation in board and management committees, we are not the primary beneficiary since we do not have a controlling financial interest in HoldCo, and no single party has the power to direct the activities that most significantly impact HoldCo's economic performance. We account for HoldCo using the equity method of accounting.

On June 2, 2022, HoldCo's wholly-owned finance LLC ("WWP Project Financing JV") refinanced its project finance debt using the proceeds from a \$535.0 million senior secured notes issuance due January 31, 2032. In connection with this notes issuance, on June 2, 2022 the WWP Project Financing JV also entered into a senior secured credit agreement that provides for revolving loan commitments in an amount of up to \$75.0 million and the issuance of letters of credit in an amount of up to \$44.0 million. The maturity date of the revolver and letter credit commitments is June 2, 2027. Distributions received from WWP are first applied to service the WWP Project Financing JV debt, with excess distributions being made to the HoldCo members as provided for in the W2W Holdings LLC Agreement and as allowed for under its debt agreements. The obligations of the HoldCo members under the W2W Holdings LLC Agreement are guaranteed by the parents of the member entities.

As of **June 30, 2023** **September 30, 2023**, except for the guarantee of member obligations under the joint venture, we do not have other guarantees with or to HoldCo, nor any third-party associated with HoldCo contracted work. The Company's maximum exposure to any losses incurred by HoldCo is limited to its investment. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, Delek's HoldCo investment balance totaled **\$55.0 million** **\$56.2 million** and \$49.0 million, respectively, and is included in total assets in corporate, other and eliminations in our segment disclosure. In addition, on the investment, we recognized income of **\$6.8** **\$6.9 million** and **\$11.3 million** **\$18.2 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **\$2.1** **\$1.2 million** and **\$4.2 million** **\$5.4 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively.

### Delek Logistics Investments

Delek Logistics has a 33% membership interest in Red River Pipeline Company LLC ("Red River"), which owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas. As of June 30, 2023 September 30, 2023 and December 31, 2022, Delek's investment balance in Red River totaled \$140.9 million and \$149.6 million, respectively. We recognized income on the investment totaling \$4.0 million \$5.5 million and \$7.8 million \$13.3 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and \$4.6 million \$4.7 million and \$9.9 million \$14.6 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. This investment is accounted for using the equity method and is included as part of total assets in our logistics segment.

In addition to Red River, Delek Logistics has two other joint ventures that own and operate logistics assets, and which serve third parties and subsidiaries of Delek. We own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. to operate one of these pipeline systems (the "Caddo Pipeline") and a 33% membership interest in Andeavor Logistics Rio Pipeline LLC which operates the other pipeline system (the "Rio Pipeline"). As of June 30, 2023 September 30, 2023 and December 31, 2022, Delek Logistics' investment balance in these joint ventures was \$101.8 million \$101.0 million and \$107.4 million, respectively, and are accounted for using the equity method. We recognized income on these investments totaling \$2.3 \$3.8 million and \$5.8 million \$9.6 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and \$2.4 \$3.9 million and \$4.2 million \$8.1 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

### Other Investments

In addition to our pipeline joint ventures, we also have a 50% interest in a joint venture that owns asphalt terminals located in the southwestern region of the U.S., as well as a 50% interest in a joint venture that owns, operates and maintains a terminal consisting of an ethanol unit train facility with an ethanol tank in Arkansas. As of June 30, 2023 September 30, 2023 and December 31, 2022, Delek's investment balance in these joint ventures was \$65.9 million \$73.1 million and \$53.7 million, respectively. We recognized income on these investments totaling \$11.4 \$10.8 million and \$15.2 million \$26.0 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and \$6.6 \$8.0 million and \$8.3 million \$16.3 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Both investments are accounted for using the equity method. The investment in asphalt terminal operations is included as part of total assets in corporate, other and eliminations in our segment disclosure while the ethanol terminal operations is reflected in the refining segment.

Combined summarized financial information for our equity method investees (with the exception of our interest in a joint venture that owns asphalt terminals) on a 100% basis is shown below (in millions):

	As of June 30, 2023		As of December 31, 2022		As of September 30, 2023		As of December 31, 2022	
Current assets	Current assets	\$ 70.3	\$ 54.5	Current assets	\$ 184.5	\$ 54.5		
Non-current assets	Non-current assets	\$ 1,283.4	\$ 1,275.1	Non-current assets	\$ 1,344.4	\$ 1,275.1		
Current liabilities	Current liabilities	\$ 33.6	\$ 8.3	Current liabilities	\$ 61.1	\$ 8.3		
Non-current liabilities	Non-current liabilities	\$ 551.0	\$ 548.5	Non-current liabilities	\$ 552.3	\$ 548.5		
Three Months Ended June 30,								
	2023		2022		2023		2022	
Revenues	\$ 32.0		\$ 34.9		\$ 63.7		\$ 72.1	
Gross profit	\$ 19.9		\$ 22.7		\$ 39.6		\$ 47.9	
Operating income	\$ 19.6		\$ 21.6		\$ 37.9		\$ 46.0	
Net income	\$ 32.9		\$ 19.0		\$ 57.6		\$ 41.5	

Summarized financial information for our interest in a joint venture that owns asphalt terminals on a 100% basis is shown below (in millions):

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022		2023		2022	
		Revenues	\$ 103.8	Revenues	\$ 71.2	Revenues	\$ 157.0	Revenues	\$ 100.1	Gross profit	\$ 54.5	Gross profit	\$ 53.5	Operating income	\$ 47.9	Operating income	\$ 46.6
Revenues	Revenues	\$ 27.3	\$ 16.5	\$ 37.9	\$ 22.3	\$ 151.4	\$ 162.6	\$ 373.1	\$ 334.8	Gross profit	\$ 132.8	Gross profit	\$ 123.7	Net income	\$ 61.9	Net income	\$ 40.1
Gross profit	Gross profit	\$ 22.2	\$ 12.6	\$ 28.7	\$ 15.4	\$ 54.5	\$ 53.5	\$ 114.5	\$ 107.9	Operating income	\$ 46.6	Operating income	\$ 44.7	Net income	\$ 148.6	Net income	\$ 97.3
Operating income	Operating income	\$ 22.3	\$ 12.8	\$ 29.1	\$ 15.6	\$ 61.9	\$ 40.1	\$ 148.6	\$ 97.3	Net income	\$ 40.1	Net income	\$ 27.4				
Net income	Net income																

### 7. Inventory

Crude oil feedstocks, refined products, blendstocks and asphalt inventory for all of our operations, excluding merchandise inventory in our retail segment, are stated at the lower of cost determined using FIFO the first-in, first-out ("FIFO") basis or net realizable value. Retail merchandise inventory consists of cigarettes, beer, convenience merchandise and food service merchandise and is stated at estimated cost as determined by the retail inventory method.

The following table presents the components of inventory for each period presented:

	Inventory Intermediation			Total	Inventory Intermediation			Total	
	Titled Inventory	Agreement <sup>(1)</sup>			Titled Inventory	Agreement <sup>(1)</sup>			
<b>June 30, 2023</b>									
<b>September 30, 2023</b>									
Feedstocks, raw materials and supplies	Feedstocks, raw materials and supplies	\$ 475.9	\$ 143.7	\$ 619.6	Feedstocks, raw materials and supplies	\$ 371.6	\$ 156.7	\$ 528.3	
Refined products and blendstock	Refined products and blendstock	321.2	303.6	624.8	Refined products and blendstock	283.7	335.2	618.9	
Merchandise inventory and other	Merchandise inventory and other	32.0	—	32.0	Merchandise inventory and other	32.0	—	32.0	
Total	Total	\$ 829.1	\$ 447.3	\$ 1,276.4	Total	\$ 687.3	\$ 491.9	\$ 1,179.2	
<b>December 31, 2022</b>									
<b>December 31, 2022</b>									
Feedstocks, raw materials and supplies	Feedstocks, raw materials and supplies	\$ 479.7	\$ 163.8	\$ 643.5	Feedstocks, raw materials and supplies	\$ 479.7	\$ 163.8	\$ 643.5	
Refined products and blendstock	Refined products and blendstock	490.8	354.8	845.6	Refined products and blendstock	490.8	354.8	845.6	
Merchandise inventory and other	Merchandise inventory and other	29.4	—	29.4	Merchandise inventory and other	29.4	—	29.4	
Total	Total	\$ 999.9	\$ 518.6	\$ 1,518.5	Total	\$ 999.9	\$ 518.6	\$ 1,518.5	

<sup>(1)</sup> Refer to Note 8 - Inventory Intermediation Obligations for further information.

At **June 30, 2023** **September 30, 2023**, we recorded a pre-tax inventory valuation reserve of **\$1.6 million** **\$5.0 million** due to a market price decline below our cost of certain inventory products. At December 31, 2022, we recorded a pre-tax inventory valuation reserve of \$11.2 million. We recognized a net reduction (increase) in cost of materials and other in the accompanying condensed consolidated statements of income related to the change in pre-tax inventory valuation of **\$7.9** **(\$3.4)** million and **\$9.6 million** **\$6.2 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **(\$7.3)** **(\$20.3)** million and **\$1.2 million** **(\$19.1)** million for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively.

For the three months ended June 30, 2023, we recorded an immaterial cumulative error correction of approximately \$8.0 million, which was reflected as an adjustment to total cost of sales. This adjustment related to spare parts that should have been included in inventories. The impact of the balance sheet error correction would not have been material to any prior period financial statements and is not material to inventories or total cost of sales in the current period.

## 8. Inventory Intermediation Obligations

The following table summarizes our outstanding obligations under our Inventory Intermediation Agreement and Supply and Offtake Agreements:

Obligations under Inventory Intermediation Agreement	Obligations under Inventory Intermediation Agreement	As of June 30, 2023	As of December 31, 2022	Obligations under Inventory Intermediation Agreement	As of September 30, 2023	As of December 31, 2022
Obligations related to Base Layer Volumes	Obligations related to Base Layer Volumes	\$ 453.4	\$ 491.8	Obligations related to Base Layer Volumes	\$ 502.2	\$ 491.8
Current portion	Current portion	—	49.9	Current portion	—	49.9

Total obligations under Inventory Intermediation Agreement	Total obligations under Inventory Intermediation Agreement	\$ 453.4	\$ 541.7	Total obligations under Inventory Intermediation Agreement	\$ 502.2	\$ 541.7
Other (receivable) payable for monthly activity true-up	Other (receivable) payable for monthly activity true-up	\$ (12.4)	\$ 5.6	Other (receivable) payable for monthly activity true-up	\$ (11.7)	\$ 5.6
<b>Obligations under Supply and Offtake Agreements</b>	<b>Obligations under Supply and Offtake Agreements</b>			<b>Obligations under Supply and Offtake Agreements</b>		
Other (receivable) payable for monthly activity true-up	Other (receivable) payable for monthly activity true-up	\$ —	\$ (34.9)	Other (receivable) payable for monthly activity true-up	\$ —	\$ (34.9)

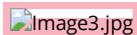
Included in the Inventory Intermediation Agreement and Supply and Offtake Agreements are cost of financing associated with the value of the inventory and other periodic charges, which we include in interest expense, net in the condensed consolidated statements of income. In addition to the cost of financing charges, we have other intermediation fees which include market structure settlements, where we may pay or receive amounts based on market conditions and volumes subject to the intermediation agreement. These market structure settlements are recorded in cost of materials and other in the condensed consolidated statements of income. The following table summarizes these fees:

Net fees and expenses:	Net fees and expenses:	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022	
		Inventory intermediation fees	Interest expense, net	Inventory intermediation fees	Interest expense, net	Inventory intermediation fees	Interest expense, net	Inventory intermediation fees	Interest expense, net	Inventory intermediation fees	Interest expense, net	Inventory intermediation fees	Interest expense, net
Inventory intermediation fees	Inventory intermediation fees	\$ 7.6	\$ 18.6	\$ 13.5	\$ 37.7	\$ 58.3	\$ 16.4	\$ 71.8	\$ 54.1	\$ 16.5	\$ 5.9	\$ 46.1	\$ 16.1
Interest expense, net	Interest expense, net	\$ 15.6	\$ 5.2	\$ 29.6	\$ 10.2								

#### Inventory Intermediation Agreement

On December 22, 2022, Delek entered into an inventory intermediation agreement ("Inventory Intermediation Agreement") with Citigroup Energy Inc. ("Citi") in connection with DK Trading & Supply, LLC ("DKTS"), an indirect subsidiary of Delek. Pursuant to the Inventory Intermediation Agreement, Citi will (i) purchase from and sell to DKTS crude oil and other petroleum feedstocks in connection with refining processing operations at El Dorado, Big Spring, and Krotz Springs, (ii) purchase from and sell to DKTS all refined products produced by such refineries other than certain excluded products and (iii) in connection with such purchases and sales, DKTS will enter into certain market risk

17 |



#### Notes to Condensed Financial Statements (Unaudited)

hedges in each case, on the terms and subject to certain conditions. The Inventory Intermediation Agreement results in up to \$800 million of working capital capacity for DKTS. The Inventory Intermediation Agreement expires December 30, 2024, subject to an extension that can be executed by Citi for an additional twelve months. Prior to December 30, 2022, Delek had Supply and Offtake Agreements (the "Supply and Offtake Agreements" or the "J. Aron Agreements") with J. Aron & Company ("J. Aron"). The Inventory Intermediation Agreement replaced the Supply and Offtake Agreements that expired on December 30, 2022.

17 |



#### Notes to Condensed Financial Statements (Unaudited)

On June 21, 2023 September 18, 2023, DKTS entered into a letter agreement to the Inventory Intermediation Agreement with Citi to temporarily increase its letter of credit issued to Citi by \$100.0 million which will allow DKTS to defer payments of certain obligations under the Inventory Intermediation Agreement until July October 2023. These deferred obligations will be subject to applicable interest charges. As of June 30, 2023 September 30, 2023, we had letters of credit outstanding of \$195.0 million \$260.0 million supporting the Inventory Intermediation Agreement.

The Inventory Intermediation Agreement provides for the lease to Citi of crude oil and refined product storage facilities. At the inception of the Inventory Intermediation Agreement, we transferred title to a certain number of barrels of crude and other inventories to Citi, and the Inventory Intermediation Agreement requires the repurchase of the remaining inventory (including certain "Base Layer Volumes") at termination. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the volumes subject to the Inventory Intermediation Agreement totaled **5.8 million** **5.4 million** barrels and 6.3 million barrels, including Base Layer Volumes associated with our non-current inventory intermediation obligation of 5.5 million barrels.

The Inventory Intermediation Agreement is accounted for as an inventory financing arrangement under the fair value election provided by ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 825, *Financial Instruments* ("ASC 825"). Therefore, the crude oil and refined products barrels subject to the Inventory Intermediation Agreement will continue to be reported in our condensed consolidated balance sheets until processed and sold to a third party. At each reporting period, we record a liability equal to the repurchase obligation to Citi at current market prices. The repurchase obligations associated with the Base Layer Volumes are reflected as non-current liabilities on our condensed consolidated balance sheet to the extent that they are not contractually due within twelve months. The remaining obligation resulting from our monthly activity, including long and short inventory positions valued at market-indexed pricing, are included in current liabilities (or receivables) on our condensed consolidated balance sheet.

Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other in the condensed consolidated statements of income. With respect to the repurchase obligation, we recognized **gains** **losses** attributable to changes in fair value due to commodity-index price totaling **\$26.3 million** **\$83.5 million** and **\$39.0 million** **\$44.5 million** during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively.

### **Supply & Offtake Agreements**

Prior to December 30, 2022, Delek was a party to Supply and Offtake Agreements with J. Aron in connection with its El Dorado, Big Spring and Krotz Springs refineries. Pursuant to the Supply and Offtake Agreements, (i) J. Aron agreed to sell to us, and we agreed to buy from J. Aron, at market prices, crude oil for processing at these refineries and (ii) we agreed to sell, and J. Aron agreed to buy, at market prices, certain refined products produced at these refineries. The repurchase of Baseline Volumes at the end of the Supply and Offtake Agreement term (representing the "Baseline Step-Out Liability" or, collectively, the "Baseline Step-Out Liabilities") continued to be recorded at fair value under the fair value election included under ASC 815 and ASC 825. The Baseline Step-Out Liabilities had a floating component whose fair value reflected changes to commodity price risk with changes in fair value recorded in cost of materials. For the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, we recognized gains (losses) in cost of materials and other attributable to changes in fair value due to commodity-index price totaling **\$58.1 million** **\$124.2 million** and **\$206.9 million**, **(\$82.6 million)**, respectively.

### **9. Long-Term Obligations**

Outstanding borrowings under debt instruments are as follows (in millions):

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Delek Revolving Credit Facility	\$ 150.0	\$ 450.0
Delek Term Loan Credit Facility	945.3	950.0
Delek Logistics Revolving Facility	811.0	720.5
Delek Logistics Term Loan Facility	292.5	300.0
Delek Logistics 2025 Notes	250.0	250.0
Delek Logistics 2028 Notes	400.0	400.0
United Community Bank Revolver	25.0	50.0
Principle amount of long-term debt	2,873.8	3,120.5
Less: Unamortized discount and deferred financing costs	(62.9)	(66.8)
Total debt, net of unamortized discount and deferred financing costs	2,810.9	3,053.7
Less: Current portion of long-term debt	49.5	74.5
Long-term debt, net of current portion	<b>\$ 2,761.4</b>	<b>\$ 2,979.2</b>

### **9. Long-Term Obligations**

Outstanding borrowings under debt instruments are as follows (in millions):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Delek Revolving Credit Facility	\$ 0.3	\$ 450.0
Delek Term Loan Credit Facility	942.9	950.0
Delek Logistics Revolving Facility	811.2	720.5
Delek Logistics Term Loan Facility	288.7	300.0

Delek Logistics 2025 Notes		250.0	250.0
Delek Logistics 2028 Notes		400.0	400.0
United Community Bank Revolver		5.0	50.0
Principle amount of long-term debt		2,698.1	3,120.5
Less: Unamortized discount and deferred financing costs		(60.1)	(66.8)
Total debt, net of unamortized discount and deferred financing costs		2,638.0	3,053.7
Less: Current portion of long-term debt		29.5	74.5
Long-term debt, net of current portion	\$	2,608.5	\$ 2,979.2

### Delek Term Loan Credit Facility

The Delek Term Loan Credit Facility principal of \$950.0 million was drawn on November 18, 2022 at a discount of 4.00%. This senior secured facility allows for \$400.0 million in incremental loans subject to certain restrictions. Repayment terms include quarterly principal payments of \$2.4 million with the balance of principal due on November 19, 2029. At Delek's option, borrowings bear interest at either the Adjusted Term Secured Overnight Financing Rate ("SOFR") or base rate as defined by the agreement, plus an applicable margin of 2.50% per annum with respect to base rate borrowings and 3.50% per annum with respect to SOFR borrowings. At **June 30, 2023** **September 30, 2023** and December 31, 2022, the weighted average borrowing rate was approximately **8.70%** **8.92%** and 7.92%; respectively. The effective interest rate was **9.95%** **10.16%** as of **June 30, 2023** **September 30, 2023**.

### Delek Logistics Term Loan Facility

The Delek Logistics Term Loan Facility principal of \$300.0 million was drawn on October 13, 2022. On November 6, 2023, Delek Logistics entered into a First Amendment, a Second Amendment and a Third Amendment to the Delek Logistics Credit Facility (together, the "Amendments") to extend the maturity of the Term Loan Facility to April 15, 2025. In addition, the Amendments added a maturity acceleration clause which will accelerate the maturity of the Delek Logistics Term Loan Facility to 180 days prior to the stated maturity date of the Delek Logistics 2025 Notes if any of the Delek Logistics 2025 Notes remain outstanding on that date. This senior secured facility requires four quarterly amortization payments of \$3.8 million in 2023, and three four quarterly amortization payments of \$7.5 million in 2024 and one quarterly amortization payment of \$7.5 million in 2025 with final maturity and principal due on **October 13, 2024** **April 15, 2025**. At Delek Logistics' option, borrowings bear interest at either the SOFR or U.S. dollar prime rate, plus an applicable margin. The applicable margin is 2.50% for the first year and 3.00% for the second year for U.S. dollar prime rate borrowings. SOFR borrowings include a credit spread adjustment of 0.10% to 0.25% plus an applicable margin of 3.50% for the first year and 4.00% for the second year. At **June 30, 2023** **September 30, 2023** and December 31, 2022, the weighted average borrowing rate was approximately **8.41%** **8.92%** and 7.92%, respectively. The effective interest rate was **9.98%** **9.48%** as of **June 30, 2023** **September 30, 2023**.

19 |



### Notes to Condensed Financial Statements (Unaudited)

#### Revolving Credit Facilities

Available capacity and amounts outstanding for each of our revolving credit facilities as of **June 30, 2023** **September 30, 2023** are shown below (in millions):

	Total Capacity	Outstanding Borrowings	Outstanding Letters of Credit	Available Capacity	Maturity Date		Total Capacity	Outstanding Borrowings	Outstanding Letters of Credit	Available Capacity	Maturity Date
Delek						Delek					
Delek Revolving Credit Facility (1)	\$ 1,100.0	\$ 150.0	\$ 251.5	\$ 698.5	October 26, 2027	Revolving Credit Facility (1)	\$ 1,100.0	\$ 0.3	\$ 301.6	\$ 798.1	October 26, 2027
Delek Logistics Revolving Facility (2)	\$ 900.0	\$ 811.0	\$ —	\$ 89.0	October 13, 2027	Delek Logistics Revolving Facility (2)	\$ 900.0	\$ 811.2	\$ —	\$ 88.8	October 13, 2027
United Community Bank Revolver (3)	\$ 25.0	\$ 25.0	\$ —	\$ —	June 30, 2024	Bank Revolver (3)	\$ 25.0	\$ 5.0	\$ —	\$ 20.0	June 30, 2024

(1) Total capacity includes letters of credit up to \$500.0 million. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.30% per annum. Interest is measured at either the SOFR, base rate, or Canadian dollar bankers' acceptances rate ("CDOR"), plus an applicable margin of 0.25% to 0.75% per annum with respect to base rate borrowings or 1.25% to 1.75% per annum with respect to SOFR and CDOR. As of June 30, 2023 and December 31, 2022, the weighted average interest rate was 6.45% and 5.67%, respectively.

(2) Total capacity includes letters of credit up to \$115.0 million and \$25.0 million for swing line loans. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.50% per annum. Interest is measured at either the U.S. dollar prime rate plus an applicable margin of 1.00% to 2.00% depending on Delek Logistics' leverage ratio, or a SOFR rate plus a credit spread adjustment of 0.10% to 0.25% and an applicable margin ranging from 2.00% to 3.00% depending on the leverage ratio. As of June 30, 2023 and December 31, 2022, the weighted average interest rate was 7.95% and 7.55%, respectively.

(3) Requires a quarterly fee of 0.50% per year on the average unused revolving commitment. The weighted average borrowing rate as of June 30, 2023 and December 31, 2022 was 7.50% and 6.75%, respectively.

(1) Total capacity includes letters of credit up to \$500.0 million. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.30% per annum. Interest is measured at either the SOFR, base rate, or Canadian dollar bankers' acceptances rate ("CDOR"), plus an applicable margin of 0.25% to 0.75% per annum with respect to base rate borrowings or 1.25% to 1.75% per annum with respect to SOFR and CDOR. As of September 30, 2023 and December 31, 2022, the weighted average interest rate was 6.68% and 5.67%, respectively.

(2) The Delek Logistics Revolving Facility's maturity date will accelerate to 180 days prior to the stated maturity date of the Delek Logistics 2025 Notes if any of the Delek Logistics 2025 Notes remain outstanding on that date. Total capacity includes letters of credit up to \$115.0 million and \$25.0 million for swing line loans. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.50% per annum. Interest is measured at either the U.S. dollar prime

accelerate to  
180 days  
prior to the  
stated  
maturity date  
of the Delek  
Logistics  
2025 Notes if  
any of the  
Delek  
Logistics  
2025 Notes  
remain  
outstanding  
on that date.

Total  
capacity  
includes  
letters of  
credit up to  
\$115.0  
million and  
\$25.0 million  
for swing line  
loans. This  
facility  
requires a  
quarterly  
unused  
commitment  
fee based on  
average  
commitment  
usage,  
currently at  
0.50% per  
annum.  
Interest is  
measured at  
either the  
U.S. dollar  
prime rate  
plus an  
applicable  
margin of  
1.00% to  
2.00%  
depending on  
Delek  
Logistics'  
leverage  
ratio, or a  
SOFR rate  
plus a credit  
spread  
adjustment  
of 0.10% to  
0.25% and an  
applicable  
margin  
ranging from

rate plus an applicable margin of 1.00% to 2.00% depending on Delek Logistics' leverage ratio, or a SOFR rate plus a credit spread adjustment of 0.10% to 0.25% and an applicable margin ranging from 2.00% to 3.00% depending on the leverage ratio. As of September 30, 2023 and December 31, 2022, the weighted average interest rate was 8.45% and 7.55%, respectively.

2.00% to  
3.00%  
depending on  
the leverage  
ratio. As of  
September  
30, 2023 and  
December  
31, 2022, the  
weighted  
average  
interest rate  
was 8.45%  
and 7.55%,  
respectively.

(a) Requires a  
quarterly fee  
of 0.50% per  
year on the  
average  
unused  
revolving  
commitment.

The weighted  
average  
borrowing  
rate as of  
September  
30, 2023 and  
December  
31, 2022 was  
7.75% and  
6.75%,  
respectively.

(a) Requires a quarterly fee of 0.50% per year on the average unused revolving  
commitment. The weighted average borrowing rate as of September 30, 2023 and  
December 31, 2022 was 7.75% and 6.75%, respectively.

#### ***Delek Logistics Revolving Credit Facility***

On November 6, 2023, Delek Logistics entered into the Amendments which among other things: (i) increased the U.S. Revolving Credit Commitments (as defined in the Delek Logistics Credit Facility) by an amount equal to \$150.0 million, resulting in aggregate lender commitments under the Delek Logistics Revolving Credit Facility in an amount of \$1.050 billion and (ii) increased the limit allowed for general unsecured debt (as defined in the Delek Logistics Credit Facility) by an amount equal to \$95.0 million, resulting in an unsecured general debt limit of \$150.0 million.

#### ***United Community Bank Revolver***

On June 9, 2023, we amended the United Community Bank Revolver to reduce commitments from \$50.0 million to \$25.0 million and extended the maturity date to June 30, 2024.

#### ***Delek Logistics 2025 Notes***

Our Delek Logistics 2025 Notes are general unsecured senior obligations comprised of \$250.0 million in aggregate principal of 6.75% senior notes maturing on May 15, 2025. The Delek Logistics 2025 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' existing subsidiaries (other than Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. Interest is payable semi-annually in arrears on May 15 and November 15. As of **June 30, 2023** **September 30, 2023**, the effective interest rate was **7.17%** **7.18%**.

#### ***Delek Logistics 2028 Notes***

Our Delek Logistics 2028 Notes are general unsecured senior obligations comprised of \$400.0 million in aggregate principal amount of 7.125% senior notes maturing June 1, 2028. The Delek Logistics 2028 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' subsidiaries (other than Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. Interest is payable semi-annually in arrears on June 1 and December 1. As of **June 30, 2023** **September 30, 2023**, the effective interest rate was 7.39%.

## Guarantees Under Revolver and Term Facilities

The obligations of the borrowers under the Delek Term Loan Credit Facility and the Delek Revolving Credit Facility are guaranteed by Delek and each of its direct and indirect, existing and future, wholly-owned domestic subsidiaries, subject to customary exceptions and limitations, and excluding Delek Logistics Partners, LP, Delek Logistics GP, LLC, and each subsidiary of the foregoing (collectively, the "MLP Subsidiaries"). Borrowings under the Delek Term Loan Credit Facility and the Delek Revolving Credit Facility are also guaranteed by DK Canada Energy ULC, a British Columbia unlimited liability company and a wholly-owned restricted subsidiary of Delek.

The obligations under the Delek Logistics Revolving Facility and Term Loan Facility are secured by first priority liens on substantially all of Delek Logistics' tangible and intangible assets.

20 |



Notes to Condensed Financial Statements (Unaudited)

## Restrictive Terms and Covenants

Under the terms of our debt facilities, we are required to comply with usual and customary financial and non-financial covenants. Certain of our debt facilities contain limitations on future transactions such as incurrence of additional indebtedness, investments, affiliate transactions, asset acquisitions or dispositions, and dividends or distributions. As of **June 30, 2023** **September 30, 2023**, we were in compliance with covenants on all of our debt instruments.

Some of Delek's subsidiaries have restrictions in their respective credit facilities limiting their use of assets. As of **June 30, 2023** **September 30, 2023**, we had no subsidiaries with restricted net assets which would prohibit earnings from being transferred to the parent company for its use.

## 10. Derivative Instruments

We use the majority of our derivatives to reduce normal operating and market risks with the primary objective of reducing the impact of market price volatility on our results of operations. As such, our use of derivative contracts is aimed at:

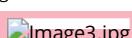
- limiting our exposure to commodity price fluctuations on inventory above or below target levels (where appropriate) within each of our segments;
- managing our exposure to commodity price risk associated with the purchase or sale of crude oil, feedstocks/intermediates and finished grade fuel within each of our segments;
- managing our exposure to market crack spread fluctuations;
- managing the cost of our **Renewable Identification Numbers ("RINs")** credits required by the U.S. Environmental Protection Agency ("EPA") to blend biofuels into fuel products ("RINs Obligation") using future commitments to purchase or sell RINs at fixed prices and quantities; and
- limiting the exposure to interest rate fluctuations on our floating rate borrowings.

We primarily utilize commodity swaps, futures, forward contracts and options contracts, generally with maturity dates of three years or less, and from time to time interest rate swaps or caps to achieve these objectives. Futures contracts are standardized agreements, traded on a futures exchange, to buy or sell the commodity at a predetermined price and location at a specified future date. Options provide the right, but not the obligation to buy or sell a commodity at a specified price in the future. Commodity swaps and futures contracts require cash settlement for the commodity based on the difference between a fixed or floating price and the market price on the settlement date, and options require payment/receipt of an upfront premium. Because these derivatives are entered into to achieve objectives specifically related to our inventory and production risks, such gains and losses (to the extent not designated as accounting hedges and recognized on an unrealized basis in other comprehensive income) are recognized in cost of materials and other.

Forward contracts are agreements to buy or sell a commodity at a predetermined price at a specified future date, and for our transactions, generally require physical delivery. Forward contracts where the underlying commodity will be used or sold in the normal course of business qualify as normal purchases and normal sales ("NPNS") pursuant to ASC 815. If we elect the NPNS exception, such forward contracts are not accounted for as derivative instruments but rather are accounted for under other applicable GAAP. Commodity forward contracts accounted for as derivative instruments are recorded at fair value with changes in fair value recognized in earnings in the period of change. Our Canadian crude trading operations are accounted for as derivative instruments, and the related unrealized and realized gains and losses are recognized in other operating income, net on the condensed consolidated statements of income. Additionally, as of and for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, other forward contracts accounted for as derivatives that are specific to managing crude costs rather than for trading purposes are recognized in cost of materials and other on the condensed consolidated statements of income in our refining segment, and are included in our disclosures of commodity derivatives in the tables below.

Futures, swaps or other commodity related derivative instruments that are utilized to specifically provide economic hedges on our Canadian forward contract or investment positions are recognized in other operating income, net because that is where the related underlying transactions are reflected.

20 |



Notes to Condensed Financial Statements (Unaudited)

From time to time, we also enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs Obligation. These future RINs commitment contracts meet the definition of derivative instruments under ASC 815, and are recorded at estimated fair value in accordance with the provisions of ASC 815. Changes in the fair value of these future RINs commitment contracts are recorded in cost of materials and other on the condensed consolidated statements of income. As of **June 30, 2023** **September 30, 2023**, we do not believe there is any material credit risk with respect to the counterparties to any of our derivative contracts.

The following table presents the fair value of our derivative instruments as of **June 30, 2023**, **September 30, 2023** and December 31, 2022. The fair value amounts below are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under our master netting arrangements, including cash collateral on deposit with our counterparties. We have elected to offset the recognized fair value amounts for multiple derivative instruments executed with the same counterparty in our financial statements. As a result, the asset and liability amounts below differ from the amounts presented in our condensed consolidated balance sheets. See Note 11 for further information regarding the fair value of derivative instruments (in millions).

Derivative Type	Balance Sheet Location	June 30, 2023		December 31, 2022	
		Assets	Liabilities	Assets	Liabilities
<b>Derivatives not designated as hedging instruments:</b>					
21   Commodity derivatives (1)	Other current assets	\$ 181.5	\$ (171.5)	\$ 217.1	\$ (204.4)
Commodity derivatives (1)	Other current liabilities	—	—	101.0	(100.5)
Commodity derivatives (1)	Other long-term assets	1.3	(1.0)	1.1	(0.8)
RINs commitment contracts (2)	Other current assets	3.0	—	9.7	—
RINs commitment contracts (2)	Other current liabilities	—	(3.9)	—	(6.6)
<b>Total gross fair value of derivatives</b>		<b>September 30, 2023</b>	<b>(3.9)</b>	<b>December 31, 2022</b>	<b>(6.6)</b>
<b>Derivative Type</b>					
<b>Balance Sheet Location</b>					
		<b>Assets</b>	<b>185.8</b>	<b>Assets</b>	<b>328.9</b>
			<b>Liabilities</b>	<b>(177.9)</b>	<b>Liabilities</b>
<b>Less: Counterparty netting and cash collateral (3):</b>					
Total net fair value of derivatives (1)	Other current assets	\$ 159.6	(172.5)	306.2	(320.0)
Commodity derivatives (1)	Other current liabilities	19.5	(20.4)	101.0	(129.5)
Commodity derivatives (1)	Other long-term assets	0.6	(0.6)	1.1	(0.8)
RINs commitment contracts (2)	Other current assets	2.1	—	9.7	—
RINs commitment contracts (2)	Other current liabilities	—	(3.3)	—	(6.6)
Total gross fair value of derivatives	—	139.1	(150.9)	328.9	(341.3)
Less: Counterparty netting and cash collateral (3)	—	124.8	(146.6)	306.2	(320.0)
<b>Total net fair value of derivatives</b>		<b>\$ 14.3</b>	<b>\$ (4.3)</b>	<b>\$ 22.7</b>	<b>\$ (21.3)</b>

(1) As of **June 30, 2023**, **September 30, 2023** and December 31, 2022, we had open derivative positions representing **152,606,574**, **86,907,586** and **158,307,020** barrels, respectively, of crude oil and refined petroleum products. Additionally, as of **June 30, 2023**, **September 30, 2023** and December 31, 2022, we had open derivative positions representing **6,787,500**, **1,705,000** and **2,310,000** million British Thermal Units ("MMBTU"), respectively, of natural gas products.

(2) As of **June 30, 2023**, **September 30, 2023** and December 31, 2022, we had open RINs commitment contracts representing **81,100,000**, **17,000,000** and **259,022,967** RINs, respectively.

(3) As of **June 30, 2023**, **September 30, 2023** and December 31, 2022, **\$12.9 million**, **\$21.8 million** and **\$13.8 million**, respectively, of cash collateral held by counterparties has been netted with the derivatives with each counterparty.

Total gains (losses) on our non-trading commodity derivatives and RINs commitment contracts recorded in the condensed consolidated statements of income are as follows (in millions) (2):

	Gains (losses)	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,				
		2023		2022		2023		2022		2023		2022		
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Gains (losses) on hedging derivatives not designated as hedging instruments recognized in cost of materials and other (1)	Gains (losses) on hedging derivatives not designated as hedging instruments recognized in cost of materials and other (1)	\$ 5.3	\$ (34.4)	\$ 10.7	\$ (105.8)	Gains (losses) on hedging derivatives not designated as hedging instruments recognized in cost of materials and other (1)	\$ (97.1)	\$ 78.0	\$ (86.4)	\$ (27.7)				

Gains (losses) on non-trading physical forward contract commodity derivatives in cost of materials and other	Gains (losses) on non-trading physical forward contract commodity derivatives in cost of materials and other	—	8.2	(2.4)	4.8	Gains (losses) on non-trading physical forward contract commodity derivatives in cost of materials and other	—	0.3	(2.4)	5.1
Losses on hedging derivatives not designated as hedging instruments recognized in operating expenses	Losses on hedging derivatives not designated as hedging instruments recognized in operating expenses	—	(1.7)	—	(1.7)	Losses on hedging derivatives not designated as hedging instruments recognized in operating expenses	—	—	—	(1.7)
Total gains (losses)	Total gains (losses)	\$ 5.3	(27.9)	\$ 8.3	\$ (102.7)	Total gains (losses)	\$ (97.1)	78.3	\$ (88.8)	\$ (24.3)

(1) Gains (losses) on commodity derivatives that are economic hedges but not designated as hedging instruments include unrealized gains (losses) of \$(6.6) \$(78.8) million and \$23.3 million for the three and sixmonths ended June 30, 2023 , respectively, and \$66.1 million and \$(4.6) \$(55.5) million for the three and six nine months ended June 30, 2022 September 30, 2023 , respectively, and \$24.8 million and \$20.2 million for the three and ninemonths ended September 30, 2022, respectively.

(2) See separate table below for disclosures about "trading derivatives."

21 |



#### Notes to Condensed Financial Statements (Unaudited)

Total gains (losses) on our trading derivatives (none of which were designated as hedging instruments) recorded in other operating (income) expense, net on the condensed consolidated statements of income are as follows (in millions):

Trading	Physical	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022		2023		2022	
		Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains	Realized gains	Unrealized gains
Trading	Physical	\$ 5.9	\$ 2.9	\$ 7.2	\$ 20.9												
Physical	Physical																
Forward	Forward																
Contract	Contract																
Commodity	Commodity																
Derivatives	Derivatives																
Realized gains		\$ 5.9	\$ 2.9	\$ 7.2	\$ 20.9												
Realized (losses) gains																	
Unrealized gains (losses)	Unrealized gains (losses)	1.9	0.1	0.1	(0.3)												
Total	Total	\$ 7.8	\$ 3.0	\$ 7.3	\$ 20.6												

Trading Hedging Commodity Derivatives	Trading Hedging Commodity Derivatives	Trading Hedging Commodity Derivatives
Realized (loses) gains	\$ (3.1)	\$ (3.0)
Realized (loses) gains	\$ (1.7)	\$ 11.9
Unrealized gains (losses)	1.2	0.6
Unrealized gains (losses)	2.3	(16.5)
Total	Total	Total
	\$ (1.9)	\$ (2.4)
	\$ 0.6	\$ (4.6)
	\$ (0.2)	\$ 0.4
	\$ 0.4	\$ (4.2)

22 |


[Notes to Condensed Financial Statements \(Unaudited\)](#)

## 11. Fair Value Measurements

Our assets and liabilities that are measured at fair value include commodity derivatives, investment commodities, environmental credits obligations, our Inventory Intermediation Agreement, and Supply and Oftake Agreements. ASC 820, Fair Value Measurements ("ASC 820"), requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting our assumptions about pricing by market participants.

Our commodity derivative contracts, which consist of commodity swaps, exchange-traded futures, options and physical commodity forward purchase and sale contracts (that do not qualify for the NPNS exception under ASC 815), are valued based on exchange pricing and/or price index developers such as Platts or Argus and are, therefore, classified as Level 2.

To the extent that we have purchased RINs or transferred RINs to our refineries, each refinery's RINs Obligation may be a surplus or deficit at the end of each reporting period (their respective "Net RINs Obligation"). Because our Net RINs Obligations exceed the RINs we are able to generate annually on a consolidated basis, and because we have the legal ability to transfer RINs generated or purchased through any of our entities to our obligated parties as needed, we view and manage the Company's individual Net RINs Obligations, as well as any non-obligated party RINs holdings, on a consolidated basis. Therefore, the sum of our individual obligated parties' Net RINs Obligations as well as RINs held by our non-obligated parties which meet our recognition criteria, comprises the Company's "Consolidated Net RINs Obligation." Our RINs commitment contracts are future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our Consolidated Net RINs Obligation. These RINs commitment contracts (which are forward contracts accounted for as derivatives – see Note 10) are categorized as Level 2, and are measured at fair value based on quoted prices from an independent pricing service.

Our environmental credits obligation surplus or deficit includes the Consolidated Net RINs Obligation surplus or deficit, as well as other environmental credit obligation surplus or deficit positions subject to fair value accounting pursuant to our accounting policy. The environmental credits obligation surplus or deficit is categorized as Level 2, if measured at fair value either directly through observable inputs or indirectly through market-corroborated inputs, and gains (losses) related to changes in fair value are recorded as a component of cost of materials and other in the consolidated statements of income. With respect to our Consolidated Net RINs Obligation surplus or deficit, we recognized gains (losses) on changes in fair value totaling **\$2.1** **\$3.6** million and **\$1.8** million for the three and nine months ended **September 30, 2023**, respectively, and **\$(12.6)** million and **\$(1.8)** **\$(53.6)** million for the three and **six** nine months ended **June 30, 2023**, respectively, and **\$(39.8)** million and **\$(41.0)** million for the three and six months ended **June 30, 2022** **September 30, 2022**, respectively, primarily attributable to changes in the market prices of the underlying credits that occurred at the end of each quarter.

22 |


[Notes to Condensed Financial Statements \(Unaudited\)](#)

As of and for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022, we elected to account for our Inventory Intermediation step-out liability and our J. Aron step-out liability at fair value in accordance with ASC 825, as it pertains to the fair value option. This standard permits the election to carry financial instruments and certain other items similar to financial instruments at fair value on the balance sheet, with all changes in fair value reported in earnings. With respect to the Inventory Intermediation Agreement and the amended and restated Supply and Oftake Agreements, we apply fair value measurement as follows: (1) we determine fair value for our amended variable step-out liability based on changes in fair value related to market volatility based on a floating commodity-index price, and for our amended fixed step-out liability based on changes to interest rates and the timing and amount of expected future cash settlements where such obligation is categorized as Level 2. Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other, and changes in fair value due to interest rate risk are recorded as a component of interest expense in the condensed consolidated statements of income; and (2) we determine fair value of the commodity-indexed revolving over/short inventory financing liability based

on the market prices for the consigned crude oil and refined products collateralizing the financing/funding where such obligation is categorized as Level 2 and is presented in the current portion of the Obligation under Inventory Intermediation Agreement on our condensed consolidated balance sheets. Gains (losses) related to the change in fair value are recorded as a component of cost of materials and other in the consolidated statements of income. See Note 8 for discussion of gains and losses recognized from changes in fair value.

The fair value of the Delek Logistics 2028 Notes is measured based on quoted market prices in an active market, defined as Level 1 in the fair value hierarchy. The carrying value (excluding unamortized debt issuance costs) and estimated fair value of these notes was \$400.0 million and \$372.1 million, respectively, as of **June 30, 2023** September 30, 2023, and \$400.0 million and \$359.7 million, respectively, at December 31, 2022.

23 |



#### Notes to Condensed Financial Statements (Unaudited)

The fair value approximates the historical or amortized cost basis comprising our carrying value for all other financial instruments and therefore are not included in the table below. The fair value hierarchy for our financial assets and liabilities accounted for at fair value on a recurring basis was as follows (in millions):

		As of June 30, 2023				As of September 30, 2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	Assets					Assets			
Commodity derivatives	Commodity derivatives	\$ —	\$ 182.8	\$ —	\$ 182.8	Commodity derivatives	\$ —	\$ 137.0	\$ —
RINs commitment contracts	RINs commitment contracts	—	3.0	—	3.0	RINs commitment contracts	—	2.1	—
Total assets	Total assets	—	185.8	—	185.8	Total assets	—	139.1	—
Liabilities	Liabilities					Liabilities			
Commodity derivatives	Commodity derivatives	—	(174.0)	—	(174.0)	Commodity derivatives	—	(147.6)	—
RINs commitment contracts	RINs commitment contracts	—	(3.9)	—	(3.9)	RINs commitment contracts	—	(3.3)	—
Environmental credits obligation deficit	Environmental credits obligation deficit	—	(76.2)	—	(76.2)	Environmental credits obligation deficit	—	(38.8)	—
Inventory Intermediation Agreement obligation	Inventory Intermediation Agreement obligation	—	(453.4)	—	(453.4)	Inventory Intermediation Agreement obligation	—	(502.2)	—
Total liabilities	Total liabilities	—	(707.5)	—	(707.5)	Total liabilities	—	(691.9)	—
Net liabilities	Net liabilities	\$ —	\$ (521.7)	\$ —	\$ (521.7)	Net liabilities	\$ —	\$ (552.8)	\$ —
As of December 31, 2022									
		Level 1	Level 2	Level 3	Total				
Assets									
Commodity derivatives		\$ —	\$ 319.2	\$ —	\$ 319.2				
RINs commitment contracts		—	9.7	—	9.7				
Total assets		—	328.9	—	328.9				
Liabilities									
Commodity derivatives		—	(334.7)	—	(334.7)				
RINs commitment contracts		—	(6.6)	—	(6.6)				
Environmental credits obligation deficit		—	(295.5)	—	(295.5)				
Inventory Intermediation Agreement obligation		—	(541.7)	—	(541.7)				
Total liabilities		—	(1,178.5)	—	(1,178.5)				
Net liabilities		\$ —	\$ (849.6)	\$ —	\$ (849.6)				

The derivative values above are based on analysis of each contract as the fundamental unit of account as required by ASC 820. In the table above, derivative assets and liabilities with the same counterparty are not netted where the legal right of offset exists. This differs from the presentation in the financial statements which reflects our policy, wherein we have elected to offset the fair value amounts recognized for multiple derivative instruments executed with the same counterparty and where the legal right of offset exists. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, **\$12.9 million** **\$21.8 million** and **\$13.8 million**, respectively, of cash (obligation) collateral was held by counterparty brokerage firms and has been netted with the net derivative positions with each counterparty. See Note 10 for further information regarding derivative instruments.

23 |



**Notes to Condensed Financial Statements (Unaudited)**

#### **Non-Recurring Fair Value Measurements**

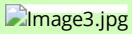
The Delaware Gathering Acquisition was accounted for as a business combination using the acquisition method of accounting, with the assets acquired and liabilities assumed at their respective acquisition date fair values at the closing date. The fair value measurements were based on a combination of valuation methods including discounted cash flows, the market approach and obsolescence adjusted replacement costs, all of which are Level 3 inputs.

#### **12. Commitments and Contingencies**

##### **Litigation**

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our financial statements. Certain environmental matters that have or may result in penalties or assessments are discussed below in the "Environmental, Health and Safety" section of this note.

24 |



**Notes to Condensed Financial Statements (Unaudited)**

#### **Environmental, Health and Safety**

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by various agencies, including the EPA, the **United States** **U.S.** Department of Transportation and the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices, pollution prevention measures and the composition of the fuels we produce, as well as the safe operation of our plants and pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws and regulations for the operation of our refineries, renewable fuels facilities, terminals, pipelines, underground storage tanks, trucks, rail cars and related operations, and may be subject to revocation, modification and renewal.

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters which could include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we manufactured, handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required for the foreseeable future to comply with existing and new requirements, as well as evolving interpretations and more strict enforcement of existing laws and regulations.

As of **June 30, 2023** **September 30, 2023**, we have recorded an environmental liability of approximately \$114.7 million, primarily related to the estimated probable costs of remediating or otherwise addressing certain environmental issues of a non-capital nature at our refineries, as well as terminals, some of which we no longer own. This liability includes estimated costs for ongoing investigation and remediation efforts for known contamination of soil and groundwater. Approximately \$3.1 million of the total liability is expected to be expended over the next 12 months, with most of the balance expended by 2032, although some costs may extend up to 30 years. In the future, we could be required to extend the expected remediation period or undertake additional investigations of our refineries, pipelines and terminal facilities, which could result in the recognition of additional remediation liabilities.

Included in our environmental liabilities as of both **June 30, 2023** **September 30, 2023** and December 31, 2022 is a liability totaling \$78.5 million related to a property that we have historically operated as an asphalt and marine fuel terminal both as an owner and, subsequently, as a lessee under an in-substance lease agreement (the "License Agreement"). The License Agreement, which provided us the license to continue operating our asphalt and marine fuel terminal operations on the property for a term of ten years and expired in June 2020, also ascribed a contractual noncontingent indemnification guarantee to certain of our wholly-owned subsidiaries related to certain incremental environmental remediation activities, predicated on the completion of certain property development activities ascribed to the lessor. Our combined liability, comprised of our environmental liability plus the estimated fair value of the noncontingent guarantee liability, was recorded in connection with the Delek/Alon Merger, effective July 1, 2017. While the License Agreement expired in June 2020, it is currently being disputed in litigation where we have determined that no loss accrual is necessary and that the amount of incremental loss that

is reasonably possible is immaterial as of **June 30, 2023** **September 30, 2023**. Such ongoing dispute causes sufficient uncertainty around the release of risk and the appropriate joint and several liability allocations thereunder that we cannot currently determine a more reasonable estimate of the potential total contingent liability that is probable, nor do we have sufficient information to better estimate the fair value of any remaining noncontingent guarantee liability. As such, as of **June 30, 2023** **September 30, 2023** and December 31, 2022, except for accretion and expenditures, our combined environmental liability related to the terminal and property remained unchanged.

24 |



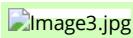
#### Notes to Condensed Financial Statements (Unaudited)

We are also subject to various regulatory requirements related to carbon emissions and the compliance requirements to remit environmental credit obligations due to the EPA or other regulatory agencies, the most significant of which relates to the RINs Obligation subject to the EPA's **RFS-2** **Renewable Fuel Standard - 2** ("RFS-2") regulations. The RFS-2 regulations are highly complex and evolving, requiring us to periodically update our compliance systems. As part of our on-going monitoring and compliance efforts, on an annual basis we engage a third party to perform procedures to review our RINs inventory, processes and compliance. The results of such procedures may include procedural findings but may also include findings regarding the usage of RINs to meet past obligations, the treatment of exported RINs, and the propriety of RINs on-hand and related adjustments to our RINs inventory, which (to the extent they are valued) offset our RINs Obligation. Such adjustments may also require communication with the EPA if they involve reportable non-compliance which could lead to the assessment of penalties.

#### **Other Losses and Contingencies**

Delek maintains property damage insurance policies which have varying deductibles. Delek also maintains business interruption insurance policies, with varying coverage limits and waiting periods. Covered losses in excess of the deductible and outside of the waiting period will be recoverable under the property and business interruption insurance policies.

25 |



#### Notes to Condensed Financial Statements (Unaudited)

#### **El Dorado Refinery Fire**

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit. Contrary to initial assessments, and despite occurring during the early stages of turnaround activity, the facility suffered operational disruptions as a result of the fire. We recognized a gain of **\$0.9 million** **\$0.2 million** and **\$0.9 million** **\$1.1 million** during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and a gain of **\$3.3 million** **\$0.5 million** and **\$7.6 million** **\$8.1 million** during the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively, related to business interruption claims. This gain is included in other operating income in the condensed consolidated statements of income. Additionally, during the three and nine months ended September 30, 2023, we accrued an additional **\$8.0 million** for uncovered litigation, claims and assessments associated with the fire, which are included in operating expenses in the condensed consolidated statements of income. In October 2023, we entered into a settlement agreement with six employees who were injured in the fire. Net impact to us after considering insurance coverage is approximately **\$10.0 million**. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries.

#### **Big Spring Refinery Fire**

On November 29, 2022, our Big Spring refinery experienced a fire in its diesel hydrotreater unit. The facility suffered operational disruptions as a result of the fire. Accelerated depreciation due to property damaged in the fire was immaterial. We incurred repair costs that may be recoverable under property and casualty insurance policies and we submitted a claim in 2023. We recognized accelerated depreciation in 2022 due to property damaged in the fire, which was recovered during the three and nine months ended September 30, 2023. An additional **\$3.3 million** was recognized as a gain, in excess of these losses, during the three and nine months ended September 30, 2023. This gain is included in other operating income in the condensed consolidated statements of income. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered property losses and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries.

#### **Winter Storm Uri**

During February 2021, the Company experienced a severe weather event ("Winter Storm Uri") which temporarily impacted operations at all of our refineries. Due to the extreme freezing conditions, we experienced reduced throughputs at our refineries as there was a disruption in the crude supply, as well as damages to various units at our refineries requiring additional operating and capital expenditures. In addition, we recognized no gain and a gain of **\$3.8 million** and **\$8.9 million** during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and a gain of **\$5.3 million** **\$6.9 million** and **\$11.0 million** **\$17.9 million** during the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively, related to property and business interruption claims. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and is expected to result in additional future recognition of insurance recoveries.

#### **13. Income Taxes**

Under ASC 740, *Income Taxes* ("ASC 740") we used an estimated annual tax rate to record income taxes for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and **June 30, 2022** **September 30, 2022**. Our effective tax rate was **71.7%** **18.8%** and **14.5%** **17.4%** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **21.4%** **19.2%** and **21.3%** **21.2%** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively. The difference between the effective tax rate and the statutory rate is generally attributable to permanent differences and discrete items. The change in our effective tax rate for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** as compared to the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022** was primarily due to a **decrease** **change** in pre-tax earnings and the impact fixed dollar favorable permanent differences on the tax rate, and **changes** **in** **adjustments** to the **second** **third** quarter estimated annual effective tax rate applied to year to date earnings.

#### 14. Related Party Transactions

Our related party transactions consist primarily of transactions with our equity method investees (See Note 6). Transactions with our related parties were as follows for the periods presented (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues <sup>(1)</sup>	\$ 32.0	\$ 27.2	\$ 49.9	\$ 43.9
Cost of materials and other <sup>(2)</sup>	\$ 52.8	\$ 23.7	\$ 98.2	\$ 47.1

25 |



#### Notes to Condensed Financial Statements (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues <sup>(1)</sup>	\$ 35.8	\$ 37.8	\$ 85.7	\$ 81.7
Cost of materials and other <sup>(2)</sup>	\$ 54.3	\$ 34.7	\$ 152.4	\$ 81.8

(1) Consists primarily of asphalt sales which are recorded in corporate, other and eliminations segment.

(2) Consists primarily of pipeline throughput fees paid by the refining segment and asphalt purchases.

26 |



#### Notes to Condensed Financial Statements (Unaudited)

#### 15. Other Current Assets and Liabilities

The detail of other current assets is as follows (in millions):

Other Current Assets	Other Current Assets	June 30, 2023	December 31, 2022	Other Current Assets	September 30, 2023	December 31, 2022
Prepaid expenses	Prepaid expenses	\$ 49.2	\$ 45.4	Prepaid expenses	\$ 42.5	\$ 45.4
Short-term derivative assets (see Note 10)	Short-term derivative assets (see Note 10)	25.9	22.4	Short-term derivative assets (see Note 10)	14.2	22.4
Investment commodities				Investment commodities	11.5	29.8
Income and other tax receivables	Income and other tax receivables	9.7	20.9	Income and other tax receivables	9.9	20.9
Investment commodities		5.6	29.8			
Other	Other	4.2	4.2	Other	7.5	4.2
Total	Total	\$ 94.6	\$ 122.7	Total	\$ 85.6	\$ 122.7

The detail of accrued expenses and other current liabilities is as follows (in millions):

Accrued Expenses and Other Current Liabilities	Accrued Expenses and Other Current Liabilities	June 30, 2023	December 31, 2022	Accrued Expenses and Other Current Liabilities	September 30, 2023	December 31, 2022
Product financing agreements	Product financing agreements	\$ 322.4	\$ 258.0	Product financing agreements	\$ 260.8	\$ 258.0

El Dorado refinery fire settlement (1)				El Dorado refinery fire settlement (1)	177.5	2.0
Crude purchase liabilities	Crude purchase liabilities	163.7	268.7	Crude purchase liabilities	146.9	268.7
Income and other taxes payable	Income and other taxes payable	132.5	120.4	Income and other taxes payable	145.2	120.4
Employee costs				Employee costs	57.1	89.2
Consolidated Net RINs Obligation deficit (see Note 11)	Consolidated Net RINs Obligation deficit (see Note 11)	76.2	295.5	Consolidated Net RINs Obligation deficit (see Note 11)	38.8	295.5
Employee costs		51.3	91.2	Deferred revenue	13.8	44.6
Deferred revenue	Deferred revenue	20.0	44.6	Short-term derivative liabilities (see Note 10)	4.2	21.3
Short-term derivative liabilities (see Note 10)	Short-term derivative liabilities (see Note 10)	5.4	21.3	Other	72.2	67.1
Other	Other	53.3	67.1	Total	\$ 916.5	\$ 1,166.8
Total	Total	\$ 824.8	\$ 1,166.8			

(1) Refer to Note 12 - Commitments and Contingencies for further information.

## 16. Equity-Based Compensation

### Delek US Holdings, Inc. 2006 and 2016 and Alon USA Energy, Inc. 2005 Long-Term Incentive Plans (collectively, the "Incentive Plans")

On May 3, 2023, the Company's stockholders approved an amendment to the Delek US Holdings, Inc. 2016 Long-Term Incentive Plan that increased the number of shares of common stock available for issuance under this plan by 2,015,000 shares to 17,010,000 shares. Compensation expense related to equity-based awards granted under the Incentive Plans amounted to \$4.9 million \$7.2 million and \$10.8 million \$18.0 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and \$6.7 million \$7.3 million and \$11.8 million \$19.1 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. These amounts are included in general and administrative expenses and operating expenses in the accompanying condensed consolidated statements of income. As of June 30, 2023 September 30, 2023, there was \$55.3 million \$47.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.7 1.6 years.

We issued net shares of common stock of 308,196 48,154 and 361,839 409,993 as a result of exercised or vested equity-based awards during the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and 289,971 53,522 and 335,771 389,293 for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. These amounts are net of 125,645 59,836 and 146,108 205,944 shares withheld to satisfy employee tax obligations related to the exercises and vesting during the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and 250,334 50,521 and 268,163 318,684 shares during the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

2627 | 

Notes to Condensed Financial Statements (Unaudited)

## 17. Shareholders' Equity

### Dividends

For 2023, our Board of Directors declared the following dividends:

Approval Date	Dividend Amount Per Share	Record Date	Payment Date
February 27, 2023	\$0.220	March 10, 2023	March 17, 2023
May 2, 2023	\$0.230	May 15, 2023	May 22, 2023
August 4, 2023	\$0.235	August 14, 2023	August 21, 2023
November 1, 2023	\$0.240	November 13, 2023	November 20, 2023

### Stock Repurchase Program

Our Board of Directors has authorized a share repurchase program under which repurchases of Delek common stock may be executed through open market transactions or privately negotiated transactions, in accordance with applicable securities laws. The timing, price and size of repurchases are made at the discretion of management and will depend on prevailing share prices, general economic and market conditions and other considerations. The authorization has no expiration date. During the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, **1,795,335** **981,690** and **1,811,627** **2,793,317** shares of our common stock were repurchased and cancelled at the time of transaction for a total of **\$40.0 million** **\$25.0 million** and **\$40.4 million** **\$65.4 million**, respectively. **No repurchases were made during** **During both the three and** **six** **nine** **months ended** **June 30, 2022** **September 30, 2022**, **1,435,602** shares were repurchased and cancelled at the time of the transaction for a total of **\$40.0 million**. As of **June 30, 2023** **September 30, 2023**, there was **\$230.1 million** **\$205.1 million** of authorization remaining under Delek's aggregate stock repurchase program.

#### **Stock Purchase and Cooperation Agreement**

On March 7, 2022, Delek entered into a stock purchase and cooperation agreement (the "Icahn Group Agreement") with IEP Energy Holding LLC, a Delaware limited liability company, American Entertainment Properties Corp., a Delaware corporation, Icahn Enterprises Holdings L.P., a Delaware limited partnership, Icahn Enterprises G.P. Inc., a Delaware corporation, Beckton Corp., a Delaware corporation, and Carl C. Icahn (collectively, the "Icahn Group"), pursuant to which the Company purchased an aggregate of 3,497,268 shares of Company common stock from the Icahn Group at a price per share of \$18.30, the closing price of a share of Company common stock on the NYSE on March 4, 2022. The aggregate purchase price of \$64.0 million was funded from cash on hand. All 3,497,268 shares were cancelled at the time of the transaction.

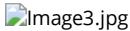
Under the terms of the Icahn Group Agreement, the Icahn Group withdrew its notice of nomination for members of the Company's board of directors at the Company's 2022 annual meeting of stockholders. Under the terms of the Icahn Group Agreement, the Icahn Group agreed to standstill restrictions which require, among other things, that until the completion of the Company's 2023 annual meeting of stockholders, the Icahn Group will refrain from acquiring additional shares of the Company Common Stock.

#### **18. Subsequent Events**

##### **Stock Repurchases**

Subsequent to **June 30, 2023** **September 30, 2023**, we made repurchases of **981,690** **769,450** shares of our common stock that were cancelled at the time of transaction for approximately **\$25.0 million** **\$20.0 million**.

**27** **28** |



Management's Discussion and Analysis

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is management's analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2023 (the "Annual Report on Form 10-K"). Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain.

Delek US Holdings, Inc. is a registrant pursuant to the Securities Act of 1933, as amended ("Securities Act") and is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DK". Unless otherwise noted or the context requires otherwise, the terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek US Holdings, Inc. and its consolidated subsidiaries for all periods presented. You should read the following discussion of our financial condition and results of operations in conjunction with our historical condensed consolidated financial statements and notes thereto.

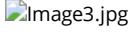
The Company announces material information to the public about the Company, its products and services and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, the Company's website ([www.delekus.com](http://www.delekus.com)), the investor relations section of its website ([ir.delekus.com](http://ir.delekus.com)), the news section of its website ([www.delekus.com/news](http://www.delekus.com/news)), and/or social media, including its Twitter account ([@DelekUSHoldings](https://twitter.com/DelekUSHoldings)). The Company encourages investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

##### **Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements that refer to the acquisition of 3 Bear Delaware Holding - NM, LLC ("3 Bear") (subsequently renamed to Delek Delaware Gathering ("Delaware Gathering")) (the "Delaware Gathering Acquisition"), including any statements regarding the expected benefits, synergies, growth opportunities, impact on liquidity and prospects, and other financial and operating benefits thereof, the information concerning possible future results of operations, business and growth strategies, including as the same may be impacted by any ongoing military conflict, such as the war between Russia and Ukraine ("the Russia-Ukraine War"), financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that, individually or in the aggregate, could cause such differences include, but are not limited to:

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products;
- reliability of our operating assets;
- actions of our competitors and customers;
- changes in, or the failure to comply with, the extensive government regulations applicable to our industry segments, including current and future restrictions on commercial and economic activities in response to future public health crises;
- our ability to execute our long-term sustainability strategy and growth through acquisitions such as the Delaware Gathering Acquisition and joint ventures, including our ability to successfully integrate acquisitions, complete strategic transactions, safety initiatives and capital projects, realize expected synergies, cost savings and other benefits therefrom, return value to shareholders, or achieve operational efficiencies;
- diminishment in value of long-lived assets may result in an impairment in the carrying value of the assets on our balance sheet and a resultant loss recognized in the statement of operations;
- the impact on commercial activity and other economic effects of any widespread public health crisis, including uncertainty regarding the timing, pace and extent of economic recovery following any such crisis;
- general economic and business conditions affecting the southern, southwestern and western U.S., particularly levels of spending related to travel and tourism;
- volatility under our derivative instruments;
- deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties);
- unanticipated increases in cost or scope of, or significant delays in the completion of, our capital improvement safety initiative and periodic turnaround projects;
- risks and uncertainties with respect to the quantities and costs of refined petroleum products supplied to our pipelines and/or held in our terminals;
- operating hazards, natural disasters, weather related disruptions, casualty losses and other matters beyond our control;
- increases in our debt levels or costs;
- possibility of accelerated repayment on a portion of our Inventory Intermediation Obligation if the purchase price adjustment feature triggers a change on the re-pricing dates;
- changes in our ability to continue to access the credit markets;
- compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;
- changes in our ability to pay dividends;
- seasonality;
- earthquakes, hurricanes, tornadoes, and other weather events, which can unforeseeably affect the price or availability of electricity, natural gas, crude

28 29 | 

#### Management's Discussion and Analysis

- oil, and other feedstocks, critical supplies, refined petroleum products and ethanol;
- increases in costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements;
- societal, legislative and regulatory measures to address climate change and greenhouse gases ~~emissions~~ emissions ("GHG");
- our ability to execute our sustainability improvement plans, including greenhouse gas reduction targets;
- acts of terrorism (including cyber-terrorism) aimed at either our facilities or other facilities;
- impacts of global conflicts such as the war between Israel and Hamas (the "Israel-Hamas War") and the Russia-Ukraine War;
  - (together) (together with OPEC, "OPEC+") regarding production and pricing and disputes between OPEC+ members regarding the same;
  - disruption, failure, or cybersecurity breaches affecting or targeting our IT systems and controls, our infrastructure, or the infrastructure of our cloud-based IT service providers;
  - changes in the cost or availability of transportation for feedstocks and refined products; and
  - other factors discussed under Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in our other filings with the SEC.
- future decisions by the Organization of Petroleum Exporting Countries ("OPEC") and the members of other leading oil producing countries

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate future results or period trends. We can give no assurances that any of the events anticipated by any forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

29 30 | 

**Executive Summary: Management's View of Our Business and Strategic Overview****Management's View of Our Business**

We are an integrated downstream energy business focused on petroleum refining, the transportation, storage and wholesale distribution of crude oil, intermediate and refined products and convenience store retailing. Our operating segments consist of refining, logistics, and retail, and are discussed in the sections that follow.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker, or CODM, assesses financial information for decision-making purposes. The change primarily represents reporting the operating results of wholesale crude operations within the refining segment. Prior to this change, wholesale crude operations were reported as part of corporate, other and eliminations. In addition, during the fourth quarter 2022, the CODM determined that EBITDA is the key performance measure for planning and forecasting purposes and discontinued the use of contribution margin as a measure of performance. We define EBITDA for any period as net income (loss) to add back interest expense, income tax expense (benefit), depreciation and amortization. While these reporting changes did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes.

**Business and Economic Environment Overview**

Our focus on safe and reliable operations is a pillar which underlines all of our business activities. We continue to identify opportunities to mitigate market risk and focus on efforts that improve our overall cost structure while not compromising operational excellence. Although average crack spreads were lower than the historic highs in the second third quarter of 2022, refining margins remain strong and demand for refined products has been robust despite a rise in crude oil prices driven by the continued constrained supply in the markets we serve. During the second third quarter 2023, given the strong refining margins, we experienced reduced throughputs at made a strategic decision to optimize our refineries as inventory levels to reduce carrying costs and improve working capital efficiency. As a result of unplanned downtime including a catalyst change at the decreased inventory levels, we had to rebalance our Big Spring refinery requiring additional operating and capital expenditures and weather related hedging positions which resulted in realizing hedging positions that were in loss positions due to the increased price environment. We will continue to identify opportunities for operational disruptions at our El Dorado refinery, partially offset by improved throughputs at our Tyler refinery as a result of turnaround activities completed in the first quarter 2023. The favorable domestic crack spreads and increased U.S. export demand has encouraged expansion in domestic refining capacity, efficiency improvements. The domestic WTI West Texas Intermediate ("WTI") differentials compared to Brent continued to be favorable during the second third quarter of 2023, while the WTI Midland differential to Cushing remained relatively flat coming off premium increased compared to the first second quarter 2023. Further impacting the favorability of our current quarter results were record refinery throughput rates driven by safe and reliable operations. Additionally, our logistics segment contributed strong results and our integration of Delek Delaware Gathering (formally 3 Bear) has expanded our existing crude oil gathering throughput capacity in the Permian while also extending our product offering to include natural gas gathering and processing as well as wastewater recycling and disposal. Our retail operations have benefited from seasonal demand from U.S. drivers and present several high-growth opportunities to capitalize on growing consumer demand for future investment convenient and accessible fueling options which will complement our existing operations and build brand equity. In September 2023, we opened a new-to-industry retail location in Tyler, TX. Our first store in this market, which features expanded food service and leading digital technology.

Although the near term economic outlook appears favorable, is uncertain, and as a result we are positioning continue to position the Company for potential economic headwinds that coincide with a potential global downturn in the economy. We continue to progress our business transformation focused on enterprise-wide opportunities to improve the efficiency of our cost structure. The expectation of reduction in the reliance of liquid fuels, a tightening of capital markets, increased regulatory pressures, and volatility in the commodity markets, are considerations that Delek must balance as we move forward with our strategic initiatives.

The energy-related legislation passed with the Inflation Reduction Act ("IRA") encompasses clean energy financial incentives that are expected to increase capital investment opportunities that focus on the development of production capacity for liquid fuels with lower greenhouse gas emissions ("GHG"). GHG. Gulf coast industries should be well positioned for growth, particularly if global trade becomes tied to environmental attributes. Our focus on reduction of greenhouse gas emissions GHG is a key objective as we strive to be a leader in the transition to a carbon neutral future. Delek formed the Sustainable Operations Team ("SOT") in 2022 which is led by our EVP, Executive Vice President, Operations. The SOT will coordinate execution of our sustainability improvement plans (beginning with GHG reduction targets) ensuring enterprise strategies, business unit operations, capital spending plans, supply chain and personnel pipeline are in alignment and operating as needed to meet established goals. Delek prioritizes stewardship of the environment, and we focus on how to positively impact our shareholders, employees, customers, and the communities where we operate.

Our near-term focus is centered around safe and reliable operations, shareholder returns including debt reductions and unlocking the "sum of the parts" value of our existing business while identifying growth opportunities to enhance the Company's scale and diversify revenue streams, including in the alternative energy markets and creating a long-term sustainable business model. We believe these strategic priorities will maximize the value of our shareholders while optimizing our asset portfolio and balance sheet.

See further discussion on macroeconomic factors and market trends, including the impact on 2023 and the outlook for the rest of the year, in the 'Market Trends' section below.

3031 |

**Refining Overview**

The refining segment (or "Refining") processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel, aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 bpd barrels per day ("bpd") as of June 30, 2023 September 30, 2023. A high-level summary of the refinery activities is presented below:

Tyler, Texas refinery (the "Tyler refinery")	El Dorado, Arkansas refinery (the "El Dorado refinery")	Big Spring, Texas refinery (the "Big Spring refinery")	Krotz Springs, Louisiana refinery (the "Krotz Springs refinery")
---	--	--	---

Total Nameplate Capacity (bpd)	75,000	80,000	73,000	74,000
Primary Products	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, petroleum coke and sulfur	Gasoline, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, asphalt and sulfur	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, aromatics and sulfur	Gasoline, jet fuel, high-sulfur diesel, light cycle oil, liquefied petroleum gases, propylene and ammonium thiosulfate
Relevant Crack Spread Benchmark	Gulf Coast 5-3-2	Gulf Coast 5-3-2 <sup>(1)</sup>	Gulf Coast 3-2-1 <sup>(2)</sup>	Gulf Coast 2-1-1 <sup>(3)</sup>
Marketing and Distribution	The refining segment's petroleum-based products are marketed primarily in the south central and southwestern regions of the United States, and the refining segment also ships and sells gasoline into wholesale markets in the southern and eastern United States. Motor fuels are sold under the Alon or Delek brand through various terminals to supply Alon or Delek branded retail sites. In addition, we sell motor fuels through our wholesale distribution network on an unbranded basis.			

<sup>(1)</sup> While there is variability in the crude slate and the product output at the El Dorado refinery, we compare our per barrel refined product margin to the U.S. Gulf Coast ("Gulf Coast") 5-3-2 crack spread because we believe it to be the most closely aligned benchmark.

<sup>(2)</sup> Our Big Spring refinery is capable of processing substantial volumes of sour crude oil, which has historically cost less than intermediate, and/or substantial volumes of sweet crude oil, and therefore the West Texas Intermediate ("WTI") Cushing/ West Texas Sour ("WTS") price differential, taking into account differences in production yield, is an important measure for helping us make strategic, market-respondent production decisions.

<sup>(3)</sup> The Krotz Springs refinery has the capability to process substantial volumes of light sweet crude oil to produce a high percentage of refined light products.

Our refining segment also owns and operates three biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas, Cleburne, Texas, and New Albany, Mississippi. In addition, the refining segment includes our wholesale crude operations.

#### Logistics Overview

Our logistics segment (or "Logistics") gathers, transports and stores crude oil and natural gas; markets, distributes, transports and stores refined products; and disposes and recycles water in select regions of the southeastern United States, West Texas and New Mexico for our refining segment and third parties. It is comprised of the consolidated balance sheet and results of operations of Delek Logistics (NYSE: DKL), where we owned a 78.7% interest at **June 30, 2023** September 30, 2023. Delek Logistics was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are currently integral to our refining and marketing operations. The logistics segment's gathering and processing business owns or leases capacity on approximately 400 miles of crude oil transportation pipelines, approximately 450 miles of refined product pipelines, and an approximately 1,120-mile crude oil gathering system. The storage and transportation business owns or leases associated crude oil storage tanks with an aggregate of approximately 10.3 million barrels of active shell capacity. It also owns and operates ten light product terminals and markets light products using third-party terminals. Logistics has strategic investments in pipeline joint ventures that provide access to pipeline capacity as well as the potential for earnings from joint venture operations. The logistics segment owns or leases approximately 264 tractors and 353 trailers used to haul primarily crude oil and other products for related and third parties.

#### Retail Overview

Our retail segment (or "Retail") at **June 30, 2023** September 30, 2023 includes the operations of 247 250 owned and leased convenience store sites located primarily in West Texas and New Mexico. Our convenience stores typically offer various grades of gasoline and diesel under the DK or Alon brand name and food products, food service, tobacco products, non-alcoholic and alcoholic beverages, general merchandise as well as money orders to the public, primarily under the 7-Eleven and DK or Alon brand names pursuant to a license agreement with 7-Eleven, Inc. In November 2018, we terminated the license agreement with 7-Eleven, Inc. and the terms of such termination and subsequent amendments require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023. Merchandise at our convenience store sites will continue to be sold under the 7-Eleven brand name until 7-Eleven branding is removed pursuant to the termination. As of **June 30, 2023** September 30, 2023, we have removed the 7-Eleven brand name at 145 180 of our store locations. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery, which is transferred to the retail segment at prices substantially determined by reference to published commodity pricing information.

#### Corporate and Other Overview

Our corporate activities, results of certain immaterial operating segments, and intercompany eliminations are reported in 'corporate, other and

32 |



#### Management's Discussion and Analysis

eliminations' in our segment disclosures. Additionally, our corporate activities include certain of our commodity and other hedging activities.

31 |



#### Management's Discussion and Analysis

## Strategic Overview

### A New Framework: Long-Term Sustainability

The emphasis on environmental responsibility and long-term economic and environmental sustainability is accelerating, with increased demand for transparency evolving out of the Environmental, Social and Governance ("ESG") movement. As we evaluate our current ESG positioning in the market, we also must integrate a broader sustainability view to all of our activities, both operational and strategic. For these reasons, we have developed a **Long-Term Sustainability Framework**, which will help us to formulate our strategic objectives and initiatives.

#### Long-Term Sustainability Framework: Overarching Objectives

Certain fundamental principles are foundational to our Long-Term Sustainability Framework, and direct us as we develop our guiding objectives. With that in mind, we have initially identified the following **overarching objectives**:

- I. Redirect Corporate Culture towards Innovation, Excellence, and Operating Discipline.
- II. Focus on Operational Optimization and Improved Margin Capture.
- III. Implement Digital Transformation Strategy.
- IV. Identify ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.
- V. Evaluate Strategic Priorities and Redefine Long-term Sustainable Business Model.

3233 |



## Management's Discussion and Analysis

### Long-Term Sustainability Framework: Key Initiatives

#### Safe and Reliable Operations

We are committed to maintaining safe, reliable, and environmentally responsible operations. We are continuously looking to reduce costs, increase reliability and safety, improve efficiency, and pursue operational improvements. Delek prioritizes stewardship of the environment, and we focus on how to positively impact our shareholders, employees, customers, and the communities where we operate. For 2023, we will be focused on the following:

- Focus on operational excellence by implementing and sustaining a low operating cost model through spending discipline, supply chain management, and innovative solutions.
- Improve discipline around outage spend and optimizing downtimes.
- Continue our progression of digital system implementations that will improve our ability to understand all aspects of our business as well as our ability to make real-time and forward-looking operational decisions. Automate processes and shift operational roles to higher value-added activities.



#### Financial Flexibility & Shareholder Returns

We believe shareholder value is strengthened through, among other things, a stable dividend complemented by share repurchases and debt reductions. We also want to reward our shareholders with a competitive long-term capital allocation framework. One of our near-term initiatives is centered around unlocking the "sum of the parts" value of our existing business while identifying growth opportunities to enhance the Company's scale and diversify revenue streams, including in the alternative energy markets. We are also committed to lowering costs and improving the efficiency of our cost structure in all aspects of our business and will continue to focus on operational excellence. We are continuously looking to improve our operating and general and administrative cost structure. For 2023, we will be focused on the following:

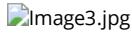
- Explore opportunities to monetize our retail operations or some of our investment in Delek Logistics, which will help us to better capture tangible value in the Delek valuation, while also improving liquidity in the market for DKL units without dilution of overall DKL market capitalization.
- Reward our shareholders with a competitive long-term capital allocation framework including share repurchases and an evaluation of debt reductions which will continue to strengthen our balance sheet.
- Monitor performance of our first phase of a zero-based budget for 2023 by setting clear mechanisms for tracking costs, including how to address variances and reallocate funds.

### Long-Term Sustainable Business Model

It is vitally important that our strategic process, especially in view of the evolutionary direction of our macroeconomic and geopolitical environment, involves a continuous evaluation of our business model in terms of long-term economic and operational sustainability. We are operating in a mature industry, with increasingly difficult operational and regulatory challenges and, likewise, pressure on operating costs/gross margins as well as the availability and cost of capital. More consolidation in our industry is expected as the regulatory environment continues to move towards reducing carbon emissions and transitions to renewable energy in the long-term. Additionally, evolving consumer and capital markets sentiment, regulations, supply chain constraints and customer demand are expected to cause disruption and increasing pressure in the intermediate term. In order to compete under historic environmental and regulatory changes, companies in our industry will need to be adaptive, forward-thinking and strategic in their approach to long-term sustainability. For 2023, we will be focused on the following:

- Continue our retail rebranding efforts and retail growth plans with additional new-to-industry locations in the planning phase. In addition, invest in industry leading digital technology which will improve brand image and customer experience.
- Identify and evaluate investment opportunities that fit our sustainability view and integrate into our current asset footprint, including strategic investments or joint ventures in renewables, incubator investments in new technologies, and other core-business investments that could improve our scalability and agility.
- Deploy integrated solutions to simplify architecture, data management, and cybersecurity.
- Pursuit of strategic investments and acquisitions with a focus on diversifying revenue streams.

33 34 |



#### Management's Discussion and Analysis

##### 2023 Strategic Developments

The following table highlights our 2023 Strategic Developments:

## 2023 Strategic Developments

### Improving Discipline Around Outage Spend and Optimizing Downtime:

Successfully completed the Tyler refinery turnaround in the first quarter of 2023 with zero process or safety incidents. The turnaround was completed substantially on time and on budget and positions us to capture market opportunities.

### Implementing Phase 1 of Our Zero-Based Budget:

We have taken steps to improve the efficiency of our cost structure and to align with our strategic priorities to drive cost efficiencies, which include cost reductions in general and administrative expenses. We are targeting \$100 million run-rate cost reduction in 2024.

### Reducing Debt to Provide Shareholder Value:

During the six nine months ended June 30, 2023 September 30, 2023, we reduced our long-term obligations by approximately \$246.7 million \$422.4 million.

### Focus on Leadership:

In March 2023, Joseph Israel was named Executive Vice President, Operations and will be responsible for refining operations at Delek and for logistics operations at Delek Logistics. Mr. Israel has 25 years of energy experience and a proven track record of driving operational excellence. Also in March 2023, Patrick Reilly was appointed Executive Vice President and Chief Commercial Officer. Mr. Reilly will work closely with Delek's management team to lead the Company's strategies to achieve its short and long-term objectives. Mr. Reilly has over 20-years of energy oil refining and trading experience. In April 2023, Tommy Chavez who has over three decades of refining experience was named Senior Vice President, Refining Operations. Mr. Chavez brings over three decades of refining experience.

### Improving Safety Through a Safety Action Plan:

As part of an ongoing review of safety practices across our refining system, we have developed a Safety Action Plan which will require previously un-budgeted capital expenditures and additional labor resources and subject matter experts. The execution of the Safety Action Plan will address a broad range of items, some of which were delayed in implementation due to the pandemic, or for other reasons.

### Increasing Shareholder Value through Payment of Dividends:

We maintained increased our quarterly cash dividend including the quarterly cash dividend of \$0.235 to \$0.240 per share of our common stock which was declared by our Board of Directors on August 4, 2023 November 1, 2023 and payable on August 21, 2023 November 20, 2023. In addition, a cash dividend of \$0.23 \$0.230 per share of our common stock was paid on May 22, 2023 and a cash dividend of \$0.235 per share of our common stock was paid on August 21, 2023.

### Increasing Shareholder Value through Share Repurchases:

During the three and nine months ended months ended June 30, 2023 September 30, 2023, 1,795,335 981,690 and 2,793,317 shares of our common stock were repurchased for a total of \$40.0 million, \$25.0 million and \$65.4 million, respectively. Subsequent to June 30, 2023 September 30, 2023, 981,690 769,450 shares of our common stock were repurchased for a total of \$25.0 million \$20.0 million.

### Executing Retail Growth Plans:

In September 2023, we opened a new-to-industry retail location in Tyler, TX. Our first store in this market, which features expanded food service and leading digital technology.

### Market Trends

Our results of operations are significantly affected by fluctuations in the prices of certain commodities, including, but not limited to, crude oil, gasoline, distillate fuel, biofuels, natural gas and electricity, among others. Historically, the impact of commodity price volatility on our refining margins (as defined in our "Non-GAAP Measures" in MD&A Item 2.), specifically as it relates to the price of crude oil as compared to the price of refined products and timing differences in the movements of those prices (subject to our inventory costing methodology), as well as location differentials, may be favorable or unfavorable compared to peers. Additionally, our refining margin profitability is impacted by regulatory factors, including the cost of renewable identification numbers ("RINs").

### Market Outlook for the Remainder of 2023

We have positioned the Company to continue to run safely, reliably and environmentally responsibly at near or above nameplate capacity while leveraging our new Delek Delaware Gathering lines of business with an eye towards the One Delek vision. Many uncertainties remain with respect to the global supply and demand of the crude oil and refined products markets and it is difficult to predict the ultimate economic impacts this may have on our operations. We Gasoline and diesel demand have returned to pre-pandemic levels and we expect gasoline and diesel demand to continue to follow typical seasonal patterns resulting from after the summer driving season. Crude oil and refined product supply continues to be restricted and should support the continued increased utilization of refining capacity which we expect to result in continued strong market conditions in downstream refining.



2023 Key Initiatives		
Safe & Reliable Operations	Financial Flexibility & Shareholder Returns	Long Term Sustainable Business Model

ü

ü

ü

ü

ü

ü

ü

ü

ü

ü

See below for further discussion on how certain key market trends impact our operating results.

3436 |



## Management's Discussion and Analysis

### Crude Prices

WTI crude oil represents the largest component of our crude slate at all of our refineries, and can be sourced through our gathering channels or optimization efforts from Midland, Texas or Cushing, Oklahoma or other locations. We manage our supply chain risk to ensure that we have the barrels to meet our crude slate consumption plan for each month through gathering supply contracts and throughput agreements on various strategic pipelines, some of which include those where we hold equity method investments. We manage market price risk on crude oil through financial derivative hedges, in accordance with our risk management strategies.

The table below reflects the quarterly average prices of WTI Midland and WTI Cushing crude oil for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



### Crude Pricing Differentials

Historically, domestic refiners have benefited from the discount for WTI Cushing compared to Brent, a global benchmark crude. This generally leads to higher margins in our refineries, as refined product prices are influenced by Brent crude prices and the majority of our crude supply is WTI-linked. Because of our positioning in the Permian basin, including our access to significant sources of WTI Midland crude through our gathering system, we are even further benefited by discounts for WTI Midland/WTI Cushing differentials. When these discounts shrink or become premiums, our reliance on WTI-linked crude pricing, and specifically WTI Midland crude, can negatively impact our refining margins. Conversely, as these price discounts widen, so does our competitive advantage, created specifically by our access to WTI Midland crude sourced through our gathering systems.

The chart below illustrates the key differentials impacting our refining operations, including WTI Cushing to Brent, WTI Midland to WTI Cushing, and Louisiana Light Sweet crude oil ("LLS") to WTI Cushing for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



3537 |



## Management's Discussion and Analysis

### Refined Product Prices

We are impacted by refined product prices in two ways: (1) in terms of the prices we are able to sell our refined product for in our refining segment, and (2) in terms of the cost to acquire the refined products to meet Refining production shortfalls (e.g., when we have outages), or to acquire refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment. These prices largely depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation.

Our refineries produce the following products:

	Tyler Refinery	El Dorado Refinery	Big Spring Refinery	Krotz Springs Refinery
Primary Products	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, petroleum coke and sulfur	Gasoline, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, asphalt and sulfur	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, aromatics and sulfur	Gasoline, jet fuel, high-sulfur diesel, light cycle oil, liquefied petroleum gases, propylene and ammonium thiosulfate

The charts below illustrate the quarterly average prices of Gulf Coast Gasoline ("CBOB"), U.S. High Sulfur Diesel ("HSD") and U.S. Ultra Low Sulfur Diesel ("ULSD") for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



## Crack Spreads

Crack spreads are used as benchmarks for predicting and evaluating a refinery's product margins by measuring the difference between the market price of feedstocks/crude oil and the resultant refined products. Generally, a crack spread represents the approximate refining margin resulting from processing one barrel of crude oil into its outputs, generally gasoline and diesel fuel.

The table below reflects the quarterly average Gulf Coast 5-3-2 ULSD, 3-2-1 ULSD and 2-1-1 HSD/LLS crack spreads for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



**36** **38** |

## Management's Discussion and Analysis

### RIN Volatility

Environmental regulations and the political environment continue to affect our refining margins in the form of volatility in the price of RINs. We enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs of our credits for commitments required by the **EPA** **U.S. Environmental Protection Agency** ("EPA") to blend biofuels into fuel products ("RINs Obligation"). On a consolidated basis, we work to balance our RINs Obligation in order to minimize the effect of RINs prices on our results. While we obtain RINs in our refining and logistics segments through our ethanol and biodiesel blending and generate RINs through biodiesel production, our refining segment still must purchase additional RINs to satisfy its obligations. Additionally, our ability to obtain RINs through blending is limited by our refined product slate, blending capabilities and market constraints. The cost to purchase these additional RINs is a significant cash outflow for our business. Increases in the market prices of RINs generally adversely affect our results of operations through changes in fair value to our existing RINs Obligation, to the extent we do not have offsetting RINs inventory on hand or effective economic hedges through net forward purchase commitments. RINs prices are highly sensitive to regulatory and political influence and conditions, and therefore often do not correlate to movements in crude oil prices, refined product prices or crack spreads. Because of the volatility in RINs prices, it is not possible to predict future RINs cost with certainty, and movements in RINs prices can have significant and unanticipated adverse effects on our refining margins that are outside of our control.

The chart below illustrates the volatility in RINs for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



### Energy Costs

Energy costs are a significant element of our Refining EBITDA and can significantly impact our ability to capture crack spreads, with natural gas representing the largest component. Natural gas prices are driven by supply-side factors such as amount of natural gas production, level of natural gas in storage and import and export activity, while demand-side factors include variability of weather, economic growth and the availability and price of other fuels. Refiners and other large-volume fuel consumers may be more or less susceptible to volatility in natural gas prices depending on their consumption levels as well as their capabilities to switch to more economical sources of fuel/energy. Additionally, geographic location of facilities make consumers vulnerable to price differentials of natural gas available at different supply hubs. Within Delek's geographic footprint, we source the majority of our natural gas from the Gulf Coast, and secondarily from the Permian, coinciding with the physical locations of our refineries. We manage our risk around natural gas prices by entering into variable and fixed-price supply contracts in both the Gulf and Permian Basin or by entering into derivative hedges based on forecasted consumption and forward curve prices, as appropriate, in accordance with our risk policy.

The chart below illustrates the quarterly average prices of Waha (Permian Basin) and Henry Hub (Gulf Coast) per million British Thermal Units ("MMBtu") for each of the quarterly periods in 2022 and for the **two** **three** quarterly periods in 2023.



**37** **39** |

### Non-GAAP Measures

Our management uses certain "non-GAAP" operational measures to evaluate our operating segment performance and non-GAAP financial measures to evaluate past performance and prospects for the future to supplement our GAAP financial information presented in accordance with U.S. GAAP. These financial and operational non-GAAP measures are important factors in assessing our operating results and profitability and include:

- Earnings before interest, taxes, depreciation and amortization ("EBITDA") - calculated as net income (loss) attributable to Delek adjusted to add back interest expense, income tax expense, depreciation and amortization; and
- Refining margin - calculated as gross margin (which we define as sales minus cost of sales) adjusted for operating expenses and depreciation and amortization included in cost of sales.

We believe these non-GAAP operational and financial measures are useful to investors, lenders, ratings agencies and analysts to assess our ongoing performance because, when reconciled to their most comparable GAAP financial measure, they provide improved comparability between periods through the exclusion of certain items that we believe are not indicative of our core operating performance and they may obscure our underlying results and trends.

Non-GAAP measures have important limitations as analytical tools, because they exclude some, but not all, items that affect net earnings and operating income. These measures should not be considered substitutes for their most directly comparable U.S. GAAP financial measures.

### Non-GAAP Reconciliations

The following table provides a reconciliation of segment EBITDA to the most directly comparable U.S. GAAP measure, net income attributable to Delek:

*Reconciliation of segment EBITDA to net (loss) income attributable to Delek (in millions)*

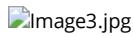
	Refining segment	Three Months Ended June				Six Months Ended June				Three Months Ended September				Nine Months Ended September 30,			
		30,		30,		30,		30,		30,		30,		30,		30,	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Refining segment	Refining segment									Refining segment							
EBITDA	EBITDA	\$ 110.5	\$ 587.9	\$ 302.6	\$ 667.9					EBITDA	\$ 285.1	\$ 90.3	\$ 587.7	\$ 758.2			
Logistics segment	Logistics segment									Logistics segment							
EBITDA	EBITDA	90.9	62.6	182.3	126.8					EBITDA	96.5	87.3	278.8	214.1			
Retail segment	Retail segment									Retail segment							
EBITDA	EBITDA	15.0	12.5	21.4	22.8					EBITDA	16.2	13.5	37.6	36.3			
Corporate, Other and Eliminations	Corporate, Other and Eliminations									Corporate, Other and Eliminations							
EBITDA	EBITDA	(58.7)	(89.2)	(108.6)	(127.3)					EBITDA	(64.0)	(56.1)	(172.6)	(183.4)			
EBITDA attributable to Delek	EBITDA attributable to Delek	\$ 157.7	\$ 573.8	\$ 397.7	\$ 690.2					EBITDA attributable to Delek	\$ 333.8	\$ 135.0	\$ 731.5	\$ 825.2			
Interest expense, net	Interest expense, net	(80.4)	(43.6)	(156.9)	(82.0)					Interest expense, net	(82.3)	(50.7)	(239.2)	(132.7)			
Income tax benefit (expense)	Income tax benefit (expense)	3.8	(100.4)	(12.0)	(103.5)					Income tax expense	(31.5)	(4.0)	(43.5)	(107.5)			
Depreciation and amortization	Depreciation and amortization	(89.4)	(68.0)	(172.8)	(136.3)					Depreciation and amortization	(91.3)	(72.9)	(264.1)	(209.2)			
Net (loss) income attributable to Delek	Net (loss) income attributable to Delek	\$ (8.3)	\$ 361.8	\$ 56.0	\$ 368.4					Net income attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8			
Net income attributable to Delek	Net income attributable to Delek																

The following table provides a reconciliation of refining margin to the most directly comparable U.S. GAAP measure, gross margin:

*Reconciliation of refining margin to gross margin (in millions)*

		Three Months Ended September 30, 2023								
		Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	
Total revenues	Total revenues	\$4,052.5	\$5,874.9	\$7,847.0	\$10,267.2	Total revenues	\$4,624.5	\$5,167.4	\$12,471.5	\$15,434.6
Cost of sales	Cost of sales	3,996.9	5,315.8	7,651.4	9,681.5	Cost of sales	4,394.4	5,138.0	12,045.8	14,819.5
<b>Gross margin</b>	<b>Gross margin</b>	\$ 55.6	\$ 559.1	\$ 195.6	\$ 585.7	<b>Gross margin</b>	\$ 230.1	\$ 29.4	\$ 425.7	\$ 615.1
Add back (items included in cost of sales):	Add back (items included in cost of sales):					Add back (items included in cost of sales):				
Operating expenses (excluding depreciation and amortization)	Operating expenses (excluding depreciation and amortization)	153.8	169.4	292.9	292.1	Operating expenses (excluding depreciation and amortization)	166.5	175.4	459.4	467.5
Depreciation and amortization	Depreciation and amortization	59.8	49.9	116.4	102.7	Depreciation and amortization	60.1	48.9	176.5	151.6
<b>Refining margin</b>	<b>Refining margin</b>	\$ 269.2	\$ 778.4	\$ 604.9	\$ 980.5	<b>Refining margin</b>	\$ 456.7	\$ 253.7	\$ 1,061.6	\$ 1,234.2

3840 |



## Management's Discussion and Analysis

## Summary Financial and Other Information

The following table provides summary financial data for Delek (in millions):

Summary Statement of Operations Data <sup>(1)</sup>	Summary Statement of Operations Data <sup>(1)</sup>	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		June 30,		June 30,		September 30,		September 30,		September 30,		September 30,	
		2023	2022 <sup>(2)</sup>	2023	2022 <sup>(2)</sup>	2023	2022 <sup>(2)</sup>	2023	2022 <sup>(2)</sup>	2023	2022 <sup>(2)</sup>	2023	2022 <sup>(2)</sup>
Net revenues	Net revenues	\$ 4,195.6	\$ 5,982.6	\$ 8,119.9	\$ 10,441.7	Net revenues	\$ 4,748.4	\$ 5,324.9	\$ 12,868.3	\$ 15,766.6			
Cost of sales:	Cost of sales:					Cost of sales:							
Cost of materials and other	Cost of materials and other	3,766.6	5,082.6	7,206.2	9,235.1	Cost of materials and other	4,122.1	4,916.0	11,328.3	14,151.1			
Operating expenses (excluding depreciation and amortization presented below)	Operating expenses (excluding depreciation and amortization presented below)	188.7	192.7	359.5	335.1	Operating expenses (excluding depreciation and amortization presented below)	217.7	201.3	577.2	536.4			

Depreciation and amortization	Depreciation and amortization	82.6	62.8	159.4	125.5	Depreciation and amortization	83.7	66.5	243.1	192.0
Total cost of sales	Total cost of sales	4,037.9	5,338.1	7,725.1	9,695.7	Total cost of sales	4,423.5	5,183.8	12,148.6	14,879.5
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	31.1	34.0	58.1	61.4	Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	22.7	28.2	80.8	89.6
General and administrative expenses	General and administrative expenses	75.8	122.3	147.3	172.5	General and administrative expenses	72.0	59.3	219.3	231.8
Depreciation and amortization	Depreciation and amortization	6.8	5.2	13.4	10.8	Depreciation and amortization	7.6	6.4	21.0	17.2
Other operating income, net	Other operating income, net	(6.1)	(10.3)	(16.9)	(38.7)	Other operating income, net	(2.1)	(5.8)	(19.0)	(44.5)
Total operating costs and expenses	Total operating costs and expenses	4,145.5	5,489.3	7,927.0	9,901.7	Total operating costs and expenses	4,523.7	5,271.9	12,450.7	15,173.6
Operating income	Operating income	50.1	493.3	192.9	540.0	Operating income	224.7	53.0	417.6	593.0
Interest expense, net	Interest expense, net	80.4	43.6	156.9	82.0	Interest expense, net	82.3	50.7	239.2	132.7
Income from equity method investments	Income from equity method investments	(25.5)	(15.7)	(40.1)	(26.6)	Income from equity method investments	(27.0)	(17.8)	(67.1)	(44.4)
Other expense (income), net	Other expense (income), net	0.5	(3.6)	(6.6)	(2.3)	Other expense (income), net	1.8	(0.7)	(4.8)	(3.0)
Total non-operating expenses, net	Total non-operating expenses, net	55.4	24.3	110.2	53.1	Total non-operating expenses, net	57.1	32.2	167.3	85.3
(Loss) income before income tax (benefit) expense		(5.3)	469.0	82.7	486.9					
Income tax (benefit) expense		(3.8)	100.4	12.0	103.5					
Income before income tax expense						Income before income tax expense				
Income tax expense						Income tax expense	167.6	20.8	250.3	507.7
Net (loss) income		(1.5)	368.6	70.7	383.4					
Net income						Net income	136.1	16.8	206.8	400.2
Net income attributed to non-controlling interests	Net income attributed to non-controlling interests	6.8	6.8	14.7	15.0	Net income attributed to non-controlling interests	7.4	9.4	22.1	24.4
Net (loss) income attributable to Delek		\$ (8.3)	\$ 361.8	\$ 56.0	\$ 368.4					

Net income attributable to Delek	Net income attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8
--	--	----------	--------	----------	----------

(1) This information is presented at a summary level for your reference. See the Condensed Consolidated Statements of Income in Item 1. to this Quarterly Report on Form 10-Q for more detail regarding our results of operations and net income (loss) per share.

(2) In the first quarter 2023, we reassessed the classification of certain expenses and made certain reclassification adjustments to better represent the nature of those expenses. Accordingly, we have made reclassifications to the prior period in order to conform to this revised current period classification, which resulted in a decrease in the prior period general and administrative expenses and an increase in the prior period operating expenses of approximately **\$4.2 million** **\$3.1 million** and **\$7.1 million** **\$10.2 million** for the three and **six nine** months ended **June 30, 2022** **September 30, 2022**.

We report operating results in three reportable segments:

- **Refining**
- **Logistics**
- **Retail**

Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on the segment EBITDA.

### Results of Operations

#### Consolidated Results of Operations — Comparison of the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 versus the Three and Six Nine Months Ended June 30, 2022 September 30, 2022

##### Net Income (Loss)

###### Q2 Q3 2023 vs. Q2 Q3 2022

Consolidated net loss income for the **second** **third** quarter of 2023 was **\$1.5 million** **\$136.1 million** compared to net income of **\$368.6 million** **\$16.8 million** for the **second** **third** quarter of 2022. Consolidated net loss income attributable to Delek for the **second** **third** quarter of **June 30, 2023** **September 30, 2023** was **\$8.3 million** **\$128.7 million**, or **(\$0.13)** **\$1.98** per basic share, compared to a net income of **\$361.8 million** **\$7.4 million**, or **\$5.11** **\$0.11** per basic share, for the **second** **third** quarter 2022. Explanations for significant drivers impacting net income as compared to the comparable period of the prior year are discussed in the sections below.

3941 | 

#### Management's Discussion and Analysis

##### YTD 2023 vs. YTD 2022

Consolidated net income for the **six nine** months ended **June 30, 2023** **September 30, 2023** was **\$70.7 million** **\$206.8 million** compared to a net income of **\$383.4 million** **\$400.2 million** for the **six nine** months ended **June 30, 2022** **September 30, 2022**. Consolidated net income attributable to Delek for the **six nine** months ended **June 30, 2023** **September 30, 2023** was **\$56.0 million** **\$184.7 million**, or **\$0.84** **\$2.80** per basic share, compared to income of **\$368.4 million** **\$375.8 million**, or **\$5.12** **\$5.26** per basic share, for the **six nine** months ended **June 30, 2022** **September 30, 2022**. Explanations for significant drivers impacting net income as compared to the comparable period of the prior year are discussed in the sections below.

##### Net Revenues

###### Q2 Q3 2023 vs. Q2 Q3 2022

In the **second** **third** quarter of 2023 and 2022, we generated net revenues of **\$4,195.6** **\$4,748.4 million** and **\$5,982.6** **\$5,324.9 million**, respectively, a decrease of **\$1,787.0 million** **\$576.5 million**, or **29.9%** **10.8%**. The decrease in net revenues was primarily driven by the following factors:

- in our refining segment, decreases in the average price of U.S. Gulf Coast gasoline of **31.1%** **2.5%**, ULSD of **40.2%** **14.9%**, and HSD of **57.4%** **28.7%**, partially offset by an increase in sales volume (including purchased product);
- in our logistics segment, decreases in the average volumes of gasoline and diesel sold and in the average sales price per gallon of diesel and gasoline sold in our West Texas marketing operations, partially offset by increased volumes from the Midland Gathering operations and incremental revenues from the Delaware Gathering Acquisition operations; and
- in our retail segment, a decrease in total fuel sales primarily attributable to a decrease of **\$1.06** **\$0.24** in average price charged per gallon sold partially offset by an increase and a decrease in merchandise sales primarily driven by the same-store sales increase decrease of **0.1%** **1.9%**.

##### YTD 2023 vs. YTD 2022

We generated net revenues of **\$8,119.9 million** **\$12,868.3 million** and **\$10,441.7 million** **\$15,766.6 million** during the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively, a decrease of **\$2,321.8** **\$2,898.3 million**, or **22.2%** **18.4%**. The decrease in net revenues was primarily due to the following:

- in our refining segment, decreases in volume sold and decreases in the average price of U.S. Gulf Coast gasoline of 22.5% 16.4%, ULSD of 25.0% 21.5%, and HSD of 44.7% 39.6% and decreases in wholesale activity; and activity, partially offset by an increase in sales volume (including purchased product);
- in our retail segment, a decrease in total fuel sales primarily attributable to a \$0.69 \$0.53 decrease in average price charged per gallon sold, partially offset by an increase in merchandise sales primarily driven by the same-store sales increase of 2.4% 1.1%; and

These decreases were partially offset by the following:

- in our logistics segment, increased volumes from the Midland Gathering operations and incremental revenues from the Delaware Gathering Acquisition, partially offset by decreases in the average volumes of diesel and gasoline sold and in the average sales price per gallon of diesel and gasoline sold in our West Texas marketing operations.

### Total Operating Costs and Expenses

#### Cost of Materials and Other

##### Q2 Q3 2023 vs. Q2 Q3 2022

Cost of materials and other was \$3,766.6 \$4,122.1 million for the second third quarter of 2023 compared to \$5,082.6 \$4,916.0 million for the second third quarter of 2022, a decrease of \$1,316.0 million \$793.9 million, or 25.9% 16.1%. The net decrease in cost of materials and other was primarily driven by the following:

- decreases in cost of crude oil feedstocks at the refineries, including a 32.3% decrease 10.0% decreases in the average cost of WTI Cushing crude oil and a 32.2% 10.2% decrease in the average cost of WTI Midland crude oil;
- decreases in the average diesel volumes sold and average cost per gallon of gasoline and diesel sold in our logistics segment; and
- a decrease in retail cost of materials and other due to 26.9% 9.0% decrease in average cost per gallon sold applied to higher lower fuel sales volumes.

##### YTD 2023 vs. YTD 2022

Cost of materials and other was \$7,206.2 million \$11,328.3 million for the six nine months ended June 30, 2023 September 30, 2023, compared to \$9,235.1 million \$14,151.1 million for six nine months ended June 30, 2022 September 30, 2022, a decrease of \$2,028.9 \$2,822.8 million, or 22.0% 19.9%. The net decrease in cost of materials and other primarily related to the following:

- a decrease in the cost of crude oil feedstocks at the refineries, including a 26.7% 21.5% decrease in the average cost of WTI Cushing crude oil and a 26.6% 21.3% decrease in the average cost of WTI Midland crude oil and decreased wholesale activity;
- decreases in the average diesel volumes sold and average cost per gallon of gasoline and diesel sold, partially offset by incremental cost of materials and other from the Delaware Gathering Acquisition in our logistics segment; and
- a decrease in retail cost of materials and other due to 18.5% 15.4% decrease in average cost per gallon sold applied to higher lower fuel sales volumes.

40 42 |



### Management's Discussion and Analysis

#### Operating Expenses

##### Q2 Q3 2023 vs. Q2 Q3 2022

Operating expenses (included in both cost of sales and other operating expenses) were \$219.8 million \$240.4 million for the second third quarter of 2023 compared to \$226.7 million \$229.5 million for the second third quarter of 2022, a decrease of \$6.9 million, or 3.0%. The decrease in operating expenses was primarily driven by the following:

- lower natural gas prices in 2023.

These decreases were partially offset by the following:

- an increase in maintenance costs including costs related to our Safety Action Plan, which we expect will continue at least through the end of 2023.

##### YTD 2023 vs. YTD 2022

Operating expenses (included in both cost of sales and other operating expenses) were \$417.6 million for the six months ended June 30, 2023 compared to \$396.5 million in six months ended June 30, 2022, an increase of \$21.1 million, \$10.9 million, or 5.3% 4.7%. The increase in operating expenses was primarily driven by the following:

- an increase in maintenance costs including costs related to our Safety Action Plan, which we expect will continue at least through the end of 2023;
- an additional \$8.0 million expense for uncovered litigation, claims and assessments associated with the 2021 El Dorado refinery fire.

These increases were partially offset by the following:

- lower natural gas prices in 2023.

##### YTD 2023 vs. YTD 2022

Operating expenses (included in both cost of sales and other operating expenses) were \$658.0 million for the nine months ended September 30, 2023 compared to \$626.0 million in nine months ended September 30, 2022, an increase of \$32.0 million, or 5.1%. The increase in operating expenses was primarily driven by the following:

- an increase in maintenance costs including costs related to our Safety Action Plan, which we expect will continue at least through the end of 2023;
- an additional \$8.0 million expense for uncovered litigation, claims and assessments associated with the 2021 El Dorado refinery fire; and

- an increase in employee costs.

These increases were partially offset by the following:

- lower natural gas prices in 2023.

#### **General and Administrative Expenses**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

General and administrative expenses were \$75.8 million \$72.0 million for the second third quarter of 2023 compared to \$122.3 million \$59.3 million for the second third quarter of 2022, a decrease an increase of \$46.5 million \$12.7 million, or 38.0% 21.4%. The decrease increase was primarily driven by a decrease an increase in employee costs including incentive compensation costs and restructuring costs, partially offset by no transactions transaction costs related to the Delaware Gathering Acquisition in the 2023 period.

##### **YTD 2023 vs. YTD 2022**

General and administrative expenses were \$147.3 million \$219.3 million for the six nine months ended June 30, 2023 September 30, 2023 compared to \$172.5 million \$231.8 million in six nine months ended June 30, 2022 September 30, 2022, a decrease of \$25.2 \$12.5 million, or 14.6% 5.4%. The decrease was primarily driven by a decrease in employee costs including incentive compensation costs and no transactions transaction costs related to the Delaware Gathering Acquisition in the 2023 period, partially offset by restructuring costs.

#### **Depreciation and Amortization**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$89.4 \$91.3 million for the second third quarter of 2023 compared to \$68.0 \$72.9 million for the second third quarter of 2022, an increase of \$21.4 million \$18.4 million, or 31.5% 25.2%. The increase was a result of a general increase in our fixed asset base due to capital projects and turnarounds completed since the first quarter of 2022.

##### **YTD 2023 vs. YTD 2022**

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$264.1 million and \$209.2 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of \$54.9 million, or 26.2%. The increase was a result of a general increase in our fixed asset base due to capital projects and turnarounds completed since the first quarter of 2022 and depreciation and amortization attributable to the Delaware Gathering Acquisition.

##### **YTD 2023 vs. YTD 2022**

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$172.8 million and \$136.3 million for the six months ended June 30, 2023 and 2022, respectively, an increase of \$36.5 million, or 26.8%. The increase was a result of a general increase in our fixed asset base due to capital projects and turnarounds completed since the first quarter of 2022 and amortization attributable to the Delaware Gathering Acquisition.

#### **Other Operating Income, Net**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

Other operating income, net decreased by \$4.2 \$3.7 million in the second third quarter of 2023 to \$6.1 million \$2.1 million compared to \$10.3 million \$5.8 million in the second third quarter of 2022. The decrease was primarily due to a \$3.9 million \$5.1 million decrease in insurance recoveries related to the fire and freeze events that occurred during the first quarter 2021, 2021 and fire event that occurred in the fourth quarter 2022.

41 43 |



#### Management's Discussion and Analysis

##### **YTD 2023 vs. YTD 2022**

Other operating income, net was \$16.9 million \$19.0 million and \$38.7 million \$44.5 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, a decrease of \$21.8 \$25.5 million, primarily due to an \$8.8 million a \$13.9 million decrease in insurance recoveries related to the fire and freeze events that occurred during the first quarter 2021 and fire event that occurred in the fourth quarter 2022 and decreased hedge gains realized in 2023 compared to 2022 associated with our trading derivatives.

#### **Non-Operating Expenses, Net**

##### **Interest Expense, Net**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

Interest expense, net increased by \$36.8 million \$31.6 million, or 84.4% 62.3%, to \$80.4 million \$82.3 million in the second third quarter of 2023 compared to \$43.6 million \$50.7 million in the second third quarter of 2022, primarily driven by the following:

- an increase in the average effective interest rate of 492 485 basis points in the second third quarter of 2023 compared to the second third quarter of 2022 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding); and
- a decrease in net average borrowings outstanding (including the obligations under the supply and offtake agreements which have an associated interest charge) of approximately \$256.8 million in the third quarter of 2023 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the third quarter of 2022.

#### **YTD 2023 vs. YTD 2022**

Interest expense, net was \$239.2 million in the nine months ended September 30, 2023, compared to \$132.7 million for nine months ended September 30, 2022, an increase of \$106.5 million, or 80.3% primarily due to the following:

- an increase in the average effective interest rate of 611 basis points during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding); and
- an increase in net average borrowings outstanding (including the obligations under the supply and offtake agreements which have an associated interest charge) of approximately \$92.6 million in \$350.2 million during the second quarter of 2023 nine months ended September 30, 2023 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the second quarter of 2022.

#### **YTD 2023 vs. YTD 2022**

Interest expense, net was \$156.9 million in the six nine months ended June 30, 2023, compared to \$82.0 million for six months ended June 30, 2022, an increase of \$74.9 million, or 91.3% primarily due to the following:

- an increase in the average effective interest rate of 444 basis points during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding); and
- an increase in net average borrowings outstanding (including the obligations under the supply and offtake agreements which have an associated interest charge) of approximately \$283.0 million during the six months ended June 30, 2023 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the six months ended June 30, 2022 September 30, 2022.

#### **Results from Equity Method Investments**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

We recognized income from equity method investments of \$25.5 million \$27.0 million during the second third quarter of 2023, compared to \$15.7 million \$17.8 million for the second third quarter of 2022, an increase of \$9.8 million \$9.2 million. This increase was primarily driven by the following:

- an increase in income from our asphalt terminal equity method investment due to higher volumes and resulting revenue increases; improved margins; and
- an increase in income from our investment in W2W Holdings LLC to \$6.8 million \$6.9 million in the second third quarter of 2023 from \$2.1 million \$1.2 million in the second third quarter of 2022.

#### **YTD 2023 vs. YTD 2022**

We recognized income from equity method investments of \$40.1 million \$67.1 million for the six nine months ended June 30, 2023 September 30, 2023, compared to \$26.6 million \$44.4 million for the six nine months ended June 30, 2022 September 30, 2022, an increase of \$13.5 \$22.7 million. This increase was primarily driven by the following:

- an increase in income from our asphalt terminal equity method investment due to higher volumes and resulting revenue increases; and
- an increase in income from our investment in W2W Holdings LLC to \$11.3 million \$18.2 million during the six nine months ended June 30, 2023 September 30, 2023 from \$4.2 million \$5.4 million in the six nine months ended June 30, 2022 September 30, 2022.

---

#### **Income Taxes**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

For the second third quarter of 2023, we recorded an income tax benefit of \$3.8 million compared to income tax expense of \$100.4 million \$31.5 million compared to \$4.0 million for the second third quarter of 2022, primarily driven by the following:

- a decrease in pre-tax net income of \$474.3 million \$146.8 million; and
- Our effective tax rates were 71.7% and 21.4% for the three months ended June 30, 2023 and 2022, respectively, due to the impact of fixed dollar favorable permanent differences on the tax rate and changes in the second quarter estimated annual effective tax rate applied to year to date earnings.

4244 |



---

#### **Management's Discussion and Analysis**

- Our effective tax rates were 18.8% and 19.2% for the three months ended September 30, 2023 and 2022, respectively, due to the impact of fixed dollar permanent differences on the tax rate and changes in valuation allowances on state attributes.

#### **YTD 2023 vs. YTD 2022**

For the six nine months ended June 30, 2023 September 30, 2023, we recorded income tax expense of \$12.0 million \$43.5 million compared to \$103.5 million \$107.5 million for the six nine months ended June 30, 2022 September 30, 2022, primarily driven by the following:

- a decrease in pre-tax net income of \$404.2 million \$257.4 million, and
- Our effective tax rates were 14.5% 17.4% and 21.3% 21.2% for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, due to the impact of fixed dollar favorable permanent differences on the tax rate.

## Refining Segment

The tables and charts below set forth selected information concerning our refining segment operations (\$ in millions, except per barrel amounts):

Selected Refining Financial Information									
		Three Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2023	
		Revenues	\$ 4,052.5	\$ 5,874.9	\$ 7,847.0	\$ 10,267.2	Revenues	\$ 4,624.5	\$ 5,167.4
Revenues	Revenues								\$ 12,471.5
Cost of materials and other	Cost of materials and other								\$ 15,434.6
Refining Margin	Refining Margin	3,783.3	5,096.5	7,242.1	9,286.7	4,167.8	4,913.7	11,409.9	14,200.4
Operating expenses (excluding depreciation and amortization)	Operating expenses (excluding depreciation and amortization)	\$ 269.2	\$ 778.4	\$ 604.9	\$ 980.5	Refining Margin	\$ 456.7	\$ 253.7	\$ 1,061.6
Refining segment	Refining segment	\$ 153.8	\$ 169.4	\$ 292.9	\$ 292.1	Operating expenses (excluding depreciation and amortization)	\$ 166.5	\$ 175.4	\$ 459.4
EBITDA	EBITDA	\$ 110.5	\$ 587.9	\$ 302.6	\$ 667.9	Refining segment	\$ 285.1	\$ 90.3	\$ 587.7
						EBITDA	\$ 758.2		

### Factors Impacting Refining Profitability

Our profitability in the refining segment is substantially determined by the difference between the cost of the crude oil feedstocks we purchase and the price of the refined products we sell, referred to as the "crack spread", "refining margin" or "refined product margin". Refining margin is used as a metric to assess a refinery's product margins against market crack spread trends, where "crack spread" is a measure of the difference between market prices for crude oil and refined products and is a commonly used proxy within the industry to estimate or identify trends in refining margins.

The cost to acquire feedstocks and the price of the refined petroleum products we ultimately sell from our refineries depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions such as hurricanes or tornadoes, local, domestic and foreign political affairs, global conflict, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Other significant factors that influence our results in the refining segment include operating costs (particularly the cost of natural gas used for fuel and the cost of electricity), seasonal factors, refinery utilization rates and planned or unplanned maintenance activities or turnarounds. Moreover, while the fluctuations in the cost of crude oil are typically reflected in the prices of light refined products, such as gasoline and diesel fuel, the price of other residual products, such as asphalt, coke, carbon black oil and liquefied petroleum gas ("LPG") are less likely to move in parallel with crude cost. This could cause additional pressure on our realized margin during periods of rising or falling crude oil prices.

Additionally, our margins are impacted by the pricing differentials of the various types and sources of crude oil we use at our refineries and their relation to product pricing. Our crude slate is predominantly comprised of WTI crude oil. Therefore, favorable differentials of WTI compared to other crude will favorably impact our operating results, and vice versa. Additionally, because of our gathering system presence in the Midland area and the significant source of crude specifically from that region into our network, a widening of the WTI Cushing less WTI Midland spread will favorably influence the operating margin for our refineries. Alternatively, a narrowing of this differential will have an adverse effect on our operating margins. Global product prices are influenced by the price of Brent which is a global benchmark crude. Global product prices influence product prices in the U.S. As a result, our refineries are influenced by the spread between Brent and WTI Midland. The Brent less WTI Midland spread represents the differential between the average per barrel price of Brent crude oil and the average per barrel price of WTI Midland crude oil. A widening of the spread between Brent and WTI Midland will favorably influence our refineries' operating margins. Also, the Krotz Springs refinery is influenced by the spread between Brent and LLS. The Brent less LLS spread represents the differential between the average per barrel price of Brent and the average per barrel price of LLS crude oil. A discount in LLS relative to Brent will favorably influence the Krotz Springs refinery operating margin.

Finally, Refining EBITDA is impacted by regulatory costs associated with the cost of RINs as well as energy costs, including the cost of natural gas. In periods of unfavorable regulatory sentiment, RINs prices can increase at higher rates than crack spreads, or even when crack spreads are declining. This can be particularly impactful on smaller refineries, where the operating cost structure does not have as much scalability as larger refineries. Additionally, volatility in energy costs, which are captured in our operating expenses and impact our Refining EBITDA, can significantly impact our ability to capture crack spreads, with natural gas representing the most significant component. Within Delek's geographic

footprint, we source the majority of our natural gas from the Gulf Coast, and secondarily from the Permian, and we do not currently have the capability at our refineries to switch our energy consumption to utilize alternative sources of fuel. For this reason, unfavorable Gulf Coast (Henry Hub) differentials can impact our crack spread capture.

The cost to acquire the refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment largely depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other

46 |



#### Management's Discussion and Analysis

refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation.

44 |



#### Management's Discussion and Analysis

In addition to the above, it continues to be a strategic and operational objective to manage price and supply risk related to crude oil that is used in refinery production, and to develop strategic sourcing relationships. For that purpose, from a pricing perspective, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production. We also enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage our RINs Obligation. Additionally, from a sourcing perspective, we often enter into purchase and sale contracts with vendors and customers or take physical or financial commodity positions for crude oil that may not be used immediately in production, but that may be used to manage the overall supply and availability of crude expected to ultimately be needed for production and/or to meet minimum requirements under strategic pipeline arrangements, and also to optimize and hedge availability risks associated with crude that we ultimately expect to use in production. Such transactions are inherently based on certain assumptions and judgments made about the current and possible future availability of crude. Therefore, when we take physical or financial positions for optimization purposes, our intent is generally to take offsetting positions in quantities and at prices that will advance these objectives while minimizing our positional and financial statement risk. However, because of the volatility of the market in terms of pricing and availability, it is possible that we may have material positions with timing differences or, more rarely, that we are unable to cover a position with an offsetting position as intended. Such differences could have a material impact on the classification of resulting gains/losses, assets or liabilities, and could also significantly impact Refining EBITDA.

Refinery Statistics									
Total Refining Segment	Total Refining Segment	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022
Days in period	Days in period	91	91	181	181	Days in period	92	92	273
Total sales volume - refined product (average bpd) <sup>(1)</sup>	Total sales volume - refined product (average bpd) <sup>(1)</sup>	305,688	305,300	288,795	304,587	Total sales volume - refined product (average bpd) <sup>(1)</sup>	307,626	312,877	295,141
Total production (average bpd)	Total production (average bpd)	291,715	295,457	279,230	290,784	Total production (average bpd)	303,399	300,235	287,375
Crude oil	Crude oil	282,493	294,702	265,441	283,491	Crude oil	294,726	299,973	275,310
Other feedstocks	Other feedstocks	12,988	2,602	16,642	8,703	Other feedstocks	11,222	2,276	14,815
									6,537

Total throughput (average bpd):	Total throughput (average bpd):	295,481	297,304	282,083	292,194	Total throughput (average bpd):	305,948	302,249	290,125	295,583
Crude Slate: (%) based on amount received in period)	Crude Slate: (%) based on amount received in period)					Crude Slate: (%) based on amount received in period)				
WTI crude oil	WTI crude oil	75.9 %	62.2 %	73.2 %	62.4 %	WTI crude oil	73.4 %	75.2 %	73.3 %	67.1 %
Gulf Coast Sweet Crude	Gulf Coast Sweet Crude					Gulf Coast Sweet Crude				
Local Arkansas crude oil	Local Arkansas crude oil	4.0 %	10.8 %	4.3 %	10.1 %	Local Arkansas crude oil	3.3 %	5.3 %	4.0 %	8.4 %
Other	Other	3.9 %	4.3 %	4.2 %	4.4 %	Other	4.0 %	3.5 %	4.1 %	4.1 %
Crude utilization (% based on nameplate capacity)	Crude utilization (% based on nameplate capacity)	16.2 %	22.7 %	18.3 %	23.1 %	Crude utilization (% based on nameplate capacity)	19.3 %	16.0 %	18.6 %	20.4 %
		93.5 %	97.6 %	87.9 %	93.9 %		97.6 %	99.3 %	91.2 %	95.7 %

4547 | 

#### Management's Discussion and Analysis

##### Refinery Statistics (continued)

	Tyler, TX Refinery	Three Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022	
		Days in period	Products manufactured (average bpd)	Days in period	Products manufactured (average bpd)	Days in period	Products manufactured (average bpd)	Days in period	Products manufactured (average bpd)
Days in period	Days in period	91	91	181	181	Tyler, TX Refinery		92	92
Products manufactured (average bpd):	Products manufactured (average bpd):							273	273
Gasoline	Gasoline	37,672	32,645	28,276	34,924	Gasoline	35,615	35,210	30,750
Diesel/Jet	Diesel/Jet	33,029	30,271	23,091	29,644	Diesel/Jet	34,620	33,844	26,976
Petrochemicals, LPG, natural gas liquids ("NGLs")	Petrochemicals, LPG, natural gas liquids ("NGLs")	3,031	1,983	1,890	2,116	Petrochemicals, LPG, natural gas liquids ("NGLs")	3,429	2,246	2,409
Other	Other	1,829	1,824	1,803	1,748	Other	1,959	2,032	1,856
Total production	Total production	75,561	66,723	55,060	68,432	Total			
Throughput (average bpd):	Throughput (average bpd):					production	75,623	73,332	61,991
Crude Oil	Crude Oil	72,955	66,681	51,501	66,559	Crude Oil	74,877	74,796	59,379
Other feedstocks	Other feedstocks	3,955	552	4,323	2,128	Other feedstocks	1,118	(1,123)	3,243
									69,335
									1,032

Total throughput	Total throughput	76,910	67,233	55,824	68,687	Total throughput	75,995	73,673	62,622	70,367
Per barrel of throughput:	Per barrel of throughput:					Per barrel of throughput:				
Operating expenses <sup>(2)</sup>	Operating expenses <sup>(2)</sup>	\$ 3.78	\$ 6.20	\$ 5.29	\$ 5.40	Operating expenses <sup>(2)</sup>	\$ 4.74	\$ 7.06	\$ 5.06	\$ 5.99
Crude Slate: (%) based on amount received in period)	Crude Slate: (%) based on amount received in period)					Crude Slate: (%) based on amount received in period)				
WTI crude oil	WTI crude oil	86.5 %	83.8 %	78.7 %	85.4 %	WTI crude oil	76.8 %	86.4 %	78.1 %	85.9 %
East Texas crude oil	East Texas crude oil	13.5 %	16.2 %	21.3 %	14.6 %	East Texas crude oil	23.2 %	13.6 %	21.9 %	14.1 %
<b>El Dorado, AR Refinery</b>	<b>El Dorado, AR Refinery</b>					<b>El Dorado, AR Refinery</b>				
Days in period	Days in period	91	91	181	181	Days in period	92	92	273	273
Products manufactured (average bpd):	Products manufactured (average bpd):					Products manufactured (average bpd):				
Gasoline	Gasoline	34,220	39,347	36,121	38,118	Gasoline	39,361	40,577	37,213	38,946
Diesel	Diesel	27,948	32,855	27,830	31,027	Diesel	31,927	31,372	29,211	31,143
Petrochemicals, LPG, NGLs	Petrochemicals, LPG, NGLs	1,521	1,549	1,406	1,285	Petrochemicals, LPG, NGLs	1,875	1,347	1,564	1,306
Asphalt	Asphalt	6,641	8,181	7,177	7,655	Asphalt	7,893	8,503	7,418	7,941
Other	Other	1,185	805	967	795	Other	1,168	848	1,034	813
Total production	Total production	71,515	82,737	73,501	78,880	Total production	82,224	82,647	76,440	80,149
Throughput (average bpd):	Throughput (average bpd):					Throughput (average bpd):				
Crude Oil	Crude Oil	71,449	81,510	72,040	76,827	Crude Oil	81,671	80,711	75,286	78,136
Other feedstocks	Other feedstocks	2,011	2,221	3,278	3,079	Other feedstocks	2,611	3,301	3,053	3,154
Total throughput	Total throughput	73,460	83,731	75,318	79,906	Total throughput	84,282	84,012	78,339	81,290
Per barrel of throughput:	Per barrel of throughput:					Per barrel of throughput:				
Operating expenses <sup>(2)</sup>	Operating expenses <sup>(2)</sup>	\$ 5.00	\$ 5.07	\$ 4.73	\$ 4.63	Operating expenses <sup>(2)</sup>	\$ 4.36	\$ 4.83	\$ 4.60	\$ 4.70
Crude Slate: (%) based on amount received in period)	Crude Slate: (%) based on amount received in period)					Crude Slate: (%) based on amount received in period)				
WTI crude oil	WTI crude oil	68.4 %	53.1 %	65.2 %	43.2 %	WTI crude oil	71.9 %	68.4 %	67.6 %	52.1 %
Local Arkansas crude oil	Local Arkansas crude oil	16.6 %	15.6 %	15.6 %	16.4 %	Local Arkansas crude oil	13.4 %	14.0 %	14.8 %	15.5 %
Other	Other	15.0 %	31.3 %	19.2 %	40.4 %	Other	14.7 %	17.6 %	17.6 %	32.4 %

4648 |



#### Management's Discussion and Analysis

#### Refinery Statistics (continued)

	Big Spring, TX Refinery	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,					
		2023		2022		2023		2022		2023		2022			
Days in period	Days in period	91	91	181	181	Gasoline	29,274	34,431	33,755	34,087					
Products manufactured (average bpd):	Products manufactured (average bpd):					Diesel/Jet	23,607	26,020	23,333	25,262					
Gasoline	Gasoline	33,582	34,918	36,032	33,912	Petrochemicals, LPG, NGLs	3,723	3,524	3,299	3,466					
Diesel/Jet	Diesel/Jet	20,774	27,043	23,194	24,877	Asphalt	2,220	1,701	1,833	1,662					
Petrochemicals, LPG, NGLs	Petrochemicals, LPG, NGLs	3,034	3,537	3,083	3,436	Other	5,272	1,342	3,283	1,344					
Asphalt	Asphalt	1,630	1,406	1,636	1,642	Total production	60,927	68,314	66,217	65,212	Total production	64,096	67,018	65,503	65,821
Other	Other	1,907	1,410	2,272	1,345	Throughput (average bpd):					Throughput (average bpd):				
Total production	Total production	60,927	68,314	66,217	65,212	Crude oil	59,240	70,662	63,590	65,675	Crude oil	61,046	70,955	62,733	67,455
Throughput (average bpd):	Throughput (average bpd):					Other feedstocks	3,020	(1,093)	3,818	315	Other feedstocks	3,865	(3,189)	3,834	(866)
Total throughput	Total throughput	62,260	69,569	67,408	65,990	Total throughput	62,260	69,569	67,408	65,990	Total throughput	64,911	67,766	66,567	66,589
Per barrel of refined throughput:	Per barrel of refined throughput:					Per barrel of refined throughput:					Per barrel of refined throughput:				
Operating expenses (2)	Operating expenses (2)	\$ 8.91	\$ 7.58	\$ 7.24	\$ 6.86	Operating expenses (2)	\$ 8.37	\$ 7.32	\$ 7.61	\$ 7.02	Operating expenses (2)	\$ 8.37	\$ 7.32	\$ 7.61	\$ 7.02
Crude Slate: (%) based on amount received in period)	Crude Slate: (%) based on amount received in period)					Crude Slate: (%) based on amount received in period)					Crude Slate: (%) based on amount received in period)				
WTI crude oil	WTI crude oil	66.7 %	68.2 %	71.0 %	67.5 %	WTI crude oil	64.3 %	72.7 %	68.8 %	69.3 %	WTI crude oil	64.3 %	72.7 %	68.8 %	69.3 %
WTS crude oil	WTS crude oil	33.3 %	31.8 %	29.0 %	32.5 %	WTS crude oil	35.7 %	27.3 %	31.2 %	30.7 %	WTS crude oil	35.7 %	27.3 %	31.2 %	30.7 %
Krotz Springs, LA Refinery	Krotz Springs, LA Refinery					Krotz Springs, LA Refinery					Krotz Springs, LA Refinery				
Days in period	Days in period	91	91	181	181	Days in period	92	92	273	273	Days in period	92	92	273	273
Products manufactured (average bpd):	Products manufactured (average bpd):					Products manufactured (average bpd):					Products manufactured (average bpd):				
Gasoline	Gasoline	41,191	31,298	41,517	31,979	Gasoline	38,361	32,371	40,454	32,111	Gasoline	38,361	32,371	40,454	32,111
Diesel/Jet	Diesel/Jet	31,968	32,419	32,373	31,711	Diesel/Jet	30,653	31,195	31,794	31,537	Diesel/Jet	30,653	31,195	31,794	31,537
Heavy Oils	Heavy Oils	3,725	845	3,618	1,690	Heavy Oils	5,461	944	4,239	1,439	Heavy Oils	5,461	944	4,239	1,439
Petrochemicals, LPG, NGLs	Petrochemicals, LPG, NGLs	6,588	7,152	6,730	7,040	Petrochemicals, LPG, NGLs	6,079	6,768	6,510	6,948	Petrochemicals, LPG, NGLs	6,079	6,768	6,510	6,948
Other	Other	240	5,970	214	5,840	Other	902	5,960	446	5,881	Other	902	5,960	446	5,881
Total production	Total production	83,712	77,684	84,452	78,260	Total production	81,456	77,238	83,443	77,916	Total production	81,456	77,238	83,443	77,916
Throughput (average bpd):	Throughput (average bpd):					Throughput (average bpd):					Throughput (average bpd):				
Crude Oil	Crude Oil	78,848	75,849	78,309	74,430	Crude Oil	77,132	73,510	77,912	74,120	Crude Oil	77,132	73,510	77,912	74,120
Other feedstocks	Other feedstocks	4,002	922	5,224	3,181	Other feedstocks	3,628	3,287	4,686	3,216	Other feedstocks	3,628	3,287	4,686	3,216

Total throughput	Total throughput	82,850	76,771	83,533	77,611	Total throughput	80,760	76,797	82,598	77,336
Per barrel of throughput:	Per barrel of throughput:					Per barrel of throughput:				
Operating expenses <sup>(2)</sup>	Operating expenses <sup>(2)</sup>	\$ 4.74	\$ 6.14	\$ 4.97	\$ 5.12	Operating expenses <sup>(2)</sup>	\$ 5.00	\$ 5.97	\$ 5.00	\$ 5.41
Crude Slate: (%) based on amount received in period	Crude Slate: (%) based on amount received in period					Crude Slate: (%) based on amount received in period				
WTI Crude	WTI Crude	77.4 %	49.4 %	78.5 %	56.6 %	WTI Crude	79.8 %	70.1 %	79.0 %	61.0 %
Gulf Coast	Gulf Coast					Gulf Coast				
Sweet Crude	Sweet Crude	15.0 %	40.6 %	14.7 %	38.2 %	Sweet Crude	11.2 %	23.2 %	13.5 %	33.3 %
Other	Other	7.6 %	10.0 %	6.8 %	5.2 %	Other	9.0 %	6.7 %	7.5 %	5.7 %

<sup>(1)</sup> Includes inter-refinery sales and sales to other segments which are eliminated in consolidation. See tables below.

<sup>(2)</sup> Reflects the prior period conforming reclassification adjustment between operating expenses and general and administrative expenses.

47 49 | 

#### Management's Discussion and Analysis

Included in the refinery statistics above are the following inter-refinery and sales to other segments:

(in barrels per day)	Inter-refinery Sales			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
El Dorado refined product sales to other Delek refineries	—	1,531	—	1,201
Big Spring refined product sales to other Delek refineries	—	470	—	554
Krotz Springs refined product sales to other Delek refineries	—	1,061	—	783

(in barrels per day)	Refinery Sales to Other Segments			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
El Dorado refined product sales to other Delek segments	—	—	—	5
Big Spring refined product sales to other Delek segments	—	21,565	6,406	20,863

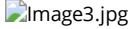
(in barrels per day)	Refinery Sales to Other Segments			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
El Dorado refined product sales to other Delek segments	—	9	—	8
Big Spring refined product sales to other Delek segments	—	22,647	9,663	22,209

Pricing Statistics (average for the period presented)

		Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		Three Months Ended June 30,		Six Months Ended June 30,		September 30,		September 30,		September 30,		September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
WTI — Cushing crude oil (per barrel)	WTI — Cushing crude oil (per barrel)	\$73.57	\$108.74	\$74.78	\$102.02	WTI — Cushing crude oil (per barrel)	\$82.51	\$91.63	\$77.37	\$ 98.50			
WTI — Midland crude oil (per barrel)	WTI — Midland crude oil (per barrel)	\$73.56	\$108.50	\$74.77	\$101.81	WTI — Midland crude oil (per barrel)	\$83.85	\$93.41	\$78.63	\$ 99.87			
WTS — Midland crude oil (per barrel)	WTS — Midland crude oil (per barrel)	\$73.55	\$109.06	\$74.48	\$101.92	WTS — Midland crude oil (per barrel)	\$83.01	\$92.17	\$77.34	\$ 98.58			
LLS (per barrel)	LLS (per barrel)	\$75.67	\$110.25	\$77.27	\$103.92	LLS (per barrel)	\$84.88	\$94.07	\$79.82	\$100.58			
Brent (per barrel)	Brent (per barrel)	\$77.74	\$111.84	\$79.94	\$104.93	Brent (per barrel)	\$85.92	\$97.69	\$81.96	\$102.48			
U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing	U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing	HSD	\$ 9.79	\$ 34.05	\$13.22	HSD	\$16.80	\$23.07	\$14.41	\$ 25.08			
U.S. Gulf Coast 5-3-2 crack spread (per barrel) (1)	U.S. Gulf Coast 5-3-2 crack spread (per barrel) (1)	\$25.54	\$ 44.03	\$29.04	\$ 33.77	U.S. Gulf Coast 5-3-2 crack spread (per barrel) (1)	\$32.39	\$33.65	\$30.15	\$ 33.73			
U.S. Gulf Coast 3-2-1 crack spread (per barrel) (1)	U.S. Gulf Coast 3-2-1 crack spread (per barrel) (1)	\$25.42	\$ 42.44	\$28.32	\$ 32.56	U.S. Gulf Coast 3-2-1 crack spread (per barrel) (1)	\$31.30	\$31.28	\$29.30	\$ 32.12			
U.S. Gulf Coast 2-1-1 crack spread (per barrel) (1)	U.S. Gulf Coast 2-1-1 crack spread (per barrel) (1)	\$11.32	\$ 36.23	\$15.23	\$ 26.71	U.S. Gulf Coast 2-1-1 crack spread (per barrel) (1)	\$19.48	\$25.63	\$16.64	\$ 26.33			
U.S. Gulf Coast Unleaded Gasoline (per gallon)	U.S. Gulf Coast Unleaded Gasoline (per gallon)	\$ 2.34	\$ 3.40	\$ 2.37	\$ 3.05	U.S. Gulf Coast Unleaded Gasoline (per gallon)	\$ 2.58	\$ 2.64	\$ 2.44	\$ 2.92			

Gulf	Gulf	Gulf
Coast	Coast	Coast
Ultra low	Ultra low	Ultra low
sulfur	sulfur	sulfur
diesel	diesel	diesel
(per	(per	(per
gallon)	gallon)	gallon)
U.S. Gulf	U.S. Gulf	U.S. Gulf
Coast	Coast	Coast
high	high	high
sulfur	sulfur	sulfur
diesel	diesel	diesel
(per	(per	(per
gallon)	gallon)	gallon)
Natural	Natural	Natural
gas (per	gas (per	gas (per
MMBtu)	MMBtu)	MMBtu)
\$ 2.38	\$ 3.98	\$ 2.62
\$ 3.50	\$ 2.97	\$ 3.49
\$ 2.74	\$ 2.74	\$ 3.49
\$ 1.45	\$ 3.39	\$ 1.68
\$ 3.04	\$ 2.04	\$ 2.86
\$ 1.80	\$ 2.98	\$ 2.98
\$ 2.33	\$ 7.50	\$ 2.53
\$ 6.05	\$ 2.66	\$ 7.97
\$ 2.57	\$ 6.69	\$ 6.69

(1) For our Tyler and El Dorado refineries, we compare our per barrel refining product margin to the Gulf Coast 5-3-2 crack spread consisting of (Argus pricing) WTI Cushing crude, U.S. Gulf Coast CBOB gasoline and U.S. Gulf Coast Pipeline No. 2 heating oil (ultra low sulfur diesel). For our Big Spring refinery, we compare our per barrel refining margin to the Gulf Coast 3-2-1 crack spread consisting of (Argus pricing) WTI Cushing crude, U.S. Gulf Coast CBOB gasoline and Gulf Coast ultra-low sulfur diesel. Starting in Q1 2023, for our Krotz Springs refinery, we compare our per barrel refining margin to the Gulf Coast 2-1-1 crack spread consisting of (Argus pricing) LLS crude oil, (Argus pricing) U.S. Gulf Coast CBOB gasoline and 50% of (Argus pricing) U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel) and 50% of (Platts pricing) U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel). Historical Gulf Coast 2-1-1 crack spread measures have been revised to conform to current period presentation. The Tyler refinery's crude oil input is primarily WTI Midland and East Texas, while the El Dorado refinery's crude input is primarily a combination of WTI Midland, local Arkansas and other domestic inland crude oil. The Big Spring refinery's crude oil input is primarily comprised of WTS and WTI Midland. The Krotz Springs refinery's crude oil input is primarily comprised of LLS and WTI Midland.

4850 | 

## Management's Discussion and Analysis

### Refining Segment Operational Comparison of the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 versus the Three and Six Nine Months Ended June 30, 2022 September 30, 2022

#### Revenues

##### Q2 Q3 2023 vs. Q2 Q3 2022

Net revenues for the refining segment decreased by \$1,822.4 million \$542.9 million, or 31.0% 10.5%, in the second third quarter of 2023 compared to the second third quarter of 2022. The decrease was primarily driven by the following:

- a decrease in the average price of U.S. Gulf Coast gasoline of 31.1% 2.5%, ULSD of 40.2% 14.9%, and HSD of 57.4% 28.7%; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

- an increase in sales volumes (including purchased products).

Net revenues included sales to our retail segment of \$111.5 million \$117.0 million and \$160.1 million \$132.1 million, sales to our logistics segment of \$92.0 million \$115.1 million and \$143.9 million \$124.7 million, and sales to our other segment of \$0.0 million and \$8.3 million \$6.1 million for the three months ended June 30, 2023 September 30, 2023 and June 30, 2022 September 30, 2022, respectively. We eliminate this intercompany revenue in consolidation.

#### YTD 2023 vs. YTD 2022

Revenues for the refining segment decreased \$2,420.2 million \$2,963.1 million, or 23.6% 19.2%, in the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022. The decrease was primarily driven by the following:

- a decrease in the average price of U.S. Gulf Coast gasoline of 22.5% 16.4%, ULSD of 25.0% 21.5%, and HSD of 44.7% 39.6%;
- a decrease in total sales volumes primarily driven by turnaround activities at the Tyler refinery in the first quarter 2023; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

- an increase in sales volumes (including purchased products).

Revenues included sales to our retail segment of **\$214.1 million** **\$331.0 million** and **\$271.9 million** **\$404.0 million**, sales to our logistics segment of **\$183.1 million** **\$298.3 million** and **\$249.8 million** **\$374.5 million** and sales to the other segment of **\$0.0 million** **\$16.4 million** **\$22.5 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. We eliminate this intercompany revenue in consolidation.

 10482  10483

### **Cost of Materials and Other**

#### **Q2 Q3 2023 vs. Q2 Q3 2022**

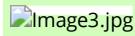
Cost of materials and other decreased by **\$1,313.2 million** **\$745.9 million**, or **25.8%** **15.2%**, in the **second** **third** quarter of 2023 compared to the **second** **third** quarter of 2022. The decrease was primarily driven by the following:

- decreases in the cost of WTI Cushing crude oil, from an average of **\$108.74** **\$91.63** per barrel to an average of **\$73.57** **\$82.51**, or **32.3%** **10.0%**, and decreases in the cost of WTI Midland crude oil, from an average of **\$108.50** **\$93.41** per barrel to an average of **\$73.56** **\$83.85**, or **32.2%** **10.2%**;
- favorable inventory impacts; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

- an increase in sales volumes (including purchased products).

51 |



### **Management's Discussion and Analysis**

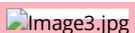
#### **YTD 2023 vs. YTD 2022**

Cost of materials and other decreased **\$2,044.6 million** **\$2,790.5 million**, or **22.0%** **19.7%**, in the **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the **six** **nine** months ended **June 30, 2022** **September 30, 2022**. This decrease was primarily driven by the following:

- decreases in the cost of WTI Cushing crude oil, from an average of **\$102.02** **\$98.50** per barrel to an average of **\$74.78** **\$77.37**, or **26.7%** **21.5%**, and decreases in the cost of WTI Midland crude oil, from an average of **\$101.81** **\$99.87** per barrel to an average of **\$74.77** **\$78.63**, or **26.6%** **21.3%**;
- a decrease in sales volumes; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

49 |



### **Management's Discussion and Analysis**

- an increase in sales volumes (including purchased products).

Our refining segment purchases finished product from our logistics segment and has multiple service agreements with our logistics segment which, among other things, require the refining segment to pay terminalling and storage fees based on the throughput volume of crude and finished product in the logistics segment pipelines and the volume of crude and finished product stored in the logistics segment storage tanks, subject to minimum volume commitments. These costs and fees were **\$132.6 million** **\$156.0 million** and **\$123.8 million** **\$126.1 million** during the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. These costs and fees were **\$257.2 million** **\$413.2 million** and **\$247.2 million** **\$373.3 million** during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. We eliminate these intercompany fees in consolidation.

 11981  11982

### **Refining Margin**

#### **Q2 Q3 2023 vs. Q2 Q3 2022**

Refining segment margin decreased increased by **\$509.2 million** **\$203.0 million**, or **65.4%** **80.0%**, in the **second** **third** quarter of 2023 compared to the **second** **third** quarter of 2022, with a refining margin percentage of **6.6%** **9.9%** as compared to **13.2%** **4.9%** for the **second** **third** quarter of 2023 and 2022, respectively, primarily driven by the following:

- an increase in sales volume (including purchased products);
- an increase in utilization;
- favorable inventory impacts;
- lower natural gas prices; and

- a 42.0% 3.7% decrease in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 40.1% decrease 0.1% increase in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery), and a 68.8% 24.0% decrease in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery); and
- a decrease in utilization.

#### YTD 2023 vs. YTD 2022

Refining margin decreased by \$375.6 million \$172.6 million, or 38.3% 14.0%, for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022, with a refining margin percentage of 7.7% 8.5% as compared to 9.5% 8.0% for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, primarily driven by the following:

- a 14.0% 10.6% decrease in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 13.0% an 8.8% decrease in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery) and a 43.0% 36.8% decrease in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery);
- lower natural gas prices; and
- a decrease an increase in total sales volumes primarily driven by turnaround activities at the Tyler refinery in the first quarter of 2023 volume (including purchased products).



5052 |

#### Management's Discussion and Analysis



#### Operating Expenses

##### Q2 Q3 2023 vs. Q2 Q3 2022

Operating expenses decreased by \$15.6 million \$8.9 million, or 9.2% 5.1%, in the second third quarter of 2023 compared to the second third quarter of 2022. The decrease in operating expenses was primarily driven by the following:

- lower natural gas in 2023.

These decreases were partially offset by the following:

- increase in outside service and maintenance costs including costs related to our Safety Action Plan, which we expect will continue at least through the end of 2023.

#### YTD 2023 vs. YTD 2022

Operating expenses increased \$0.8 million decreased by \$8.1 million, or 0.3% 1.7%, in the six nine months ended June 30, 2023 September 30, 2023, compared to six nine months ended June 30, 2022 September 30, 2022. The increase decrease in operating expenses was primarily driven by the following:

- lower natural gas in 2023.

These decreases were partially offset by the following:

- higher employee, outside service and maintenance costs including costs related to our Safety Action Plan, which we expect will continue at least through the end of 2023.

These increases were partially offset by the following:

- lower natural gas prices in 2023.

#### EBITDA

##### Q2 Q3 2023 vs. Q2 Q3 2022

EBITDA decreased increased by \$477.4 \$194.8 million, for the three months ended June 30, 2023 September 30, 2023 compared to the three months ended June 30, 2022 September 30, 2022, primarily due to an increase in refining margin driven by increased sales volume (including purchased products) and lower natural gas prices, partially offset by decreased crack spreads.

#### YTD 2023 vs. YTD 2022

EBITDA decreased by \$170.5 million, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to a decrease in refining margin driven by decreased crack spreads, partially offset by lower natural gas prices.

#### YTD 2023 vs. YTD 2022

EBITDA decreased by \$365.3 million, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022, primarily due to a decrease in refining margin driven by decreased crack spreads and decreased increased sales volume partially offset by (including purchased products) and lower natural gas prices.

## Logistics Segment

The table below sets forth certain information concerning our logistics segment operations (\$ in millions, except per barrel amounts):

Selected Logistics Financial and Operating Information													
		Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		Revenues		Cost of materials and other		Operating expenses (excluding depreciation and amortization)		EBITDA		Operating Information:		Gathering & Processing: (average bpd)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues	Revenues	\$ 246.9	\$ 266.7	\$ 490.4	\$ 473.3	Revenues	\$ 275.9	\$ 294.1	\$ 766.3	\$ 767.4			
Cost of materials and other	Cost of materials and other	\$ 128.1	\$ 176.4	\$ 254.2	\$ 302.6	Cost of materials and other	\$ 150.6	\$ 177.7	\$ 404.8	\$ 480.3			
Operating expenses (excluding depreciation and amortization)	Operating expenses (excluding depreciation and amortization)	\$ 29.0	\$ 21.0	\$ 53.7	\$ 39.1	Operating expenses (excluding depreciation and amortization)	\$ 33.0	\$ 25.9	\$ 86.7	\$ 65.0			
EBITDA	EBITDA	\$ 90.9	\$ 62.6	\$ 182.3	\$ 126.8	EBITDA	\$ 96.5	\$ 87.3	\$ 278.8	\$ 214.1			
<b>Operating Information:</b>	<b>Operating Information:</b>					<b>Operating Information:</b>							
<b>Gathering &amp; Processing: (average bpd)</b>	<b>Gathering &amp; Processing: (average bpd)</b>					<b>Gathering &amp; Processing: (average bpd)</b>							
Lion Pipeline System:	Lion Pipeline System:					Lion Pipeline System:							
Crude pipelines (non-gathered)	Crude pipelines (non-gathered)	61,260	84,699	62,131	78,818	Crude pipelines (non-gathered)	70,153	87,653	64,835	81,795			
Refined products pipelines	Refined products pipelines	44,966	64,821	49,957	62,186	Refined products pipelines	63,991	65,761	54,686	63,391			
SALA Gathering System	SALA Gathering System	13,041	17,961	13,509	17,064	SALA Gathering System	14,774	14,354	13,935	16,150			
East Texas Crude Logistics System	East Texas Crude Logistics System	30,666	19,942	26,690	18,010	East Texas Crude Logistics System	36,298	23,960	29,928	20,015			
Midland Gathering Assets (1)	Midland Gathering Assets (1)	221,876	101,236	221,993	100,783	Midland Gathering Assets (1)	248,443	121,304	230,907	107,699			
Plains Connection System	Plains Connection System	255,035	154,086	247,856	158,025	Plains Connection System	250,550	184,254	248,763	166,864			

Delaware Gathering Assets: (2)	Delaware Gathering Assets: (2)	Delaware Gathering Assets: (2)
Natural Gas Gathering and Processing (Mcf/d) (3)	Natural Gas Gathering and Processing (Mcf/d) (3)	Natural Gas Gathering and Processing (Mcf/d) (3)
Crude Oil Gathering (average bpd)	Crude Oil Gathering (average bpd)	Crude Oil Gathering (average bpd)
Water Disposal and Recycling (average bpd)	Water Disposal and Recycling (average bpd)	Water Disposal and Recycling (average bpd)
<b>Wholesale Marketing &amp; Terminalling:</b>	<b>Wholesale Marketing &amp; Terminalling:</b>	<b>Wholesale Marketing &amp; Terminalling:</b>
East Texas - Tyler refinery sales volumes (average bpd)	East Texas - Tyler refinery sales volumes (average bpd)	East Texas - Tyler refinery sales volumes (average bpd)
(4)	(4)	(4)
Big Spring wholesale marketing throughputs (average bpd)	Big Spring wholesale marketing throughputs (average bpd)	Big Spring wholesale marketing throughputs (average bpd)
(4)	69,310 63,502 52,158 67,021	69,178 65,396 57,894 66,473
West Texas wholesale marketing throughputs (average bpd)	West Texas wholesale marketing throughputs (average bpd)	West Texas wholesale marketing throughputs (average bpd)
(4)	75,164 78,634 76,763 77,100	81,617 74,238 78,399 76,135
West Texas wholesale marketing margin per barrel	West Texas wholesale marketing margin per barrel	West Texas wholesale marketing margin per barrel
(average bpd)	\$ 3.23 \$ 2.67 \$ 2.89 \$ 2.85	\$ 4.56 \$ 4.23 \$ 5.43 \$ 3.84
Terminalling throughputs (average bpd)	Terminalling throughputs (average bpd)	Terminalling throughputs (average bpd)
(5)	(5)	(5)
134,323 130,002 113,926 136,808	121,430 142,003 116,455 138,558	

(1) Formerly known as the Permian Gathering System. Excludes volumes that are being temporarily transported via trucks while connectors are under construction.

(2) Formerly known as 3 Bear, which was acquired June 1, 2022.

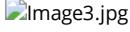
(3) Mcfd - average thousand cubic feet per day.

(4) Excludes jet fuel and petroleum coke.

(5) Consists of terminalling throughputs at our Tyler, Big Spring, Big Sandy and Mount Pleasant, Texas terminals, El Dorado and North Little Rock, Arkansas terminals and Memphis and Nashville, Tennessee terminals.

Logistics revenue is largely based on fixed-fee or tariff rates charged for throughput volumes running through our logistics network, where many of those volumes are contractually protected by minimum volume commitments ("MVCs"). To the extent that our logistics volumes are not subject to MVCs, our Logistics revenue may be negatively impacted in periods where our customers are experiencing economic pressures or reductions in demand for their products. Additionally, certain of our throughput arrangements contain deficiency credit provisions that may require us to defer excess MVC fees collected over actual throughputs to apply toward MVC deficiencies in future periods. With respect to our equity method investments in pipeline joint ventures, our earnings from those investments (which is based on our pro rata ownership percentage of the joint venture's recognized net income or loss) are directly impacted by the operations of those joint ventures. Items impacting the joint venture net income (loss) may include (but are

not limited to) the following: long-term throughput contractual arrangements and related MVCs and, in some cases, deficiency credit provisions; the demand for walk-up nominations; applicable rates or tariffs; long-lived asset or other impairments assessed at the joint venture level; and pipeline releases or other contingent liabilities. With respect to our West Texas marketing activities, our profitability is dependent upon the cost of landed product versus the rack price of refined product sold. Our logistics segment is generally protected from commodity price risk because inventory is purchased and then immediately sold at the rack.

5254 | 

## Management's Discussion and Analysis

### **Logistics Segment Operational Comparison of the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 versus the Three and Six Nine Months Ended June 30, 2022 September 30, 2022**

#### **Q2 Q3 2023 vs. Q2 Q3 2022**

Net revenues decreased by \$19.8 million \$18.2 million, or 7.4% 6.2%, in the second third quarter of 2023 compared to the second third quarter of 2022, primarily driven by:

- decrease in revenue in our Delaware Gathering operations of \$17.2 million primarily due to decrease in natural gas prices slightly offset by increases in water, crude oil and natural gas volumes; and
- decreased revenue of \$50.9 million \$3.6 million in our West Texas marketing operations primarily driven by a decrease in the average sales prices per gallon of diesel, partially offset by an increase in the volumes sold:
  - the average sales prices per gallon of diesel sold decreased by \$0.56 per gallon; and
  - the volumes of gasoline increased by 5.3 million, partially offset by a decrease of 1.2 million gallons of diesel sold.

These decreases were partially offset by the following:

- increase in throughput associated with Midland Gathering operations primarily due to new connections finalized during 2022; and
- increase in terminalling and marketing revenue primarily due to utilization and rate increases.

Net revenues included sales to our refining segment of \$156.0 million and \$126.1 million for the three months ended September 30, 2023 and September 30, 2022, respectively, and sales to our other segment of \$0.4 million and \$1.1 million for the three months September 30, 2023 and 2022, respectively. We eliminate this intercompany revenue in consolidation.

#### **YTD 2023 vs. YTD 2022**

Net revenues decreased by \$1.1 million, or 0.1%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 primarily driven by the following:

- decreased revenue of \$66.7 million in our West Texas marketing operations primarily driven by decreases in the average sales prices per gallon and the average volumes sold:
  - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.93 per gallon and \$1.53 per gallon, respectively; and
  - the average volumes of gasoline and diesel sold decreased by 0.6 million and 1.5 million gallons, respectively.
- partially offset by an increase in revenue as a result of our Delaware Gathering operations, which began in June 2022.

Net revenues included sales to our refining segment of \$132.6 million and \$123.8 million for the three months ended June 30, 2023 and June 30, 2022, respectively. We eliminate this intercompany revenue in consolidation.

#### **YTD 2023 vs. YTD 2022**

Revenues increased by \$17.1 million, or 3.6%, in the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily driven by the following:

- increase in revenue as a result of our Delaware Gathering operations, which began in June 2022;
- increase in volumes associated with Midland Gathering operations due to new connections finalized during 2022; and
- partially offset by decreased revenue in our West Texas marketing operations primarily driven by decreases in the average sales prices per gallon and the average volumes of gasoline and diesel sold in our West Texas marketing operations:
  - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.56 \$0.39 per gallon and \$0.79 \$0.71 per gallon, respectively; and
  - the average volumes of gasoline and diesel sold decreased by 3.4 million 3.6 million gallons, and 2.4 million partially offset by a 1.9 million increase in gallons respectively, of gasoline sold.

These decreases were partially offset by the following:

- increase in revenue as a result of our Delaware Gathering operations, which began in June 2022; and
- increase in volumes associated with Midland Gathering operations primarily due to new connections finalized during 2022.

Revenues included sales to our refining segment of \$257.2 million \$413.2 million and \$247.2 million \$373.3 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, and sales to our other segment of \$0.8 million \$1.2 million and \$0.9 million \$2.0 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. We eliminate this intercompany revenue in consolidation.

**Cost of Materials and Other****Q2 Q3 2023 vs. Q2 Q3 2022**

Cost of materials and other for the logistics segment decreased by ~~\$48.3 million~~ \$27.1 million, or ~~27.4%~~ 15.3%, in the second third quarter of 2023 compared to the second third quarter of 2022. The decrease was primarily driven by the following:

- decrease of ~~\$16.9 million~~ primarily as a result of a decrease in natural gas prices impacting our Delaware Gathering operations;
- decrease in costs of materials and other in our West Texas marketing operations primarily driven by decreases in the average cost per gallon, and partially offset by an increase in the average gasoline volumes of gasoline and diesel sold:
  - the average cost per gallon of gasoline and diesel sold decreased by ~~\$0.32~~ \$0.41 per gallon and ~~\$0.12~~ \$0.52 per gallon, respectively; and
  - the average volumes of gasoline and diesel sold decreased gasoline increased by 0.6 million and 1.5 million gallons, respectively.
- ~~5.3 million~~, partially offset by increase in costs a decrease of materials and other as a result 1.2 million gallons of our Delaware Gathering operations, which began in June 2022, diesel sold.

Our logistics segment purchased product from our refining segment of ~~\$92.0 million~~ \$115.1 million and ~~\$143.9 million~~ \$124.7 million for the three months ended ~~June 30, 2023~~ September 30, 2023 and ~~June 30, 2022~~ September 30, 2022, respectively. We eliminate these intercompany costs in consolidation.

**YTD 2023 vs. YTD 2022**

Cost of materials and other for the logistics segment decreased by ~~\$48.4 million~~ \$75.5 million, or ~~16.0%~~ 15.7%, in the six nine months ended ~~June 30, 2023~~ September 30, 2023 compared to the six nine months ended ~~June 30, 2022~~ September 30, 2022. This decrease was primarily driven by the following:

- decrease in costs of materials and other in our West Texas marketing operations primarily driven by decreases in the average cost per gallon and the average volumes of gasoline and diesel sold in our West Texas marketing operations:
  - the average cost per gallon of gasoline and diesel sold decreased by ~~\$0.27~~ \$0.55 per gallon and ~~\$0.11~~ \$0.74 per gallon, respectively; and
  - the average volumes of gasoline and diesel sold decreased by ~~3.4 million~~ 3.6 million gallons, and ~~2.4 million~~ partially offset by a 1.9 million increase in gallons respectively, of gasoline sold.
- partially offset by increase in cost of materials and other as a result of our Delaware Gathering operations, which began in June 2022.

Our logistics segment purchased product from our refining segment of ~~\$183.1 million~~ \$298.3 million and ~~\$249.8 million~~ \$374.5 million for the six nine months ended ~~June 30, 2023~~ September 30, 2023 and 2022, respectively. We eliminate these intercompany costs in consolidation.

**Operating Expenses****Q2 Q3 2023 vs. Q2 Q3 2022**

Operating expenses increased by ~~\$8.0 million~~ \$7.1 million, or ~~38.1%~~ 27.4%, in the second third quarter of 2023 compared to the second third quarter of 2022, driven by ~~incremental~~ an increase in variable expenses associated with Delaware Gathering Acquisition due to higher throughput.

**YTD 2023 vs. YTD 2022**

Operating expenses increased by ~~\$14.6 million~~ \$21.7 million, or ~~87.3%~~ 33.4%, in the six nine months ended ~~June 30, 2023~~ September 30, 2023 compared to the six nine months ended ~~June 30, 2022~~ September 30, 2022, primarily driven by incremental expenses associated with Delaware Gathering Acquisition.

**EBITDA**

## Q2 Q3 2023 vs. Q2 Q3 2022

EBITDA increased by \$28.3 million, or 45.2%, in the three months ended June 30, 2023 compared to the three months ended June 30, 2022, primarily driven by the following:

- higher throughput volumes; and
- incremental EBITDA from the Delaware Gathering Acquisition, rate increases..

## YTD 2023 vs. YTD 2022

EBITDA increased by \$55.5 million, or 30.2%, in the six months ended June 30, 2023 compared to the six months ended June 30, 2022, primarily driven by the following:

- higher throughput volumes; and
- incremental EBITDA from the Delaware Gathering Acquisition.

5557 |



## Management's Discussion and Analysis

### Retail Segment

The tables below set forth certain information concerning our retail segment operations (gross sales \$ in millions):

Selected Retail Financial and Operating Information										
		Three Months Ended June 30,				Three Months Ended September 30,				
		Months Ended June		Months Ended June		Months Ended September		Months Ended September		
		2023	2022	2023	2022	2023	2022	2023	2022	
Revenues	Revenues	\$232.7	\$277.1	\$437.7	\$486.6	Revenues	\$236.5	\$253.1	\$674.2	\$739.7
Cost of materials and other	Cost of materials and other	188.5	233.8	358.5	406.8	Cost of materials and other	189.6	210.3	548.1	617.1
Operating expenses (excluding depreciation and amortization)	Operating expenses (excluding depreciation and amortization)	25.9	25.1	50.5	47.8	Operating expenses (excluding depreciation and amortization)	26.4	25.4	76.9	73.2
EBITDA	EBITDA	\$ 15.0	\$ 12.5	\$ 21.4	\$ 22.8	EBITDA	\$ 16.2	\$ 13.5	\$ 37.6	\$ 36.3

Operating Information										
		Three Months Ended June 30,				Three Months Ended September 30,				
		Months Ended June		Months Ended June		Months Ended September		Months Ended September		
		2023	2022	2023	2022	2023	2022	2023	2022	
Number of stores (end of period)	Number of stores (end of period)	247	248	247	248	Number of stores (end of period)	250	248	250	248
Average number of stores	Average number of stores	247	248	247	248	Average number of stores	250	248	250	248

Average number of fuel stores	Average number of fuel stores	242	243	242	243	Average number of fuel stores	245	243	245	243
Retail fuel sales	Retail fuel sales	\$148.4	\$193.6	\$279.5	\$333.5	Retail fuel sales	\$153.0	\$169.0	\$432.5	\$502.4
Retail fuel sales (thousands of gallons)	Retail fuel sales (thousands of gallons)	45,687	44,911	85,651	84,416	Retail fuel sales (thousands of gallons)	43,170	44,729	128,821	129,145
Average retail gallons per average number of stores (in thousands)	Average retail gallons per average number of stores (in thousands)	189	185	354	348	Average retail gallons per average number of stores (in thousands)	176	184	526	533
Average retail sales price per gallon sold	Average retail sales price per gallon sold	\$ 3.25	\$ 4.31	\$ 3.26	\$ 3.95	Average retail sales price per gallon sold	\$ 3.54	\$ 3.78	\$ 3.36	\$ 3.89
Retail fuel margin (\$ per gallon) <sup>(1)</sup>	Retail fuel margin (\$ per gallon) <sup>(1)</sup>	\$0.342	\$0.329	\$0.307	\$0.322	Retail fuel margin (\$ per gallon) <sup>(1)</sup>	\$0.420	\$0.345	\$0.345	\$0.330
Merchandise sales (in millions)	Merchandise sales (in millions)	\$ 84.3	\$ 83.4	\$ 158.2	\$ 153.1	Merchandise sales (in millions)	\$ 83.5	\$ 84.2	\$ 241.7	\$ 237.3
Merchandise sales per average number of stores (in millions)	Merchandise sales per average number of stores (in millions)	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.6	Merchandise sales per average number of stores (in millions)	\$ 0.3	\$ 0.3	\$ 1.0	\$ 1.0
Merchandise margin %	Merchandise margin %	33.9 %	34.0 %	33.5 %	34.3 %	Merchandise margin %	34.4 %	32.6 %	33.8 %	33.7 %

Same-Store Comparison <sup>(2)</sup>	Same-Store Comparison <sup>(2)</sup>				Same-Store Comparison <sup>(2)</sup>					
	Three Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022		
Change in same-store retail fuel gallons sold	Change in same-store retail fuel gallons sold	(1.5) %	5.8 %	(1.6) %	3.4 %	Change in same-store retail fuel gallons sold	(6.8) %	7.4 %	(3.3) %	4.7 %
Change in same-store merchandise sales	Change in same-store merchandise sales	0.1 %	0.1 %	2.4 %	(2.4) %	Change in same-store merchandise sales	(1.9) %	3.9 %	1.1 %	(0.3) %

(1) Retail fuel margin represents gross margin on fuel sales in the retail segment, and is calculated as retail fuel sales revenue less retail fuel cost of sales. The retail fuel margin per gallon calculation is derived by dividing retail fuel margin by the total retail fuel gallons sold for the period.

(2) Same-store comparisons include year-over-year changes in specified metrics for stores that were in service at both the beginning of the year and the end of the most recent year used in the comparison.

Our retail merchandise sales are driven by convenience, customer service, competitive pricing and branding. Motor fuel margin is sales less the delivered cost of fuel and motor fuel taxes, measured on a cents per gallon basis. Our motor fuel margins are impacted by local supply, demand, weather, competitor pricing and product brand.

## Retail Segment Operational Comparison of the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 versus the Three and Six Nine Months Ended June 30, 2022 September 30, 2022

### Revenues

#### Q2 Q3 2023 vs. Q2 Q3 2022

Net revenues for the retail segment decreased by \$44.4 million \$16.6 million, or 16.0% 6.6%, in the second third quarter of 2023 compared to the second third quarter of 2022, primarily driven by the following:

- a decrease in total fuel sales which were \$148.4 million \$153.0 million in the second third quarter of 2023 compared to \$193.6 million \$169.0 million in the second third quarter of 2022, primarily attributable to a decrease of \$1.06 \$0.24 in average price charged per gallon sold, sold; and

These decreases were partially offset by the following:

- an increase a decrease in merchandise sales to \$84.3 million \$83.5 million in the second third quarter of 2023 compared to \$83.4 million \$84.2 million in the second third quarter of 2022, primarily driven by the same-store sales increase decrease of 0.1% 1.9%.

#### YTD 2023 vs. YTD 2022

Revenues for the retail segment decreased by \$48.9 million \$65.5 million, or 10.0% 8.9%, for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022, primarily driven by the following:

- a decrease in total fuel sales which were \$279.5 million \$432.5 million for the six nine months ended June 30, 2023 September 30, 2023 compared to \$333.5 million \$502.4 million for the six nine months ended June 30, 2022 September 30, 2022, primarily attributable to a \$0.69 \$0.53 decrease in average price charged per gallon sold.

These decreases were partially offset by the following:

- an increase in merchandise sales to \$158.2 million \$241.7 million for the six nine months ended June 30, 2023 September 30, 2023 compared to \$153.1 million \$237.3 million for the six nine months ended June 30, 2022 September 30, 2022, primarily driven by the same-store sales increase of 2.4% 1.1%.



### Cost of Materials and Other

#### Q2 Q3 2023 vs. Q2 Q3 2022

Cost of materials and other for the retail segment decreased by \$45.3 million \$20.7 million, or 19.4% 9.8%, in the second third quarter of 2023 compared to the second third quarter of 2022, primarily driven by the following:

- a decrease in average cost per gallon of \$1.07 \$0.31, or 26.9% 9.0%, applied to fuel sales volumes that increased decreased period over period.

Our retail segment purchased finished product from our refining segment of \$111.5 million \$117.0 million and \$160.1 million \$132.1 million for the three months ended June 30, 2023 September 30, 2023 and June 30, 2022 September 30, 2022, respectively, which is eliminated in consolidation.

#### YTD 2023 vs. YTD 2022

Cost of materials and other for the retail segment decreased by \$48.3 million \$69.0 million, or 11.9% 11.2%, for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022, primarily driven by the following:

- a decrease in average cost per gallon of \$0.67 \$0.55, or 18.5% 15.4%.

Our retail segment purchased finished product from our refining segment of \$214.1 million \$331.0 million and \$271.9 million \$404.0 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. We eliminate this intercompany cost in consolidation.

### Operating Expenses

#### Q2 Q3 2023 vs. Q2 Q3 2022

Retail segment operating expenses increased by \$0.8 million \$1.0 million, or 3.2% 3.9%, in the second third quarter of 2023 compared to the second third quarter of 2022, primarily due to driven by higher employee cost in 2023.

#### **YTD 2023 vs. YTD 2022**

Operating expenses for the retail segment increased by \$2.7 million \$3.7 million, or 5.6% 5.1%, for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022 primarily driven by higher employee cost in 2023.

---

#### **EBITDA**

##### **Q2 Q3 2023 vs. Q2 Q3 2022**

EBITDA for the retail segment increased by \$2.5 \$2.7 million, or 20.0%, for the three months ended June 30, 2023 September 30, 2023 compared to the three months ended June 30, 2022 September 30, 2022, primarily driven by the following:

- an increase in average fuel margin of \$0.013 \$0.075 per gallon, and an increase partially offset by a decrease in fuel sales volume; and
- a 1.0% an increase in merchandise sales, partially offset by a decrease in merchandise margin percentage of 0.1% 1.8%, partially offset by a 0.9% decrease in merchandise sales.

#### **YTD 2023 vs. YTD 2022**

EBITDA for the retail segment decreased increased by \$1.4 million \$1.3 million, or 6.1% 3.6%, for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022, primarily driven by the following:

- a decrease an increase in average fuel margin of \$0.015 per gallon, partially offset by an increase a decrease in fuel sales volume; and
- a 1.8% increase in merchandise sales.

These increases were partially offset by the following:

- an increase in operating expenses due to higher employee costs.

60 |



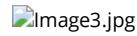
---

Management's Discussion and Analysis

3896 3897

---

58 61 |



Management's Discussion and Analysis

## **Liquidity and Capital Resources**

### **Sources of Capital**

Our primary sources of liquidity and capital resources are

- cash generated from our operating activities;
- borrowings under our debt facilities; and
- potential issuances of additional equity and debt securities.

At June 30, 2023 September 30, 2023 our total liquidity amounted to \$1.6 billion \$1.8 billion comprised primarily of \$787.5 million \$906.9 million in unused credit commitments under our revolving credit facilities (as discussed in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q) and \$821.6 million \$901.7 million in cash and cash equivalents. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash dividends and fund operational capital expenditures. On August 4, 2023 November 1, 2023, our Board of Directors approved a quarterly cash dividend of \$0.235 \$0.24 per share of our common stock.

Other funding sources including borrowings under existing credit agreements, and issuance of equity and debt securities have been utilized to meet our funding requirements and support our growth capital projects and acquisitions. In addition, we have historically been able to source funding at terms that reflect market conditions, our financial position and our credit ratings and expect future funding sources to be at terms that are sustainable and profitable for the Company. However, there can be no assurances regarding the availability of future debt or equity financings or whether such financings can be made available on terms that are acceptable to us; any execution of such financing activities will be dependent on the contemporaneous availability of functioning debt or equity markets. Additionally, new debt financing activities will be subject to the satisfaction of any debt incurrence limitation covenants in our existing financing agreements. Our debt limitation covenants in our existing financing documents are usual and customary for credit agreements of our type and reflective of market conditions at the time of their execution. Additionally, our ability to satisfy working capital requirements, to service our debt

obligations, to fund planned capital expenditures, or to pay dividends will depend upon future operating performance, which will be affected by prevailing economic conditions in the oil industry and other financial and business factors, including oil prices, some of which are beyond our control.

As of **June 30, 2023** **September 30, 2023**, we believe we were in compliance with all of our debt maintenance covenants, where the most significant long-term obligation subject to such covenants was the Delek Term Loan Credit Facility (see further discussion in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q). Additionally, we were in compliance with incurrence covenants to the extent triggered during the quarter ended **June 30, 2023** **September 30, 2023**. Failure to meet the incurrence covenants could impose certain incremental restrictions on our ability to incur new debt and also may limit whether and the extent to which we may pay dividends, as well as impose additional restrictions on our ability to repurchase our stock, make new investments and incur new liens (among others). Such restrictions would generally remain in place until such quarter that we return to compliance under the applicable incurrence based covenants. In the event that we are subject to these incremental restrictions, we believe that we have sufficient current and alternative sources of liquidity, including (but not limited to): available borrowings under our existing Delek Revolving Credit Facility, and for Delek Logistics, under its Delek Logistics Revolving Facility; the allowance to incur an additional \$400.0 million of secured debt under the Delek Term Loan Credit Facility (see further discussion of these facilities in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q); as well as the possibility of obtaining other secured and unsecured debt, raising capital through equity issuance, or taking advantage of transactional financing opportunities such as sale-leasebacks or joint ventures, as otherwise contemplated and allowed under our incurrence covenants.

### Cash Flows

The following table sets forth a summary of our consolidated cash flows (in millions):

				Consolidated	
		Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
<b>Cash Flow</b>	<b>Cash Flow</b>	<b>Cash Flow</b>	<b>Cash Flow</b>	<b>Cash Flow</b>	<b>Cash Flow</b>
<b>Data:</b>	<b>Data:</b>	<b>Data:</b>	<b>Data:</b>	<b>Data:</b>	<b>Data:</b>
Operating activities	Operating activities	\$490.2	\$585.9	\$922.8	\$716.1
Investing activities	Investing activities	(279.9)	(720.9)	(338.6)	(819.9)
Financing activities	Financing activities	(230.0)	523.1	(523.8)	401.1
Net (decrease) increase		<u>\$ (19.7)</u>	<u>\$ 388.1</u>		
Net increase			Net increase	<u>\$ 60.4</u>	<u>\$ 297.3</u>

#### Cash Flows from Operating Activities

Net cash provided by operating activities was **\$490.2 million** **\$922.8 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, compared to **\$585.9 million** **\$716.1 million** for the comparable period of 2022. **Decreases** **Increases** were a result of an increase in cash paid for debt interest of \$84.5 million, partially offset by an increase in dividends received of \$5.0 million. Additionally, cash receipts from customers and cash payments to suppliers and for salaries **increased** resulting in a net **\$18.8 million** **\$297.8 million** increase in cash provided by operating **activities**, **activities** and an increase in dividends received of \$9.5 million, partially offset by an increase in cash paid for debt interest of \$118.8 million.

59 62 | 

#### Management's Discussion and Analysis

#### Cash Flows from Investing Activities

Net cash used in investing activities was **\$279.9 million** **\$338.6 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, compared to **\$720.9 million** **\$819.9 million** in the comparable period of 2022. The decrease in cash flows used in investing activities was primarily due to the **\$621.7 million** **\$625.4 million** Delaware Gathering Acquisition in 2022 and a **\$5.6 million** **\$8.8 million** increase in distributions from equity method investments, partially offset by a **\$179.5 million** **\$145.5 million** increase in purchases of property, plant and equipment, substantially driven by maintenance projects associated with the Tyler turnaround, other refinery additions and various interconnects associated with **Delek** **Logistics** assets, and payments of **\$9.0** **\$11.0 million** for equity interests investments.

#### Cash Flows from Financing Activities

Net cash used in financing activities was **\$230.0 million** **\$523.8 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, compared to cash provided of **\$523.1 million** **\$401.1 million** in the comparable 2022 period. The decrease in cash provided was primarily due to net payments on long-term revolving and term debt of **\$248.0 million** **\$423.7 million** during the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, compared to net proceeds of **\$595.5 million** **\$509.3 million** in the comparable 2022 period, net payments from product financing arrangements of \$14.4 million for the nine months ended September 30, 2023 compared to net proceeds of \$40.0 million in the comparable

2022 period, an increase in dividend payments of \$29.7 million made during the six months ended June 30, 2023 \$16.6 million and proceeds received of \$16.4 million in the comparable 2022 period for the sale of Delek Logistics common limited partner units.

These decreases in cash flows were partially offset by a decrease in share repurchases of \$23.6 million, combined with the impact of the following: net proceeds from product financing arrangements of \$52.8 million for the six months ended June 30, 2023 compared to net payments \$2.8 million in the comparable 2022 period, \$38.6 million and the receipt of settlement proceeds of \$58.0 million during the first quarter of 2023 associated with the termination of the J. Aron Supply & Offtake Agreements and origination of the Citi Inventory Intermediation Agreement, Agreement (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements).

#### **Cash Position and Indebtedness**

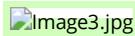
As of June 30, 2023 September 30, 2023, our total cash and cash equivalents were \$821.6 million \$901.7 million and we had total long-term indebtedness of approximately \$2,810.9 million \$2,638.0 million. The total long-term indebtedness is net of deferred financing costs and debt discount of \$62.9 million \$60.1 million. Additionally, we had letters of credit issued of approximately \$251.5 million \$301.6 million. Total unused credit commitments or borrowing base availability, as applicable, under our revolving credit facilities was approximately \$787.5 million \$906.9 million. The decrease of \$246.7 million \$422.4 million in total long-term indebtedness as of June 30, 2023 September 30, 2023 compared to December 31, 2022 resulted primarily from a decrease in net borrowings under the Delek Revolving Credit Facility and the United Community Bank Revolver, partially offset by an increase in net borrowings under the Delek Logistics Revolving Facility. As of June 30, 2023 September 30, 2023, our total long-term indebtedness (as defined in Note 9 of the condensed consolidated financial statements in Item 1. Financial Statements) consisted of the following:

- aggregate principal of \$150.0 million \$0.3 million under the Delek Revolving Credit Facility (maturity of October 26, 2027 and average borrowing rate of 6.45% 6.68%);
- aggregate principal of \$945.3 million \$942.9 million under the Delek Term Loan Credit Facility (maturity of November 19, 2029 and effective interest of 9.95% 10.16%);
- aggregate principal of \$811.0 million \$811.2 million under the Delek Logistics Revolving Facility, (maturity of October 13, 2027 (which will accelerate to 180 days prior to the stated maturity date of the Delek Logistics 2025 Notes if any of the Delek Logistics 2025 Notes remain outstanding on that date) and average borrowing rate of 7.95% 8.45%);
- aggregate principal of \$292.5 million \$288.7 million under the Delek Logistics Term Loan Facility (maturity of October 13, 2024 April 15, 2025 (which will accelerate to 180 days prior to the stated maturity date of the Delek Logistics 2025 Notes if any of the Delek Logistics 2025 Notes remain outstanding on that date) and average borrowing rate of 8.41% 8.92%);
- aggregate principal of \$250.0 million under the Delek Logistics 2025 Notes (due in 2025, with effective interest rate of 7.17% 7.18%);
- aggregate principal of \$400.0 million under the Delek Logistics 2028 Notes (due in 2028, with effective interest rate of 7.39%); and
- aggregate principal of \$25.0 million \$5.0 million under the United Community Bank Revolver (maturity of June 30, 2024 and average borrowing rate of 7.50% 7.75%).

On November 6, 2023, Delek Logistics entered into a First Amendment, a Second Amendment and a Third Amendment to the Delek Logistics Credit Facility (together, the "Amendments"). The Amendments, (i) increased the Delek Logistics Revolving Credit Facility's Revolving Credit Commitments (as defined in the Delek Logistics Credit Facility) by an amount equal to \$150.0 million to provide for an aggregate Revolving Credit Commitments amount of \$1.050 billion, (ii) increased Delek Logistics' ability to incur certain indebtedness and (iii) extended the Delek Logistics Term Loan maturity date from October 13, 2024, to the earlier of (i) April 15, 2025, and (ii) six months prior to the earliest maturity date of any outstanding Permitted Note Indebtedness (as defined in the Delek Logistics Credit Facility).

See Note 9 to our accompanying condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q for additional information about our separate debt and credit facilities.

63 |



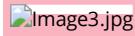
#### **Management's Discussion and Analysis**

Additionally, we utilize other financing arrangements to finance operating assets and/or, from time to time, to monetize other assets that may not be needed in the near term, when internal cost of capital and other criteria are met. Such arrangements include our inventory intermediation arrangement, which finances a significant portion of our first-in, first-out inventory at the refineries and, from time to time, RINs or other non-inventory product financing liabilities. On June 21, 2023 September 18, 2023, DKTs entered into a letter agreement to the Inventory Intermediation Agreement with Citi to temporarily increase its letter of credit issued to Citi by \$100.0 \$180.0 million which will allow allowed DKTs to defer payments of certain obligations under the Inventory Intermediation Agreement until July October 2023. These deferred obligations will be subject to applicable interest charges. Our inventory intermediation obligation with Citi was \$453.4 million \$502.2 million at June 30, 2023 September 30, 2023, none of which is current. See Note 8 of the accompanying condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q for additional information about our inventory intermediation agreement. Our product financing liabilities consisted primarily of RIN financings as of June 30, 2023 September 30, 2023, and totaled \$322.4 million \$260.8 million, all of which is due in the next 12 months. See further description of these types of arrangements in the Environmental Credits and Related Regulatory Obligations accounting policy disclosed in Note 2 to our accompanying consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of our December 31, 2022 Annual Report on Form 10-K. For both arrangements and the related commitments, see also our "Cash Requirements" section below.

#### **Debt Ratings**

We receive debt ratings from the major ratings agencies in the U.S. In determining our debt ratings, the agencies consider a number of qualitative and quantitative items including, but not limited to, commodity pricing levels, our liquidity, asset quality, reserve mix, debt levels and seniorities, cost structure, planned asset sales and production growth opportunities.

60 |



#### **Management's Discussion and Analysis**

There are no "rating triggers" in any of our contractual debt obligations that would accelerate scheduled maturities should our debt rating fall below a specified level. However, a downgrade could adversely impact our interest rate on new credit facility borrowings and the ability to economically access debt markets in the future. Additionally, any rating downgrades may increase the likelihood of us having to post additional letters of credit or cash collateral under certain contractual arrangements.

### Capital Spending

A key component of our long-term strategy is our capital expenditure program. The following table summarizes our actual capital expenditures for the **six nine** months ended **June 30, 2023** September 30, 2023, by segment, as well as planned capital expenditures for the full year 2023 by operating segment and major category (in millions):

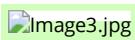
	2023 Forecast	Six Months Ended June 30, 2023	
		Actual	Actual
<b>Refining</b>			
Regulatory	\$ 21.5	\$ 2.7	
Sustaining maintenance, including turnaround activities	174.0	174.3	
Growth projects	6.3	0.1	
<b>Refining segment total</b>	<b>201.8</b>		<b>177.1</b>
<b>Logistics</b>			
Regulatory	13.0	1.2	
Sustaining maintenance	2.2	1.3	
Growth projects	66.1	53.0	
<b>Logistics segment total</b>	<b>81.3</b>		<b>55.5</b>
<b>Retail</b>			
Regulatory	—	—	
Sustaining maintenance	26.9	6.2	
Growth projects	4.2	1.8	
<b>Retail segment total</b>	<b>31.1</b>		<b>8.0</b>
<b>Corporate and Other</b>			
Regulatory	2.1	1.5	
Sustaining maintenance	32.1	9.5	
Growth projects	2.1	1.7	
<b>Other total</b>	<b>36.3</b>		<b>12.7</b>
<b>Total capital spending</b>	<b>\$ 350.5</b>		<b>\$ 253.3</b>

Nine Months Ended September  
30, 2023 Actual

		Refining
Regulatory		\$ 9.8
Sustaining maintenance, including turnaround activities		187.2
Growth projects		0.3
<b>Refining segment total</b>		<b>197.3</b>
		Logistics
Regulatory		2.1
Sustaining maintenance		3.8
Growth projects		62.7
<b>Logistics segment total</b>		<b>68.6</b>
		Retail
Regulatory		—
Sustaining maintenance		12.5
Growth projects		3.5
<b>Retail segment total</b>		<b>16.0</b>
		Corporate and Other
Regulatory		1.6
Sustaining maintenance		16.0
Growth projects		2.1
<b>Other total</b>		<b>19.7</b>
<b>Total capital spending</b>		<b>\$ 301.6</b>

The 2023 full year capital expenditure forecast is expected to be between \$380.0 million to \$390.0 million. In addition, we expect to receive estimated insurance and other proceeds of \$20.0 million in 2023 that are not reflected in the full year forecast.

64 |



#### Management's Discussion and Analysis

The amount of our capital expenditure budget forecast is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects and subject to the changes and uncertainties discussed under the 'Forward-Looking Statements' section of Item 2. Management Discussion and Analysis, of this Quarterly Report on Form 10-Q. For further information, please refer to our discussion in Item 1A. Risk Factors, of our December 31, 2022 Annual Report on Form 10-K.

61 |



#### Management's Discussion and Analysis

### Cash Requirements

#### Long-Term Cash Requirements Under Contractual Obligations

Information regarding our known cash requirements under contractual obligations of the types described below as of June 30, 2023 September 30, 2023, is set forth in the following table (in millions):

	Payments Due by Period						Payments Due by Period				
	≤1 Year	1-3 Years	3-5 Years	>5 Years	Total		≤1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long-term debt and notes payable obligations	\$ 49.5	\$ 546.5	\$ 1,380.0	\$ 897.8	\$ 2,873.8	Long-term debt and notes payable obligations	\$ 29.5	\$ 542.7	\$ 1,230.5	\$ 895.4	\$ 2,698.1

Interest (1)	Interest (1)	228.7	401.2	312.9	124.3	1,067.1	Interest (1)	224.5	387.8	291.6	106.3	1,010.2
Operating lease commitments (2)	Operating lease commitments (2)	57.0	75.8	35.4	20.6	188.8	Operating lease commitments (2)	50.5	75.6	33.8	18.7	178.6
Purchase commitments (3)	Purchase commitments (3)	562.3	—	—	—	562.3	Purchase commitments (3)	476.0	—	—	—	476.0
Product financing agreements (4)	Product financing agreements (4)	322.4	—	—	—	322.4	Product financing agreements (4)	260.8	—	—	—	260.8
Transportation agreements (5)	Transportation agreements (5)	215.0	420.2	292.8	364.1	1,292.1	Transportation agreements (5)	207.6	407.5	257.6	339.0	1,211.7
Inventory intermediation obligation (6)	Inventory intermediation obligation (6)	41.6	474.4	—	—	516.0	Inventory intermediation obligation (6)	46.7	514.0	—	—	560.7
<b>Total</b>	<b>Total</b>	<b>\$ 1,476.5</b>	<b>\$ 1,918.1</b>	<b>\$ 2,021.1</b>	<b>\$ 1,406.8</b>	<b>\$ 6,822.5</b>	<b>Total</b>	<b>\$ 1,295.6</b>	<b>\$ 1,927.6</b>	<b>\$ 1,813.5</b>	<b>\$ 1,359.4</b>	<b>\$ 6,396.1</b>

(1) Expected interest payments on debt outstanding at **June 30, 2023** **September 30, 2023**. Floating interest rate debt is calculated using **June 30, 2023** **September 30, 2023** rates. For additional information, see Note 9 to the condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

(2) Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of **June 30, 2023** **September 30, 2023**.

(3) We have purchase commitments to secure certain quantities of crude oil, finished product and other resources used in production at both fixed and market prices. We have estimated future payments under the market-based agreements using current market rates. Excludes purchase commitments in buy-sell transactions which have matching notional amounts with the same counterparty and are generally net settled in exchanges.

(4) Balances consist of obligations under RINs product financing arrangements, as described in Note 12 to the condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q and further discussed in the "Environmental Credits and Related Regulatory Obligations" accounting policy included in Note 2 to our consolidated financial statements in Item 8. Financial Statements and Supplementary Data, of our December 31, 2022 Annual Report on Form 10-K.

(5) Balances consist of contractual obligations under agreements with third parties (not including Delek Logistics) for the transportation of crude oil to our refineries.

(6) Balances consist of contractual obligations under the Citi Inventory Intermediation Agreement, including principal obligation for the Baseline Volume Step-Out Liability and other recurring fees. For additional information, see Note 8 to the condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

#### Other Cash Requirements

Our material short-term cash requirements under contractual obligations are presented above, and we expect to fund the majority of those requirements with cash flows from operations. Our other cash requirements consisted of operating activities and capital expenditures. Operating activities include cash outflows related to payments to suppliers for crude and other inventories (which are largely reflected in our contractual purchase commitments in the table above) and payments for salaries and other employee related costs. Cash outlays in 2023 included incentive compensation payments that were earned and accrued in 2022. In line with our long-term sustainable strategy, future cash requirements will include initiatives to build on our long-term sustainable business model, ESG initiatives and sum of the parts initiatives.

Refer to the cash flow section for our operating activities spend during the **six** **nine** months ended **June** **September 30, 2023**. While many of the expenses related to the operating activities are variable in nature, some of the expenditures can be somewhat fixed in the short-term due to forward planning on our level of activity.

Refer to the 'Capital Spending' section for our capital expenditures for **six** **nine** months ended **June 30, 2023** **September 30, 2023** and our anticipated cash requirements for planned capital expenditures for the full year 2023.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

These disclosures should be read in conjunction with the condensed consolidated financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other information presented herein, as well as in the "Quantitative and Qualitative Disclosures About Market Risk" section contained in our Annual Report on Form 10-K, filed on March 1, 2023.

6265 |



#### Management's Discussion and Analysis

#### Price Risk Management Activities

At times, we enter into the following instruments/transactions in order to manage our market-indexed pricing risk: commodity derivative contracts which we use to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production; and future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs obligations and meet the definition of derivative instruments under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging* ("ASC 815"). In accordance with ASC 815, all of these commodity contracts and future purchase commitments are recorded at fair value, and any change in fair value between periods has historically been recorded in the profit and loss section of our condensed consolidated financial statements. Occasionally, at inception, the Company will elect to designate the commodity derivative contracts as cash flow hedges under ASC 815. Gains or losses on commodity derivative contracts accounted for as cash flow hedges are recognized in other comprehensive income on the condensed consolidated balance sheets and, ultimately, when the forecasted transactions are completed in net revenues or cost of materials and other in the condensed consolidated statements of income.

The following table sets forth information relating to our open commodity derivative contracts, excluding our trading derivative contracts (which are presented separately below), as of **June 30, 2023** **September 30, 2023** (\$ in millions):

Contract Description	Contract Description	Notional Contract Volume by						Notional Contract Volume by							
		Total Outstanding		Year of Maturity				Total Outstanding		Year of Maturity					
		Fair Value	Notional Contract Volume	2023	2024	Contract Description	Fair Value	Notional Contract Volume	2023	2024	Contract Description	Fair Value	Notional Contract Volume		
<b>Contracts not designated as hedging instruments:</b>															
Crude oil price swaps - long (1)	Crude oil price swaps - long (1)	\$ (4.0)	69,847,000	50,773,000	19,074,000	Crude oil price swaps - long (1)	\$ 19.6	38,960,000	17,184,000	21,776,000	Crude oil price swaps - short (1)	(29.0)	37,469,000	17,059,000	20,410,000
Crude oil price swaps - short (1)	Crude oil price swaps - short (1)	9.3	73,253,000	54,908,000	18,345,000	Inventory, refined product and crack spread swaps - long (1)	2.1	3,386,000	3,386,000	—	Inventory, refined product and crack spread swaps - long (1)	5.6	4,585,000	4,585,000	—
Inventory, refined product and crack spread swaps - long (1)	Inventory, refined product and crack spread swaps - long (1)	—	—	—	—	Inventory, refined product and crack spread swaps - short (1)	(0.4)	4,862,000	4,862,000	—	Inventory, refined product and crack spread swaps - short (1)	(6.7)	5,194,000	5,194,000	—
Inventory, refined product and crack spread swaps - short (1)	Inventory, refined product and crack spread swaps - short (1)	—	—	—	—	Natural gas swaps - long (3)	(0.1)	4,160,000	4,160,000	—	Natural gas swaps - long (3)	(0.2)	1,007,500	1,007,500	—
Natural gas swaps - long (3)	Natural gas swaps - long (3)	—	—	—	—	Natural gas swaps - short (3)	(0.3)	2,627,500	2,627,500	—	Natural gas swaps - short (3)	0.1	697,500	697,500	—
RINs commitment contracts - long (2)	RINs commitment contracts - long (2)	(0.1)	70,800,000	70,800,000	—	RINs commitment contracts - long (2)	(0.1)	70,800,000	70,800,000	—	RINs commitment contracts - long (2)	(3.3)	12,000,000	12,000,000	—
RINs commitment contracts - short (2)	RINs commitment contracts - short (2)	(0.8)	10,300,000	10,300,000	—	RINs commitment contracts - short (2)	2.1	5,000,000	5,000,000	—	RINs commitment contracts - short (2)	2.1	5,000,000	5,000,000	—
<b>Total</b>	<b>Total</b>	<b>\$ 5.7</b>				<b>Total</b>	<b>\$ (11.8)</b>				<b>Total</b>	<b>\$ (11.8)</b>			

(1) Volume in barrels.

(2) Volume in RINs.

(3) Volume in MMBtu.

### Interest Rate Risk

We have market exposure to changes in interest rates relating to our outstanding floating rate borrowings, which totaled approximately **\$2,223.8 million** **\$2,048.1 million** as of **June 30, 2023** **September 30, 2023**. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of **June 30, 2023** **September 30, 2023** would be to change interest expense by approximately **\$22.2 million** **\$20.5 million**.

We also have interest rate exposure in connection with our Inventory Intermediation Agreement under which we pay a time value of money charge based on SOFR.

### ***Inflation***

Inflationary factors, such as increases in the costs of our inputs, operating expenses, and interest rates may adversely affect our operating results. During the six months ended 2023, our results of operations were negatively affected by higher labor costs and supply chain disruptions, the uncertain economic environment, and macroeconomic and geopolitical events and trends. We expect these cost pressures and supply chain challenges to continue through 2023. In addition, current or future governmental policies may increase or decrease the risk of inflation, which could further increase costs and may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of sales if the prices at which we are able to sell our products and services do not increase in line with increases in costs.

63 66 |



### Management's Discussion and Analysis

#### ***Commodity Derivatives Trading Activities***

We enter into active trading positions in a variety of commodity derivatives, which include forward physical contracts, swap contracts, and futures contracts. These trading activities are undertaken by using a range of contract types in combination to create incremental gains by capitalizing on crude oil supply and pricing seasonality. These contracts are classified as held for trading and are recognized at fair value with changes in fair value recognized in the income statement.

The following table sets forth information relating to trading commodity derivative contracts as of **June 30, 2023** **September 30, 2023** (\$ in millions):

Contract Description	Contract Description	Total Outstanding		2023	Total Outstanding		2023	
		Notional Contract Volume by Year of Maturity			Contract Description	Fair Value		
		Fair Value	Notional Contract Volume		2023	Fair Value		
Crude forward contracts - long <sup>(1)</sup>	Crude forward contracts - long <sup>(1)</sup>	\$ 46.5	629,287	629,287	Crude forward contracts - long <sup>(1)</sup>	\$ 26.9	308,889	
Crude forward contracts - short <sup>(1)</sup>	Crude forward contracts - short <sup>(1)</sup>	(46.5)	629,287	629,287	Crude forward contracts - short <sup>(1)</sup>	(34.6)	390,696	
Total	Total	\$ —			Total	\$ (7.7)	390,696	

<sup>(1)</sup>Volume in barrels.

64 67 |



### Controls and Procedures

#### ***ITEM 4. CONTROLS AND PROCEDURES***

Our disclosure controls and procedures are designed to provide reasonable assurance that the information that we are required to disclose in reports we file under the Exchange Act is accumulated and appropriately communicated to management. We carried out an evaluation required by Rule 13a-15(b) of the Exchange Act, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures at the end of the reporting period. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the reporting period.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the **second** **third** quarter of 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## Part II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 12 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information. Aside from the disclosure updated in Note 12, there have been no material developments to the proceedings previously reported in our Annual Report on Form 10-K filed on March 1, 2023.

### ITEM 1A. RISK FACTORS

There were no material changes during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** to the risk factors identified in the Company's fiscal 2022 Annual Report on Form 10-K.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the purchase of shares of our common stock made during the three months ended **June 30, 2023** **September 30, 2023** by or on behalf of us or any "affiliated purchaser," as defined by Rule 10b-18 of the Exchange Act (inclusive of all purchases that have settled as of **June 30, 2023** **September 30, 2023**).

Period	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30, 2023	1,184,067	\$ 22.93	1,184,067	\$ 242,853,396
May 1 - May 31, 2023	611,268	\$ 20.94	611,268	\$ 230,054,219
June 1 - June 30, 2023	—	\$ —	—	\$ 230,054,219
<b>Total</b>	<b>1,795,335</b>	<b>\$ 22.25</b>	<b>1,795,335</b>	<b>N/A</b>

Period	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - July 31, 2023	727,196	\$ 24.75	727,196	\$ 212,054,409
August 1 - August 31, 2023	254,494	\$ 27.51	254,494	\$ 205,054,230
September 1 - September 30, 2023	—	\$ —	—	\$ 205,054,230
<b>Total</b>	<b>981,690</b>	<b>\$ 25.47</b>	<b>981,690</b>	<b>N/A</b>

<sup>(1)</sup> See further discussion in Note 17 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### ITEM 5. OTHER INFORMATION

#### Rule 10b5-1 Trading Plans

During the quarter ended **June 30, 2023** **September 30, 2023**, none of the Company's **our** directors or officers (as defined in Rule 16a-1(f) 16a-1 under the Exchange Act) adopted, modified or terminated any contract, instruction a "Rule 10b5-1 trading arrangement" or written plan "non-Rule 10b-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K), except as follows:

On August 10, 2023, Reuven Spiegel, Executive Vice President & Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement for the purchase or sale of Company securities that was intended up to satisfy the affirmative defense conditions 13,500 shares of our common stock, subject to certain conditions. The arrangement's expiration date is April 11,

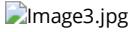
2025.

On August 11, 2023, Robert G. Wright, Senior Vice President, Chief Accounting Officer, adopted a Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" arrangement for the sale of up to 7,735 shares of our common stock, subject to certain conditions. The arrangement's expiration date is November 1, 2024.

On September 6, 2023, Laurie Tolson, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement for the sale of up to 2,414 shares of common stock subject to certain conditions. The arrangement's expiration date is June 14, 2024.

#### ITEM 6. EXHIBITS

On September 13, 2023, Ezra Uzi Yemin, Executive Chairman of our Board of Directors, adopted a Rule 10b5-1 trading arrangement for the sale of up to 360,000 shares of our common stock, subject to certain conditions. The arrangement's expiration date is December 13, 2024. On September 27, 2023, Mr. Yemin also terminated a Rule 10b5-1 trading arrangement for the sale of up to 13,066 shares of our common stock, subject to certain conditions, that he had entered into on June 3, 2022, with an original expiration date of July 3, 2024.

6669 | 

Other Information

#### Intercompany Note

The Company entered into a certain Promissory Note (the "Note") with Delek Logistics and certain of its subsidiaries, as guarantors, dated November 6, 2023. The Note provides for revolving borrowings with aggregate commitments of \$70,000,000, comprised of a (i) \$55,000,000 senior tranche and a (ii) \$15,000,000 subordinated tranche (the "Subordinated Tranche"), with the initial borrowings under the Subordinated Tranche conditioned upon the Company and Delek Logistics reaching an agreement with Fifth Third Bank, National Association, as administrative agent under the DKL Credit Facility, on subordination provisions and other material terms related to the Subordinated Tranche. The Note will bear interest at Term SOFR (as defined in the Note) plus 3.00%. The Note proceeds will be used for Delek Logistics' working capital purposes and other general corporate purposes. The Note will mature on June 30, 2028. The Note contains certain affirmative covenants, mandatory prepayments and events of default that the Company considers to be customary for an arrangement of this sort. The obligations under the Note are unsecured.

The foregoing description of the Note is not complete and is qualified in its entirety by reference to the full text of the Note, a copy of which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

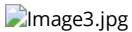
70 | 

#### ITEM 6. EXHIBITS

Exhibit No.	Description
<a href="#">10.1</a>	# <a href="#">Letter Agreement, dated as of April 6, 2023 September 18, 2023, by and between Citigroup Energy, Inc. and DK Trading &amp; Supply, LLC.</a>
<a href="#">10.2</a>	# <a href="#">Letter Agreement, Promissory Note dated as of June 21, 2023, November 6, 2023 by and between Citigroup Energy, Inc. and DK Trading &amp; Supply, LLC.</a>
<a href="#">10.3</a>	* <a href="#">Fifth Amendment to among Delek US Holdings, Inc. 2016 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 8, 2023), and Delek Logistics Partners, LP.</a>
<a href="#">31.1</a>	# <a href="#">Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
<a href="#">31.2</a>	# <a href="#">Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
<a href="#">32.1</a>	## <a href="#">Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.2</a>	## <a href="#">Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following materials from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended <a href="#">June 30, 2023 September 30, 2023</a> , formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of <a href="#">June 30, 2023 September 30, 2023</a> and <a href="#">June 30, 2022 September 30, 2022</a> (Unaudited), (ii) Condensed Consolidated Statements of Income for the three and <a href="#">six nine</a> months ended <a href="#">June 30, 2023 September 30, 2023</a> and 2022 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three and <a href="#">six nine</a> months ended <a href="#">June 30, 2023 September 30, 2023</a> and 2022 (Unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and <a href="#">six nine</a> months ended <a href="#">June 30, 2023 September 30, 2023</a> and 2022 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the <a href="#">six nine</a> months ended <a href="#">June 30, 2023 September 30, 2023</a> and 2022 (Unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	The cover page from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended <a href="#">June 30, 2023 September 30, 2023</a> , has been formatted in Inline XBRL.

\* Management contract or compensatory plan or arrangement.  
# Filed herewith  
## Furnished herewith

6771 |



## SIGNATURES

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

### Delek US Holdings, Inc.

By: /s/ Avigal Soreq  
Avigal Soreq  
President and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Reuven Spiegel  
Reuven Spiegel  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Robert Wright  
Robert Wright  
Senior Vice President and Chief Accounting Officer  
(Principal Accounting Officer)

Dated: [August 8, 2023 November 8, 2023](#)

Citigroup Energy Inc.

2700 Post Oak Blvd., Suite 400  
 Houston, Texas 77056-5734 EXHIBIT 10.1

April 6, 2023

DK Trading & Supply, LLC  
 7102 Commerce Way  
 Brentwood, TN 37027

Re: Inventory Intermediation Agreement dated as of December 22, 2022 (the "Intermediation Agreement") among DK Trading & Supply, LLC ("DKTS"), certain affiliates of DKTS, and Citigroup Energy Inc. ("Citi")

Reference is made to the Intermediation Agreement as defined above. Capitalized terms used but not defined in this letter agreement (this "Letter Agreement") have the meanings provided in the Intermediation Agreement.

Notwithstanding anything in the Intermediation Agreement to the contrary, Citi and DKTS hereby agree as follows:

1. Section 1.1 of the Intermediation Agreement shall be amended by (a) deleting the definitions of "Asphalt Repo Volume", "Average Maximum Asphalt Inventory Value" and "Excess Asphalt Value" and (b) adding the following new definitions in alphabetical order:

"Asphalt Averaging Period" means the period from (but excluding) one Average Asphalt Value Determination Date to (and including) the immediately following Average Asphalt Value Determination Date.

"Average Asphalt Value" has the meaning specified in Section 3.4.

"Average Asphalt Value Determination Date" means every other Friday during the Term; provided that (a) the initial Average Asphalt Value Determination Date shall be the Friday occurring on or after the Commencement Date and (b) the first Average Asphalt Value Determination Date occurring after the execution of this Letter Agreement shall be April 10, 2023; and provided further that if any such day is not a Business Day, the "Average Asphalt Value Determination Date" shall be the immediately following day which is a Business Day.

"Initial Maximum Asphalt Fixed Price Repo Value" has the meaning specified in Section 3.4.

2. The definition of "Asphalt Repo Settlement Amount" in Section 1.1 of the Intermediation Agreement shall be amended by deleting the words "(ii) the Asphalt Repo Volume" at the end thereof and replacing them with the words "(ii) the Base Layer Volume for the Asphalt Product Group for each Refinery".

3. The definition of "Maximum Asphalt Fixed Price Repo Value" in Section 1.1 of the Intermediation Agreement shall be deleted in its entirety and replaced with the following:

"Maximum Asphalt Fixed Price Repo Value" means, in respect of a day, the sum of (x) the Initial Maximum Asphalt Value and (y) the undrawn amount of any Section 3.4 Letter(s) of Credit as at such day.

4. Section 3.4 of the Intermediation Agreement shall be deleted in its entirety and replaced with the provisions set forth in the Schedule hereto.

5. Section 9.2 of the Intermediation Agreement shall be deleted in its entirety and replaced with the following:

"9.2 Asphalt Repo Transaction Volume. In respect of each Asphalt Repo Transaction, the volume shall be, at any time, the aggregate of (i) the Base Layer Volume for the Asphalt Product Group for each Refinery, as indicated in Part 1 of Schedule T and (ii) the Daily Net Product Sales Volume for the Asphalt Product Group for each day in the applicable Asphalt Repo Roll Period.

6. Section 9.4(a) of the Intermediation Agreement shall be amended by deleting the words "Asphalt Repo Volume" in the third line thereof and replacing them with the words "Base Layer Volume for the Asphalt Product Group for each Refinery".

Except as expressly set forth herein, the Intermediation Agreement is neither amended nor modified, and the Intermediation Agreement remains in full force and effect, and each of Citi and DKTS ratifies their respective obligations thereunder. This Letter Agreement shall be effective as of the Commencement Date.

This Letter Agreement may be executed in any number of counterparts, each of which when executed shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this letter by facsimile transmission, portable document format (PDF) or other electronic means shall have the same force and effect as manually signed originals and shall be binding on the parties hereto.

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to its conflict of law principles that would require the application of the laws of another state.

With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Letter Agreement ("Proceedings"), each party irrevocably (A) submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and (B) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing in this provision shall prohibit a party from bringing an action to enforce a money judgment in any other jurisdiction.

EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS LETTER AGREEMENT.

The parties agree that this Letter Agreement will constitute a Transaction Document under the Intermediation Agreement.

## SCHEDULE

### 3.4 Maximum Asphalt Fixed Price Repo Value.

(a) If on any day the Asphalt Fixed Price Repo Value, as calculated by Citi, exceeds USD 50,000,000 (the "Initial Maximum Asphalt Fixed Price Repo Value"), Citi agrees to promptly notify DKTS thereof and within five (5) Business Days, DKTS shall post one or more Letters of Credit (a "Section 3.4 Letter of Credit") in an aggregate amount at least equal to the amount (rounded upwards to the nearest USD 5,000,000) by which the Asphalt Fixed Price Repo Value for such day exceeds the Initial Maximum Asphalt Fixed Price Repo Value. Once a Section 3.4 Letter of Credit is posted and so long as one remains outstanding, the calculations of Asphalt Fixed Price Repo Value, and the posting of additional or reduction of existing Section 3.4 Letters of Credit, shall occur as provided in Sections 3.4(b)-(d).

(b) On each Average Asphalt Value Determination Date, Citi shall calculate the average of the Asphalt Fixed Price Repo Value for the relevant Asphalt Averaging Period (based on the Asphalt Fixed Price Repo Value for each Business Day during such Asphalt Averaging Period) (the "Average Asphalt Value").

(c) If, in respect of any Asphalt Averaging Period:

(i) the Average Asphalt Value for such Asphalt Averaging Period ("A") exceeds the Maximum Asphalt Fixed Price Repo Value as at the Average Asphalt Value Determination Date ("B"), then DKTS shall within five (5) Business Days either post

additional Section 3.4 Letter(s) of Credit and/or effect an increase in the undrawn amount of the existing Section 3.4 Letter(s) of Credit in an amount at least equal to the amount (rounded upwards to the nearest USD 5,000,000) by which A exceeds B;

(ii) A is less than B but greater than the Initial Maximum Asphalt Fixed Price Repo Value, then Citi shall within five (5) Business Days consent to a reduction in the undrawn amount of the Section 3.4 Letter(s) of Credit in an aggregate amount (rounded downwards to the nearest USD 5,000,000) equal to B minus A; provided that if the difference between B minus A is less than USD 5,000,000, then no change to the Section 3.4 Letter(s) of Credit shall be effected;

(iii) A is equal to B, then no change to the Section 3.4 Letter(s) of Credit shall be effected; and

(iv) A is less than both B and the Initial Maximum Asphalt Fixed Price Repo Value, then, at the option of DKTS, either (A) the Section 3.4 Letter(s) of Credit shall be returned to DKTS for cancellation within five (5) Business Days, and Citi shall execute any required consent necessary to cause such return, or (B) DKTS may reduce the undrawn face amount of the Section 3.4 Letter(s) of Credit to USD 1.00 or such other *de minimis* amount such that such Section 3.4 Letter(s) of Credit remain outstanding (provided that in the case of any such reduction, for purposes of this Section 3.4 only, the undrawn face amount of such reduced Section 3.4 Letter(s) of Credit shall be deemed to be zero) and Citi shall execute any required consent necessary to cause such reduction.

(d) If DKTS fails to post and/or increase one or more Section 3.4 Letter(s) of Credit as required under this Section 3.4, Citi shall not be obligated to purchase and sell any Asphalt Product (as the case may be); provided that upon DKTS posting and/

---

or increasing such Section 3.4 Letter(s) of Credit, Citi's obligation to purchase and sell Asphalt Product shall resume.

---

Yours faithfully,

**CITIGROUP ENERGY INC.**

By: /s/ Jeffrey Oh  
Name: Jeffrey Oh  
Title: Managing Director

[Signature Page to Letter Agreement]

Accepted and agreed

**DK TRADING & SUPPLY, LLC**

By: /s/ Reuven Spiegel  
Name: Reuven Spiegel  
Title: Treasurer

**EXECUTION VERSION      Exhibit 10.2**

Execution Version

DK Trading & Supply, LLC  
310 Seven Springs Way, Suite 500  
Brentwood, TN 37027

June 21, September 18, 2023

Citigroup Energy Inc.  
2700 Post Oak Blvd., Suite 400  
Houston, TX 77056-5734

Re: Inventory Intermediation Agreement dated as of December 22, 2022 (the "**Intermediation Agreement**") among DK Trading & Supply, LLC ("**DKTS**"), certain affiliates of DKTS, and Citigroup Energy Inc. ("**Citi**")

Reference is made to the Intermediation Agreement as defined above. Capitalized terms used but not defined in this letter agreement (this "**Letter Agreement**") have the meanings provided in the Intermediation Agreement.

As provided in Section 11.1(b) of the Intermediation Agreement, the Aggregate Daily Settlement Amount is due on the Business Day immediately following the date on which Citi invoices DKTS.

As the parties now desire for Citi to temporarily amend Section 11.1(b) of the Intermediation Agreement from the Execution Date (as defined below) to the Amended Payment Date (as defined in Schedule 2) and to make certain other related changes, Citi and DKTS hereby agree as follows:

1. On the date of this Letter Agreement (the "**Execution Date**"), DKTS shall cause to be issued to Citi a Letter of Credit in an initial face amount of **\$100,000,000** **\$180,000,000** or shall cause an existing Letter of Credit to be increased by an amount of **\$100,000,000** **\$180,000,000** (such new Letter of Credit or increased amount, the "**Funding LC**").
2. Subject to the delivery of the Funding LC to Citi in the amount set forth in paragraph 1 above, for purposes of Section 11.1(b) of the Intermediation Agreement, the parties agree to defer the due date for payment of receivables owing to Citi as agreed in the Intermediation Agreement (the "**IIA Receivables**") in an amount equal to the relevant Deferred Daily Receivables Amount for each relevant day for the included pipeline locations and volumes as set forth on Schedule 1 hereto, for a period from the Current Intermediation Agreement Payment Date to Amended Payment Date, as set forth on Schedule 2 hereto.
3. In respect of each Crude Withdrawal Booking Date, Citi will calculate the difference between (i) the IIA Receivables amount due on such day and (ii) the Deferred Daily Receivables Amount. If (i) exceeds (ii), then DKTS shall pay Citi the excess of (i) over (ii) on the applicable Current Intermediation Agreement Payment Date. If (i) is less than (ii), then Citi shall pay DKTS the absolute value of (i) minus (ii) on the applicable Current Intermediation Agreement Payment Date.

4. Once delivered to Citi, the Funding LC will constitute Posted Collateral for purposes of Section 12 of the Intermediation Agreement, with the total Deferred Daily Receivables Amount to be included as Exposure for purposes of Section 12 of the Intermediation Agreement. Notwithstanding the foregoing, DKTS agrees and acknowledges that the Value

---

of the Funding LC shall be treated as an Independent Amount and DKTS will not be permitted to demand a Return Amount in respect thereof.

5. In respect of each Crude Withdrawal Booking Date, DKTS agrees to pay Citi a fee (each, a "**Funding Fee**") in USD in an amount equal to the product of (x) Deferred Daily Receivables Amount, (y) the sum of the Applicable Benchmark Rate and 4.50% and (z) the number of days from and including the Crude Withdrawal Booking Date to but excluding the Amended

---

Payment Date. An aggregate amount equal to the sum of the Funding Fees will be payable on the Amended Payment Date.

6. Citi will either (i) release the Funding LC and will return the original to DKTS marked 'cancelled' or (ii) consent to the reduction in size by an amount of ~~\$100,000,000~~ \$180,000,000 of the issued Letter of Credit only upon payment of the total Deferred Daily Settlement Amount and the Funding Fee in full on the Amended Payment Date. Failure by DKTS to pay the total Deferred Daily Receivables Amount and the Funding Fee in full on the Amended Payment Date will constitute an Event of Default under the Intermediation Agreement in respect of which DKTS will be the sole Defaulting Party. Such Event of Default shall occur without any grace period or the giving of notice by Citi to DKTS, and Citi may immediately exercise its rights and remedies under Section 20.2 of the Intermediation Agreement in respect thereof.

Except as expressly set forth herein, the Intermediation Agreement is not amended or modified, remains in full force and effect, and each of Citi and DKTS ratifies their respective obligations thereunder. This Letter Agreement shall be effective as of the Execution Date.

This Letter Agreement may be executed in any number of counterparts, each of which when executed shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this letter by facsimile transmission, portable document format (PDF) or other electronic means shall have the same force and effect as manually signed originals and shall be binding on the parties hereto.

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to its conflict of law principles that would require the application of the laws of another state.

With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Letter Agreement ("**Proceedings**"), each party irrevocably (A) submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and (B) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing in this provision shall prohibit a party from bringing an action to enforce a money judgment in any other jurisdiction.

EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS LETTER AGREEMENT.

The parties agree that this Letter Agreement will constitute a Transaction Document under the Intermediation Agreement.

---

---

Yours faithfully,

**DK TRADING & SUPPLY, LLC**

By: /s/ Reuven Spiegel  
Name: Reuven Spiegel  
Title: Chief Financial Officer

By: /s/ Billy Buckmaster  
Name: Billy Buckmaster  
Title: Treasurer

---

Accepted and agreed:

**CITIGROUP ENERGY INC.**

By: /s/ Jeffrey Oh  
Name: Jeffrey Oh  
Title: Managing Director

Schedule 1  
Included Pipeline Locations

Pipeline	Daily Volumes Withdrawals	
Caddo Pipeline	-31,034	-40,189.66
Crescent Pipeline	-38,069	-18,103.45
Exxon Pipeline	-11,379	-40,189.66
GA Pipeline	-42,414	-31,096.55
MV Pipeline	-42,414	-31,096.55
Red River Pipeline	-31,097	-8,413.52
WTG Pipeline	-23,276	-40,654.89
<b>Total</b>	<b>-219,683</b>	<b>-209,744.28</b>

5

Schedule 2

Price (\$/bbl)	Volumes (bbl)	Deferred Daily Receivables Amount	Crude Withdrawal Booking Date	Current Intermediation Agreement Payment Date	Amended Payment Date
90.00	209,744.28	\$18,876,985.20	Saturday, September 16, 2023	Wednesday, September 20 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Sunday, September 17, 2023	Wednesday, September 20, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Monday, September 18, 2023	Wednesday, September 20, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Tuesday, September 19, 2023	Thursday, September 21, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Wednesday, September 20, 2023	Friday, September 22, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Thursday, September 21, 2023	Monday, September 25, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Friday, September 22, 2023	Tuesday, September 26, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Saturday, September 23, 2023	Wednesday, September 27, 2023	Friday, October 20, 2023
90.00	209,744.28	\$18,876,985.20	Sunday, September 24, 2023	Wednesday, September 27, 2023	Friday, October 20, 2023
90.00	112,301.48	\$10,107,133.20	Monday, September 25, 2023	Wednesday, September 27, 2023	Friday, October 20, 2023
<b>Total</b>		<b>\$180,000,000.00</b>			

6

**Exhibit 10.2**

**EXECUTION VERSION**

**PROMISSORY NOTE  
(Revolving Facility)**

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, **DELEK LOGISTICS PARTNERS, LP** (the "Borrower"), hereby unconditionally promises to pay to the order of **DELEK US HOLDINGS, INC.** or its permitted assigns (the "Noteholder," and together with the Borrower, the "Parties"), the principal amount of all Advances (as defined below) the Noteholder has disbursed to the Borrower pursuant to Section 2.2(a), together with all accrued interest thereon, as provided in this Promissory Note (the "Note").

**1. Definitions.** Capitalized terms used herein shall have the meanings set forth in this Section 1.

**"Advance"** means any Tranche A Advances and/or Tranche B Advances.

**"Borrower"** has the meaning set forth in the introductory paragraph.

**"Borrowing Notice"** has the meaning set forth in Section 2.2(a).

**"Business Day"** means a day other than a Saturday, Sunday, or other day on which commercial banks in New York are authorized or required by law to close.

**"Change of Control"** means any of the following events or conditions: (a) the General Partner shall cease to be the sole general partner of the Borrower; (b) Delek US Holdings, Inc. shall cease, directly or indirectly, to own and control legally and beneficially at least 51% of the voting stock in the General Partner; (c) either (x) Delek US Holdings, Inc. shall cease to be able, directly or indirectly, to appoint a majority of the members of the board of directors (or similar governing body) to the General Partner or (y) failure of the majority of the board of directors (or similar governing body) of the General Partner to be comprised of directors directly or indirectly appointed by Delek US Holdings, Inc.

**"Commitments"** means the Tranche A Commitments and the Tranche B Commitments.

**"Commitment Period"** means the period from the Effective Date to the Maturity Date.

**"Damages"** means all damages, including punitive damages, liabilities, costs, expenses, losses, judgments, diminutions in value, fines, penalties, demands, claims, cost recovery actions, lawsuits, administrative proceedings, orders, response action, removal and remedial costs, compliance costs, investigation expenses, consultant fees, attorneys' and paralegals' fees and litigation expenses.

**"Debtor Relief Law"** means the United States Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America.

**"Default"** means any of the events specified in Section 9 that constitute an Event of Default or that, upon the giving of notice, the lapse of time, or both, pursuant to Section 6, would, unless cured or waived, become an Event of Default.

**"Delek Finance"** means Delek Logistics Finance Corp., a Delaware corporation.

**"DKL 2025 Senior Notes"** means the Borrower's 6.750% Senior Notes due 2025 issued in the original aggregate principal amount of \$250,000,000 under that certain Indenture dated as of May 23, 2017, between the Borrower, Delek Finance and each of the subsidiaries of the Borrower party thereto (as in effect from time to time).

**"DKL 2028 Senior Notes"** means the Borrower's 7.125% Senior Notes due 2028 issued in the original aggregate principal amount of \$400,000,000 under that certain Indenture dated as of May 24,

---

2021, between the Borrower, Delek Finance and each of the subsidiaries of the MLP party thereto (as in effect from time to time).

**"DKL Credit Agreement"** means that certain Fourth Amended and Restated Credit Agreement dated October 13, 2022 among the Borrower, the other Borrowers party thereto from time to time, and Fifth Third Bank, National Association, as administrative agent (unless otherwise agreed, as in effect on the date hereof after giving effect to the First Amendment, Second Amendment and Third Amendment, each dated as of the date hereof).

**"DKL Existing Indebtedness"** means the DKL 2025 Senior Notes, the DKL 2028 Senior Notes and the DKL Credit Agreement, each as in effect from time to time.

**"Effective Date"** means November 6, 2023.

**"Excluded Subsidiary"** means all Foreign Subsidiaries of the Borrower, except each Foreign Subsidiary of any Borrower that the Borrower expressly designates in a non-revocable writing to the Noteholder as not constituting an Excluded Subsidiary.

**"Event of Default"** has the meaning set forth in Section 9.

**"Fifth Third"** mean, Fifth Third Bank, National Association, in its capacity as administrative agent under the DKL Credit Agreement.

**"Foreign Subsidiary"** means each Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any state thereof or the District of Columbia.

**"GAAP"** means generally accepted accounting principles in the United States of America as in effect from time to time.

**"General Partner"** means Delek Logistics GP, LLC, a Delaware limited liability company (including any permitted successors and assigns under the MLP Partnership Agreement and this Agreement).

**"Governmental Authority"** means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

**"Indemnitee"** has the meaning set forth in Section 11.14.

**"Interest Period"** means, for any Advance, the period commencing on the date of such Advance and ending on the numerically corresponding date one or three months thereafter.

**"Law"** as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**"Legal Requirement"** means any treaty, convention, statute, law, regulation, rule, ordinance, license, permit, governmental approval, injunction, judgment, order, consent decree or other requirement of any Governmental Authority.

**"Material Adverse Effect"** means a material adverse change in, or material adverse effect upon, (a) the business, property, or financial condition of the Borrower and its subsidiaries taken as a whole, (b)

the ability of the Borrower to perform its material obligations under this Note or (c) the legality, validity, binding effect or enforceability against the Borrower of this Note and the rights and remedies of the Noteholder hereunder.

**"Maturity Date"** means June 30, 2028.

**"MLP Partnership Agreement"** means means that Second Amended and Restated Agreement of Limited Partnership of Delek Logistics Partners, LP, dated as of August 13, 2020, between the General Partner, Holdings and the other parties thereto.

**"Note"** has the meaning set forth in the introductory paragraph.

**"Noteholder"** has the meaning set forth in the introductory paragraph.

**"Obligations"** means all obligations of the Borrower to pay principal and interest on the Advances (including any interest that accrues after the commencement of an insolvency proceeding regardless of whether allowed or allowable in whole or in part as a claim in such insolvency proceeding), all fees and charges payable hereunder, and all other payment obligations of the Borrower or any Guarantor arising under or in relation to this Note, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired, including all interest costs, fees and charges after commencement of any insolvency proceeding regardless of whether allowed or allowable in whole or in part as a claim in such insolvency proceeding.

**"Parties"** has the meaning set forth in the introductory paragraph.

**"Person"** means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority, or other entity.

**"Related Parties"** means, with respect to any Person, such Person's affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's affiliates.

**"SOFR"** means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator) on the administrator's website (or any successor source for the secured overnight financing rate identified

as such by the administrator) at approximately 2:30 p.m. (Central time) on the immediately succeeding Business Day.

**"Solvent"** means, when used with respect to any Person, that, as at any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise" as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**"Subordination Provisions"** means, the contracted subordination provisions, including subordination in right of payment to prior payment of "Obligations", "Hedging Liability" and "Bank

Product Liability" (each as defined in the DKL Credit Agreement), as approved in writing by Fifth Third in its reasonable discretion, required for the Tranche B Advances to be considered "Subordinated Debt" pursuant to the relevant terms and conditions of the DKL Credit Agreement, and which subordination provisions may contain restrictions on enforcement, restrictions on payment, subordination terms, and other material terms that are acceptable in form and substance to Fifth Third.

**"Subsidiary"** means, as to any particular parent corporation or organization, any other corporation or organization more than 50% of the outstanding voting stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one or more other entities which are themselves subsidiaries of such parent corporation or organization. Unless otherwise expressly noted herein, the term "Subsidiary" means a Subsidiary of the Borrower or of any of its direct or indirect Subsidiaries.

**"Term SOFR"** means, with respect to any Advance for any Interest Period, the forward-looking SOFR rate administered by CME Group, Inc. (or other administrator selected by the Noteholder (in consultation with the Borrowers)) and published on the applicable Bloomberg LP screen page (or such other commercially available source providing such quotations as may be selected by the Noteholder (in consultation with the Borrowers)), fixed by the administrator thereof two (2) Business Days prior to the commencement of the applicable Interest Period (provided, however, if Term SOFR is not published for such Business Day, then Term SOFR shall be determined by reference to the immediately preceding Business Day on which such rate is published), all as determined by the Noteholder in accordance with this Note and the Noteholder's procedures periodically in effect.

**"Tranche A Commitments"** means \$55,000,000.

**"Tranche A Advances"** means any advance made by the Noteholder pursuant to Section 2.1(a).

**"Tranche B Commitments"** means \$15,000,000.

**"Tranche B Advances"** means any advance made by the Noteholder pursuant to Section 2.1(b).

## 2. DISBURSEMENT MECHANICS.

### 2.1 Commitment.

(a) Subject to Section 2.2, the Noteholder may make available to the Borrower one or more Tranche A Advances on any date during the Commitment Period in an aggregate principal amount for all such Advances not to exceed the Tranche A Commitments.

(b) Subject to Section 2.2, the Noteholder may make available to the Borrower one or more Tranche B Advances on any date during the Commitment Period in an aggregate principal amount for all such Advances not to exceed the Tranche B Commitments.

### 2.2 Conditions to Advances.

(a) As a condition to the disbursement of any Advance, the Borrower shall, at least three Business Days prior to the requested disbursement date (or such shorter period as the Noteholder may reasonably agree), deliver to the Noteholder a written notice (the **"Borrowing Notice"**) setting out (a) the amount of the Advance, (b) the date on which the Advance is to be disbursed and (c) the Interest Period for such Advance. Upon receipt of the Borrowing Notice, the Noteholder shall make available to the Borrower on the disbursement date the amount set out in the notice in immediately available funds.

(b) At the time of each Advance hereunder:

(i) each of the representations and warranties set forth herein shall be and remain true and correct (or, in the case of any representation or warranty not qualified as to materiality, true and correct in all material respects) as of such time, except to the extent the same expressly relate to an earlier

date (and in such case shall be true and correct (or, in the case of any representation or warranty not qualified as to materiality, true and correct in all material respects) as of such earlier date);

- (ii) no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Advance;
- (iii) after giving effect to any requested extension of credit, the aggregate principal amount of all Advances under this Agreement shall not exceed the aggregate Commitments;
- (iv) the Noteholder shall have received the notice required by Section 2.2(a);
- (v) in the case of a Tranche B Advance, the aggregate amount of the Tranche A Advances outstanding shall equal the amount of the Tranche A Commitments; and
- (vi) in the case of a Tranche B Advance, the Subordination Provisions with respect to the Tranche B Advances are in full force and effect and the material terms of this Note applicable to the Tranche B Advances, including any interest rates, payment terms, maturities, amortization schedules, covenants, defaults, and remedies, have been acknowledged in writing by Fifth Third as being acceptable in form and substance to Fifth Third.

### 3. Principal Payment Dates; Prepayments.

**3.1 Payment Dates.** The aggregate unpaid principal amount of all outstanding Advances, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 10.

#### 3.2 Mandatory Prepayment.

(a) Upon the occurrence of a Change of Control, including, without limitation, any acquisition by the Borrower that results in the Noteholder's direct or indirect ownership in each of (i) the General Partner being less than 50.1% of the voting equity of the General Partner and (ii) the common units of the Borrower being less than 50.1% of the outstanding common units of the Borrower, then the Borrower shall repay any outstanding Advances, together with accrued interest thereon to the date (and including) of prepayment.

(b) In the event the Borrower amends or refinances any of the Borrower's Indebtedness under the DKL Credit Agreement, the DKL 2025 Senior Notes or the DKL 2028 Senior Notes (except for a full or partial refinancing from proceeds under this Note), then, at the election of the Noteholder, the Borrower shall repay any outstanding Advances together with accrued interest thereon to the date (and including) of prepayment on the date of consummation of such change; provided, that, for the avoidance of doubt, any amendments to the DKL Credit Agreement entered into on the date hereof shall not cause such prepayment.

**3.3 Optional Prepayments.** The Borrower may prepay the Advances in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon to the date (and including) of prepayment. Subject to the terms, conditions and limitations set forth in this Agreement, any Advances so prepaid may be reborrowed from time to time.

### 4. Interest.

#### 4.1 Interest Rate.

(a) Except as otherwise provided herein, the outstanding principal amount of all Tranche A Advances made hereunder shall bear interest during each Interest Period at Term SOFR plus 3.00% from the date such Tranche A Advance was made until the Tranche A Advances are paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

(b) Except as otherwise provided herein, the outstanding principal amount of all Tranche B Advances made hereunder shall bear interest during each Interest Period at Term SOFR plus 3.00% from the date such Tranche B Advance was made until the Tranche B Advances are paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

**4.2 Interest Payment Dates.** Interest shall be payable in arrears to the Noteholder on the last day of each Interest Period except as otherwise provided herein.

**4.3 Computation of Interest.** All computations of interest shall be made on the basis of 365 or 366 days, as the case may be and the actual number of days elapsed. Interest shall accrue on each Advance on the day on which such Advance is made, and shall not accrue on any Advance for the day on which it is paid.

**4.4 Interest Rate Limitation.** If at any time and for any reason whatsoever, the interest rate payable on any Advance shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law.

### 5. Payment Mechanics.

**5.1 Manner of Payments.** All payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 PM (Central time) on the date on which such payment is due by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

**5.2 Application of Payments.** All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to accrued interest, and third to the payment of the principal amount outstanding under the Note.

**5.3 Business Day Convention.** Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

**5.4 Evidence of Debt.** The Noteholder is authorized to record on the grid attached hereto as Exhibit A each Advance made to the Borrower and each payment or prepayment thereof. The entries made by the Noteholder shall, to the extent permitted by applicable Law and absent manifest error, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; *provided, however,* that the failure of the Noteholder to record such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Advances in accordance with the terms of this Note.

**5.5 Rescission of Payments.** If at any time any payment made by the Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, the Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

**6. Guarantees.** The payment and performance of the Obligations hereunder of the Borrower shall at all times (but subject to Section 8.5) be jointly and severally guaranteed by each direct and indirect Subsidiary (other than Excluded Subsidiaries) of the Borrower (each Borrower and each such Subsidiary executing and delivering this Agreement as a Guarantor, if any, together with any Subsidiary hereafter executing and delivering an Additional Guarantor Supplement in the form called for by Section 12, a "**Guarantor**" and collectively, the "**Guarantors**"); pursuant to one or more guaranty agreements in form and substance acceptable to the Noteholder, including the guarantee set forth in Section 12 (individually a "**Guaranty**" and collectively the "**Guarantees**").

## **7. Representations and Warranties.**

**7.1 Organization and Qualification.** The Borrower (a) is duly organized and validly existing under the laws of the jurisdiction of its organization, (b) is in good standing under the laws of the jurisdiction of its organization, (c) has the power and authority to own its property and to transact the business in which it is engaged and proposes to engage and (d) is duly qualified and in good standing in each jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except, in each case of clauses (c) and (d), where the same could not be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.

**7.2 Authority and Enforceability.** The Borrower has the power and authority to enter into this Agreement, to make the borrowings herein provided for and to perform all of its obligations hereunder. The Borrower's entry into this Note has been duly authorized by proper corporate and/or other organizational proceedings, and constitutes a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws effecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Note does not, nor does the performance or observance by the Borrower of any of the matters and things herein provided for, including the incurrence of indebtedness hereunder, (a) violate any provision of law or any judgment, injunction, order or decree binding upon the Borrower or any provision of the organization documents of the Borrower or (b) violate any material covenant, material indenture or material agreement of or affecting the Borrower or any of its property.

**7.3 Consideration.** This Note promotes and furthers the financial interests of the Borrower and the creation of the Obligations hereunder will result in direct financial benefit to the Borrower.

**7.4 No Approvals.** No consent or authorization of, filing with, notice to or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Borrower to execute, deliver, or perform any of its obligations under this Note, except for those that have been obtained and are in full force and effect.

**7.5 Material Adverse Effect.** Since December 31, 2022, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

**7.6 Litigation and Other Controversies.** There is no litigation, arbitration or governmental proceeding (including before Federal Energy Regulatory Commission or any state regulatory authority) pending or, to the knowledge of the General Partner, the Borrower and any Subsidiary of the Borrower, threatened against the General Partner, any Borrower or any Subsidiary that could reasonably be expected to have a Material Adverse Effect.

**7.7 Solvency.** The Borrower and the Guarantors, taken as a whole, are Solvent.

**7.8 No Default.** No Default or Event of Default has occurred and is continuing.

## 8. Covenants.

8.1 Preservation of Existence. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, its franchises, authority to do business, licenses, patents, trademarks, copyrights and other proprietary rights; provided, however, that nothing in this Section 8.1 shall prevent, to the extent permitted herein, sales of assets by any Borrower or any of its Subsidiaries, the dissolution or liquidation of any Subsidiary of any Borrower, or the merger or consolidation between or among the Subsidiaries of any Borrower.

8.2 Notice of Default or Litigation. The Borrower will furnish to the Noteholder, promptly, and in any event within seven Business Days after any officer of the Borrower or the General Partner obtains knowledge thereof, (i) notice of the occurrence of any event which constitutes a Default or an

Event of Default or any other event which could reasonably be expected to have a Material Adverse Effect, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower propose to take with respect thereto or (ii) notice of the commencement of, or written threat of, or any significant adverse development in, any litigation, labor controversy, arbitration or governmental proceeding pending against the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

8.3 Compliance with Laws. Each Borrower shall, and shall cause each Subsidiary to, comply in all respects with the requirements of all laws, rules, regulations, ordinances and orders of any Governmental Authority applicable to such Borrower's or any of its Subsidiaries' property or business operations of any Governmental Authority, where any such non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

8.4 Use of Proceeds. All proceeds of the Advances shall be used by the Borrowers for working capital purposes and other general corporate purposes of the Borrower.

8.5 Further Assurances. In the event any Borrower or any Subsidiary forms or acquires any other Subsidiary (other than an Excluded Subsidiary) after the Effective Date, such Borrower or Subsidiary shall, within thirty (30) days (or such longer time period as the Noteholder may permit in its sole discretion) of any such formation or acquisition, cause such newly formed or acquired Subsidiary to execute an Additional Guarantor Supplement and such other documents as the Noteholder reasonably request.

## 9. Events of Default. The occurrence and continuance of any of the following shall constitute an Event of Default hereunder:

9.1 Failure to Pay. The Borrower fails to pay (a) any principal amount of the Advances when due or (b) interest or any other amount when due and such failure continues for five (5) Business Days.

9.2 Cross-Defaults. The Borrower fails to pay any principal when due in respect of any indebtedness aggregating \$50,000,000 (other than indebtedness arising under this Note), including, but not limited to, the DKL Existing Indebtedness, or any interest or premium thereon, when due (whether by scheduled maturity, acceleration, demand, or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such material indebtedness.

9.3 Bankruptcy. The occurrence of any of the following:

(a) the Borrower or any Guarantor commences any case, proceeding, or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Guarantor makes a general assignment for the benefit of its creditors;

(b) there is commenced against the Borrower or any Guarantor any case, proceeding, or other action of a nature referred to in Section 9.3(a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, or unbonded for a period of sixty (60) days;

(c) there is commenced against the Borrower or any Guarantor any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof;

(d) the Borrower or any Guarantor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 9.3(a), Section 9.3(b), or Section 9.3(c) above; or

(e) the Borrower or any Guarantor is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due.

**9.4 Judgments.** (i) One or more judgments or decrees in an aggregate amount in excess of \$50,000,000(except to the extent fully and unconditionally covered by insurance pursuant to which the insurer has accepted liability therefor in writing and except to the extent fully and unconditionally covered by an appeal bond, for which the Borrower has established in accordance with GAAP a cash or cash equivalent reserve in the amount of such judgment or decree) shall be entered against the Borrower or any Guarantor and all of such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof or (ii) any Borrower or any Guarantor fail within 30 days to discharge one or more non-momentary judgments or orders, which in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued.

**9.5 Breach of Representations and Warranties.** Any representation or warranty made or deemed made by the Borrower to the Noteholder herein is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

**9.6 Breach of Covenants.** The Borrower fails to observe or perform any covenant or agreement contained in this Note (except as otherwise set forth in this Section 9) and, except for a breach of Section 8.1, such failure is not remedied within 30 days after the earlier of (i) the date on which such default shall first become known to any officer of the Borrower or (ii) written notice of such default is given to the Borrower by the Noteholder.

**10. Remedies.** Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may, at its option, by written notice to the Borrower (a) terminate its commitment to make any Advances hereunder; (b) declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (c) exercise any or all of its rights, powers or remedies under applicable Law; *provided, however,* that if an Event of Default described in Section 9.3 shall occur, the principal of and accrued interest on the Advances shall become immediately due and payable without any notice, declaration, or other act on the part of the Noteholder.

## **11. Miscellaneous.**

### **11.1 Governing Law; Subordination Provisions.**

(a) **Governing Law.** This Note, and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, and the transactions contemplated hereby shall be governed by the laws of the State of New York.

(b) **Subordination Provisions.** The terms and conditions of this Note will be deemed automatically amended to the extent required to make the applicable terms and conditions set forth in the Subordination Provisions (set forth in an agreement executed by the Borrower, the Noteholder and Fifth Third) consistent with the terms and conditions of this Note.

### **11.2 Submission to Jurisdiction.**

(a) Each party hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Noteholder or any Related Party or any other party hereto of the foregoing in any way relating to this Note or the transactions relating hereto or thereto, in each case in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any

thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements.

(b) Nothing in this Section 11.2 shall affect any right that the Noteholder may otherwise have to bring any action or proceeding relating to this Note against the Borrower or its properties in the courts of any jurisdiction (1) for the purposes of enforcing a judgment or (2) to the extent the courts referred to in the preceding sentence do not have jurisdiction over such legal action or proceeding or the parties or property subject thereto. Nothing in this Section 11.2 shall affect the right of the Noteholder to serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

**11.3 Venue.** The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note in any court referred to in Section 11.2 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

**11.4 Waiver of Jury Trial.** THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

**11.5 Counterparts; Integration; Effectiveness.** This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect

thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

**11.6 Successors and Assigns.** No Party may assign or transfer this Note or any of its rights or obligations hereunder without the prior written consent of the other Party hereto. This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

**11.7 Waiver of Notice.** The Borrower hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, and diligence in taking any action to collect sums owing hereunder.

**11.8 Amendments and Waivers.** No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the Parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

**11.9 Headings.** The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.

**11.10 No Waiver; Cumulative Remedies.** No failure to exercise, and no delay in exercising on the part of the Noteholder, of any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

**11.11 Electronic Execution.** The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of

records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001-7006), the Electronic Signatures and Records Act of 1999 (N.Y. State Tech. §§ 301-309), or any other similar state laws based on the Uniform Electronic Transactions Act.

**11.12 Severability.** If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

**11.13 Interpretation.** Any terms that are defined herein by reference to the DKL Credit Agreement shall have the meaning given to such term in the DKL Credit Agreement as of the Effective Date without giving effect to any amendments, restatements, supplements or other modifications agreed to after the Effective Date.

**11.14 Indemnification.** The Borrower shall indemnify the Noteholder (and any agent thereof) and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all Damages (including the reasonable and documented out-of-pocket fees, charges and disbursements of any counsel for any Indemnitee (excluding the allocated costs of in-house counsel and regulatory counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest, of another firm of counsel for such affected Indemnitee))), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any Guarantor other than such Indemnitee and its Related Parties) arising out of, in connection with, or as a result of (i) the execution or delivery of this Note or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Advance or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any Guarantor, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower or any Guarantor against an Indemnitee for breach of such Indemnitee's obligations hereunder, if the Borrower or such Guarantor has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) arose from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of their respective affiliates and is brought by an Indemnitee against another Indemnitee. This Section 11.14 shall not apply with respect to taxes other than any taxes that represent losses or damages arising from any claim not related to any such taxes.

## **12. The Guarantees.**

**12.1 The Guarantees.** To induce the Noteholder to provide the credits described herein and in consideration of benefits expected to accrue to the Borrower by reason of the Commitments and the Advances and for other good and valuable consideration, receipt of which is hereby acknowledged, each Borrower and each Subsidiary of the Borrowers party hereto (including any Subsidiary executing an Additional Guarantor Supplement substantially in the form attached hereto as Exhibit B or such other form reasonably acceptable to the Noteholder and the Borrower (herein,

an "Additional Guarantor Supplement"), hereby unconditionally and irrevocably guarantees jointly and severally to the Noteholder, the due and punctual payment of all present and future Obligations, including, but not limited

to, the due and punctual payment of principal of and interest on the Advances and the due and punctual payment of all other Obligations now or hereafter owed by the Borrower under this Note, as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, according to the terms hereof and thereof (including all interest, costs, fees, and charges reimbursable hereunder after the entry of an order for relief against the Borrower or such other obligor in a case under the United States Bankruptcy Code or any similar proceeding, whether or not such interest, costs, fees and charges would be an allowed claim against the Borrower or any such obligor in any such proceeding). In case of failure by the Borrower or other obligor punctually to pay any Obligations guaranteed hereby, each Guarantor hereby unconditionally, jointly and severally agrees to make such payment or to cause such payment to be made punctually as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, and as if such payment were made by the Borrower or such obligor.

**12.2 Guarantee Unconditional.** The obligations of each Guarantor under this Section 12 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, or otherwise affected by:

- (a) any extension, renewal, settlement, compromise, waiver, or release in respect of any obligation of the Borrower or other obligor or of any other guarantor under this Note or by operation of law or otherwise;
- (b) any modification or amendment of or supplement to this Note;
- (c) any change in the corporate existence, structure, or ownership of, or any proceeding under any Debtor Relief Law affecting, the Borrower or other obligor, any other guarantor, or any of their respective assets, or any resulting release or discharge of any obligation of the Borrower or other obligor or of any other guarantor contained in this Note;
- (d) the existence of any claim, set-off, or other rights which the Borrower or other obligor or any other guarantor may have at any time against the Noteholder or any other Person, whether or not arising in connection herewith;
- (e) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Borrower or other obligor, any other guarantor, or any other Person or property;
- (f) any application of any sums by rights of set-off, counterclaim or similar rights to any obligation of any Borrower or other obligor, regardless of what obligations of the Borrower or other obligor remain unpaid, including the Obligations;
- (g) any invalidity or unenforceability relating to or against the Borrower or other obligor or any other guarantor for any reason of this Note or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or other obligor or any other guarantor of the principal of or interest on any Advance or any other amount payable under this Note; or
- (h) any other act or omission to act or delay of any kind by the Noteholder or any other Person or any other circumstance whatsoever that might, but for the provisions of this clause (h), constitute a legal or equitable discharge of the obligations of any Guarantor under this Section 12.

**12.3 Discharge Only upon Payment in Full in Cash; Reinstatement in Certain Circumstances.** Each Guarantor's obligations under this Section 12 shall remain in full force and effect until the Commitments are terminated and the principal of and interest on the Advances and all other Obligations payable by the Borrower and the Guarantors under this Note (other than any contingent or indemnification obligations not then due) shall have been paid in full in cash. If at any time any payment of the principal of or interest on any Advance or any other amount payable by the Borrower or other obligor or any Guarantor under this Note is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or other obligor or of any guarantor, or

otherwise, each Guarantor's obligations under this Section 12 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

**12.4 Subrogation.** Each Guarantor agrees it will not exercise any rights which it may acquire by way of subrogation by any payment made hereunder, or otherwise, until all the Obligations (other than any contingent or indemnification obligations not then due) shall have been paid in full or subsequent to the termination of all the Commitments. If any amount shall be paid to a Guarantor on account of such subrogation rights at any time prior to the later of (a) the payment in full of the Obligation and all other amounts payable by the Borrower hereunder (other than any contingent or indemnification obligations not then due) and (b) the termination of the Commitments, such amount shall be held in trust for the benefit of the Noteholder and shall forthwith be paid to the Noteholder or be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of this Note.

**12.5 Subordination.** Each Guarantor hereby subordinates the payment of all indebtedness, obligations, and liabilities of the Borrower or any other Guarantor owing to such Guarantor, whether now existing or hereafter arising, to the payment in full in cash of all Obligations (other than any contingent obligations not due and owing). During the existence of any Event of Default, subject to Section 12.4 above, any such indebtedness, obligation, or liability of the Borrower or any other Guarantor owing to such Guarantor shall be enforced and performance received by such Guarantor as trustee for

the benefit of the holders of the Obligations and the proceeds thereof shall be paid over to the Noteholder for application to the Obligations (whether or not then due), but without reducing or affecting in any manner the liability of such Guarantor under this Section 12.

12.6 **Waivers**. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest, and any notice not provided for herein, as well as any requirement that at any time any action be taken by the Noteholder or any other Person against the Borrower or other obligor, another guarantor, or any other Person.

12.7 **Limit on Recovery**. Notwithstanding any other provision hereof, the right of recovery against each Guarantor under this Section 12 shall not exceed \$1.00 less than the lowest amount which would render such Guarantor's obligations under this Section 12 void or avoidable under applicable law, including fraudulent conveyance law.

12.8 **Stay of Acceleration**. If acceleration of the time for payment of any amount payable by the Borrower or other obligor under this Note is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or such obligor, all such amounts otherwise subject to acceleration under the terms of this Note shall nonetheless be payable by the Guarantors hereunder forthwith on demand by the Noteholder.

12.9 **Benefit to Guarantors**. The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of the Borrowers has a direct impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit hereunder.

12.10 **Guarantor Covenants**. Each Guarantor shall take such action as the Borrower is required by this Agreement to cause such Guarantor to take, and shall refrain from taking such action as the Borrower is required by this Agreement to prohibit such Guarantor from taking.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first written above.

**BORROWER:**

**DELEK LOGISTICS PARTNERS, LP**

**By: Delek Logistics GP, LLC, its General Partner**

By: /s/ Reuven Spiegel

Name: Reuven Spiegel

Title: Executive Vice President and Chief Financial Officer

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

[Signature Page to Promissory Note]

---

**GUARANTORS:**

**DELEK MARKETING & SUPPLY, LP**

**BY: Delek Marketing GP, LLC, its General Partner**

**DELEK LOGISTICS OPERATING, LLC**

**DELEK MARKETING GP, LLC**  
**DELEK CRUDE LOGISTICS, LLC**  
**DELEK MARKETING-BIG SANDY, LLC**  
**PALINE PIPELINE COMPANY, LLC**  
**MAGNOLIA PIPELINE COMPANY, LLC**  
**SALA GATHERING SYSTEMS, LLC**  
**EL DORADO PIPELINE COMPANY, LLC**  
**DKL TRANSPORTATION, LLC**  
**DKL CADDO, LLC**  
**DKL RIO, LLC**  
**DKL BIG SPRING, LLC**  
**DELEK LOGISTICS FINANCE CORP.**  
**DKL PERMIAN GATHERING, LLC**

By: /s/ Reuven Spiegel  
Name: Reuven Spiegel  
Title: Executive Vice President and Chief Financial Officer and Treasurer

By: /s/ Odely Sakazi  
Name: Odely Sakazi  
Title: Senior Vice President

5 [Signature Page to Promissory Note]

---

**DKL PIPELINE, LLC**  
**DKL DELAWARE GATHERING, LLC**  
**DKL DELAWARE HOLDING - NM, LLC**  
**DKL DELAWARE OPERATING - NM, LLC**  
**DKL DELAWARE MARKETING, LLC**  
**DKL ENERGY - COTTONWOOD, LLC**  
**DKL ENERGY - LYNCH, LLC**  
**DKL FIELD SERVICES, LLC**  
**DKL G&P SOLUTIONS, LLC**  
**DKL HAT MESA II - NM, LLC**  
**DKL NEPTUNE RECYCLING, LLC**

By: /s/ Reuven Spiegel  
Name: Reuven Spiegel  
Title: Executive Vice President, Chief Financial Officer and Treasurer

By: /s/ Odely Sakazi  
Name: Odely Sakazi  
Title: Senior Vice President

[Signature Page to Promissory Note]

---

**DELEK US HOLDINGS, INC.**

By: /s/ Reuven Spiegel  
Name: Reuven Spiegel  
Title: Executive Vice President and Chief Financial Officer

By: /s/ Joseph Israel  
Name: Joseph Israel  
Title: Executive Vice President, Operations

[Signature Page to Promissory Note]

---

**EXHIBIT A**

**Advances**

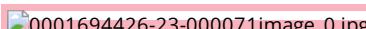
Date of Advance	Tranche	Principal Amount of Advance	Applicable Rate	Amount of Principal Paid

Schedule 2

EXHIBIT B

Price (\$/bbl)	Volumes (bbl)	Deferred Daily Receivables Amount	Crude Withdrawal Booking Date	Current Intermediation Agreement Payment Date	Amended Payment Date
65.00	219,683	\$14,279,379	Wednesday, June 21, 2023	Friday, June 23, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Thursday, June 22, 2023	Monday, June 26, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Friday, June 23, 2023	Tuesday, June 27, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Saturday, June 24, 2023	Wednesday, June 28, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Sunday, June 25, 2023	Wednesday, June 28, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Monday, June 26, 2023	Wednesday, June 28, 2023	Tuesday, July 11, 2023
65.00	219,683	\$14,279,379	Tuesday, June 27, 2023	Thursday, June 29, 2023	Tuesday, July 11, 2023
<b>Total</b>		<b>\$99,955,651</b>			

Additional Guarantor Supplement

 Delek US Holdings, Inc., as Noteholder, under that certain Promissory Note, dated as of November 6, 2023, made by Delek Logistics Partners, LP, as Borrower, and the Guarantors from time to time party thereto (the "Note")

Ladies and Gentlemen:

Reference is made to the Note described above. Terms not defined herein which are defined in the Note shall have the meaning provided therein.

The undersigned, [name of Guarantor], a [jurisdiction of incorporation or organization] hereby elects to be a "Guarantor" for all purposes of the Note, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 7 of the Note are true and correct (or in the case of any representation or warranty not qualified as to materiality, true and correct in all material respects) as to the undersigned to the extent applicable to it as of the date hereof and the undersigned shall comply with each of the covenants set forth in Section 8 of the Note applicable to it.

Without limiting the generality of the foregoing, the undersigned hereby agrees to perform all the obligations of a Guarantor under, and to be bound in all respects by the terms of, the Note, including without limitation Section 12 thereof, to the same extent and with the same force and effect as if the undersigned were a signatory party thereto.

The undersigned acknowledges that this Additional Guarantor Supplement shall be effective upon its execution and delivery by the undersigned to the Noteholder and countersigned by the Noteholder. This Additional Guarantor Supplement shall be construed in accordance with and governed by the laws of the State of New York, without regard to conflicts of law provisions (other than Sections 5-1401 and 5-1402 of the New York General Obligations law).

[Name of Guarantor]

By:

Name:

Title:

Acknowledged and Agreed

Delek US Holdings, Inc., as Noteholder

By:

Name:

**Certification by Chief Executive Officer pursuant to  
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,  
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Avigal Soreq, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Avigal Soreq  
Avigal Soreq,

President and Chief Executive Officer  
(Principal Executive Officer)

Dated: August 8, 2023 November 8, 2023

**Certification by Chief Financial Officer pursuant to  
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,  
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Reuven Spiegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Reuven Spiegel

Reuven Spiegel,  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Dated: August 8, 2023 November 8, 2023

**Exhibit 32.1**

**Certification Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avigal Soreq, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

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

By: /s/ Avigal Soreq

Avigal Soreq,  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: August 8, 2023 November 8, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**Certification Pursuant to  
18 U.S.C. Section 1350,**

**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Reuven Spiegel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Dated: **August 8, 2023** **November 8, 2023**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.