

REFINITIV

DELTA REPORT

10-Q

AE - ADAMS RESOURCES & ENERGY,

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1025

█	CHANGES	227
█	DELETIONS	429
█	ADDITIONS	369

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 September 30, 2023 March 31, 2024

OR

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

For the transition period from ____ to ____.

Commission file number: 1-07908

ADAMS RESOURCES & ENERGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

74-1753147

(State or Other Jurisdiction of
Incorporation or Organization)

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

**17 South Briar Hollow Lane, Suite 100
Houston, Texas 77027**

(Address of Principal Executive Offices, including Zip Code)

(713) 881-3600

(Registrant's Telephone Number, including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.10 Par Value	AE	NYSE American LLC

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>	

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

A total of **2,546,441** **2,567,104** shares of Common Stock were outstanding at **November 1, 2023** **May 1, 2024**.

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except share data)

	March 31, 2024	March 31, 2024	December 31, 2023
ASSETS			
Current assets:			

Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash			
Accounts			
receivable, net of			
allowance for			
credit			
losses of \$94 and \$117, respectively			
losses of \$94 and \$117, respectively			
losses of \$94 and \$117, respectively			
Inventory			
Inventory			
Inventory			
	September 30, December		
	31,		
Prepayments and other current assets			
	2023	2022	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,313	\$ 20,532	
Restricted cash	8,575	10,535	
Accounts receivable, net of allowance			
for doubtful			
accounts of \$117 and \$88,			
respectively	219,263	189,039	
Prepayments and other current assets			
Inventory	27,650	26,919	
Derivative assets	5	—	
Income tax receivable	510	—	
Prepayments and			
other current			
assets	Prepayments and		
	other current		
	assets		
	2,470	3,118	
Total current			
assets	Total current		
	assets		
	274,786	250,143	

Property and equipment, net	Property and equipment, net	111,042	106,425
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	6,212	7,720
Intangible assets, net	Intangible assets, net	8,407	9,745
Goodwill	Goodwill	6,673	6,428
Other assets	Other assets	3,475	3,698
Total assets	Total assets	\$ 410,595	\$384,159
LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:	Current liabilities:		
Current liabilities:	Current liabilities:		
Current liabilities:	Current liabilities:		
Accounts payable	Accounts payable	\$ 226,613	\$204,391
Accounts payable – related party		—	31
Derivative liabilities		—	330
Accounts payable			
Accounts payable			
Current portion of finance lease obligations			
Current portion of finance lease obligations			
Current portion of finance lease obligations	Current portion of finance lease obligations	6,863	4,382
Current portion of operating lease liabilities	Current portion of operating lease liabilities	2,769	2,712
Current portion of long-term debt	Current portion of long-term debt	2,500	—
Other current liabilities	Other current liabilities	13,856	19,214

Total current liabilities	Total current liabilities	252,601	231,060
Other long-term liabilities:	Other long-term liabilities:		
Long-term debt	Long-term debt	20,000	24,375
Long-term debt			
Long-term debt			
Asset retirement obligations	Asset retirement obligations	2,499	2,459
Finance lease obligations	Finance lease obligations	22,292	12,085
Operating lease liabilities	Operating lease liabilities	3,446	5,007
Deferred taxes and other liabilities	Deferred taxes and other liabilities	15,696	15,996
Total liabilities	Total liabilities	316,534	290,982
Commitments and contingencies (Note 16)			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Shareholders' equity:	Shareholders' equity:		
Shareholders' equity:			
Shareholders' equity:			
Preferred stock – \$1.00 par value, 960,000 shares			
Preferred stock – \$1.00 par value, 960,000 shares			
Preferred stock – \$1.00 par value, 960,000 shares	Preferred stock – \$1.00 par value, 960,000 shares		
authorized, none outstanding	authorized, none outstanding	—	—
authorized, none outstanding			
authorized, none outstanding			

Common stock – \$0.10 par value, 7,500,000 shares	Common stock – \$0.10 par value, 7,500,000 shares		
authorized, 2,546,441 and 2,495,484 shares outstanding, respectively		253	248
authorized, 2,566,649 and 2,547,154 shares outstanding, respectively			
authorized, 2,566,649 and 2,547,154 shares outstanding, respectively			
authorized, 2,566,649 and 2,547,154 shares outstanding, respectively			
Contributed capital	Contributed capital	21,653	19,965
Retained earnings	Retained earnings	72,155	72,964
Total shareholders' equity	Total shareholders' equity	94,061	93,177
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 410,595	\$384,159

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Three Months Ended				
Three Months Ended				
Three Months Ended				
March 31,				
March 31,				
March 31,				
2024				

		2024							
		2024							
Revenues:									
Revenues:									
Revenues:	Revenues:								
Marketing	Marketing	\$719,925	\$814,394	\$1,913,673	\$2,524,465				
Marketing									
Marketing									
Transportation									
Transportation	Transportation	24,206	29,830	75,103	86,054				
Pipeline and storage	Pipeline and storage			308	—				
		59	—						
Pipeline and storage									
Pipeline and storage									
Logistics and repurposing	Logistics and repurposing	16,424	8,677	46,458	8,677				
Logistics and repurposing									
Logistics and repurposing									
Total revenues									
Total revenues									
Total revenues	Total revenues	760,614	852,901	2,035,542	2,619,196				
Costs and expenses:	Costs and expenses:								
Costs and expenses:									
Costs and expenses:									
Marketing									
Marketing									
Marketing	Marketing	710,169	807,316	1,894,416	2,498,474				
Transportation	Transportation	19,642	23,732	62,315	68,271				
Transportation									
Transportation									
Pipeline and storage									
Pipeline and storage									
Pipeline and storage	Pipeline and storage	659	640	2,350	1,799				

Logistics and repurposing	Logistics and repurposing	15,121	7,582	41,448	7,582
Logistics and repurposing					
Logistics and repurposing					
General and administrative					
General and administrative					
General and administrative	General and administrative	4,162	4,630	10,649	12,860
Depreciation and amortization	Depreciation and amortization	6,936	6,008	21,289	16,109
Depreciation and amortization					
Depreciation and amortization					
Total costs and expenses					
Total costs and expenses					
Total costs and expenses	Total costs and expenses	756,689	849,908	2,032,467	2,605,095
Operating earnings		3,925	2,993	3,075	14,101
Operating losses					
Operating losses					
Operating losses					
Other income (expense):					
Other income (expense):					
Other income (expense):	Other income (expense):				
Interest and other income	Interest and other income	119	338	893	665
Interest and other income					
Interest and other income					
Interest expense	Interest expense	(1,027)	(119)	(2,525)	(369)
Total other (expense) income, net		(908)	219	(1,632)	296
Interest expense					
Interest expense					
Total other income (expense), net					

Total other income (expense), net					
Total other income (expense), net					
Earnings before income taxes	3,017	3,212	1,443	14,397	
Income tax (provision) benefit	(759)	(1,022)	(357)	(3,641)	
Losses before income taxes					
Net earnings	\$ 2,258	\$ 2,190	\$ 1,086	\$ 10,756	
Losses before income taxes					
Earnings per share:					
Basic net earnings per common share	\$ 0.89	\$ 0.50	\$ 0.43	\$ 2.46	
Diluted net earnings per common share	\$ 0.88	\$ 0.50	\$ 0.42	\$ 2.44	
Losses before income taxes					
Income tax benefit					
Income tax benefit					
Income tax benefit					
Net losses					
Net losses					
Net losses					
Losses per share:					
Losses per share:					
Losses per share:					
Basic net losses per common share					
Basic net losses per common share					
Basic net losses per common share					
Diluted net losses per common share					
Diluted net losses per common share					
Diluted net losses per common share					

Dividends per common share	Dividends per common share	\$ 0.24	\$ 0.24	\$ 0.72	\$ 0.72
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Dividends per common share

Dividends per common share

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

		Nine Months Ended				
		September 30,				
		2023	2022			
		Three Months Ended		Three Months Ended		
		March 31,	March 31,			
		2024	2024			
Operating activities:		Operating activities:				
Net earnings		\$ 1,086	\$10,756			
Adjustments to reconcile net earnings to net cash						
Net losses						
Net losses						
Net losses						
Adjustments to reconcile net losses to net cash						
provided by operating activities:						
provided by operating activities:						
provided by operating activities:		provided by operating activities:				
Depreciation and amortization		Depreciation and amortization	21,289	16,109		
Depreciation and amortization						

Depreciation and amortization			
Gains on sales of property	Gains on sales of property	(1,429)	(1,709)
Provision for doubtful accounts		29	(20)
Provision for credit losses			
Stock-based compensation expense	Stock-based compensation expense	1,044	712
Change in contingent consideration liability		(2,566)	—
Deferred income taxes			
Deferred income taxes			
Deferred income taxes	Deferred income taxes	3	(1,761)
Net change in fair value contracts	Net change in fair value contracts	(335)	(1,884)
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable	Accounts receivable	(30,253)	(56,060)
Accounts receivable			
Accounts receivable/payable, affiliates	Accounts receivable/payable, affiliates	(31)	17
Inventories	Inventories	(731)	(10,259)
Income tax receivable		(510)	6,424
Prepayments and other current assets			
Prepayments and other current assets			
Prepayments and other current assets	Prepayments and other current assets	648	468
Accounts payable	Accounts payable	22,239	46,925
Accrued liabilities	Accrued liabilities	(2,709)	6,489
Other	Other	64	(375)

Net cash provided by operating activities	Net cash provided by operating activities	7,838	15,832
Investing activities:	Investing activities:		
Investing activities:			
Investing activities:			
Property and equipment additions	Property and equipment additions	(8,917)	(6,797)
Acquisition of Firebird and Phoenix, net of cash acquired		—	(33,590)
Property and equipment additions			
Property and equipment additions			
Proceeds from property sales	Proceeds from property sales	3,078	2,209
Insurance and state collateral refunds		—	331
Proceeds from property sales			
Proceeds from property sales			
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	Net cash used in investing activities	(5,839)	(37,847)
Financing activities:	Financing activities:		
Financing activities:			
Financing activities:			
Borrowings under Credit Agreement			
Borrowings under Credit Agreement			
Borrowings under Credit Agreement	Borrowings under Credit Agreement	76,000	45,000
Repayments under Credit Agreement	Repayments under Credit Agreement	(77,875)	(30,000)
Principal repayments of finance lease obligations	Principal repayments of finance lease obligations	(4,944)	(3,491)

Net proceeds from sale of equity	Net proceeds from sale of equity	549	283
Net proceeds from sale of equity			
Net proceeds from sale of equity			
Dividends paid on common stock	Dividends paid on common stock	(1,908)	(3,180)
Net cash (used in) provided by financing activities		(8,178)	8,612
Net cash used in financing activities			
Increase (Decrease) in cash and cash equivalents, including restricted cash		(6,179)	(13,403)
Increase in cash and cash equivalents, including restricted cash			
Increase in cash and cash equivalents, including restricted cash			
Increase in cash and cash equivalents, including restricted cash			
Cash and cash equivalents, including restricted cash, at beginning of period	Cash and cash equivalents, including restricted cash, at beginning of period	31,067	107,317
Cash and cash equivalents, including restricted cash, at end of period	Cash and cash equivalents, including restricted cash, at end of period	\$24,888	\$93,914

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 (In thousands, except per share data)

	Common Stock	Total	Common Stock				Contributed Capital	Retained Earnings	Shareholders' Equity	Total
			Stock	Capital	Earnings	Equity				
Balance, January 1, 2024										
Balance, January 1, 2024										
Balance, January 1, 2024										
Net losses										
Stock-based compensation expense										
Vesting of restricted awards										
Cancellation of shares withheld to cover										
taxes upon vesting of restricted awards										
taxes upon vesting of restricted awards										
taxes upon vesting of restricted awards										
Dividends declared:										
Dividends declared:										
Dividends declared:										

Common stock, \$0.24/share					
Common stock, \$0.24/share					
Common stock, \$0.24/share					
Awards under LTIP, \$0.24/share					
Balance, March 31, 2024					
					Total
	Common Stock	Contributed Capital	Retained Earnings	Shareholders' Equity	
Balance, January 1, 2023	\$ 248	\$ 19,965	\$ 72,964	\$ 93,177	
Net loss	—	—	(1,999)	(1,999)	
Stock-based compensation expense	—	283	—	283	
Vesting of restricted awards	3	(3)	—	—	
Cancellation of shares withheld to cover taxes upon vesting of restricted awards	—	(222)	—	(222)	
Shares sold under at-the-market offering program	1	548	—	549	

Dividends declared:				
Common stock, \$0.24/share	—	—	(608)	(608)
Awards under LTIP, \$0.24/share	—	—	(25)	(25)
Balance, March 31, 2023	252	20,571	70,332	91,155
Net earnings	—	—	827	827
Stock-based compensation expense	—	372	—	372
Dividends declared:				
Common stock, \$0.24/share	—	—	(608)	(608)
Awards under LTIP, \$0.24/share	—	—	(25)	(25)
Balance, June 30, 2023	252	20,943	70,526	91,721
Net earnings	—	—	2,258	2,258
Stock-based compensation expense	—	389	—	389
Vesting of restricted awards	1	321	—	322
Dividends declared:				
Common stock, \$0.24/share	—	—	(609)	(609)
Awards under LTIP, \$0.24/share	—	—	(20)	(20)
Balance, September 30, 2023	\$ 253	\$ 21,653	\$ 72,155	\$ 94,061

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except per share data)

	Common Stock	Total				Total
		Common Stock	Contributed Capital	Retained Earnings	Shareholders' Equity	
Balance, January 1, 2023						
Balance, January 1, 2023						
Balance, January 1, 2023						
Net losses						
Stock-based compensation expense						
Vesting of restricted awards						
Cancellation of shares withheld to cover taxes upon vesting of restricted awards						
taxes upon vesting of restricted awards						
taxes upon vesting of restricted awards						

taxes upon
vesting of
restricted
awards

Shares sold
under at-the-
market
offering
program

program
program
program

Dividends
declared:

Common
stock,
\$0.24/share

Common
stock,
\$0.24/share

Common
stock,
\$0.24/share

Awards
under LTIP,
\$0.24/share

Balance, March 31, 2023

		Common Stock	Contributed Capital	Retained Earnings	Shareholders' Equity	Total
Balance, January 1, 2022	\$	433	\$ 16,913	\$143,040	\$ 160,386	
Net earnings		—	—	6,090		6,090
Stock-based compensation expense		—	195	—		195
Vesting of restricted awards		2	(2)	—		—

Cancellation of shares withheld to cover	—	(86)	—	
taxes upon vesting of restricted awards	—	(86)		
Dividends declared:				
Common stock, \$0.24/share	—	(1,048)		
Awards under LTIP, \$0.24/share	—	(16)	(16)	
Balance, March 31, 2022	435	17,020	148,066	165,521
Net earnings	—	—	2,476	2,476
Stock-based compensation expense	—	263	—	263
Cancellation of shares withheld to cover	—	(24)	—	(24)
taxes upon vesting of restricted awards	—	(24)	—	(24)
Shares sold under at-the- market offering program	1	282	—	283
Dividends declared:				
Common stock, \$0.24/share	—	(1,049)		(1,049)

Awards under LTIP, \$0.24/share	—	—	(18)	
				(18)
Balance, June 30, 2022	436	17,541	149,475	167,452
Net earnings	—	—	2,190	2,190
Stock-based compensation expense	—	254	—	254
Issuance of common shares for acquisition	2	423	—	425
Dividends declared:				
Common stock, \$0.24/share	—	—	(1,054)	(1,054)
Awards under LTIP, \$0.24/share	—	—	(16)	(16)
Balance, September 30, 2022	\$ 438	\$ 18,218	\$ 150,595	\$ 169,251

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

Organization

Adams Resources & Energy, Inc. is a publicly traded Delaware corporation organized in 1973, the common shares of which are listed on the NYSE American LLC under the ticker symbol "AE". Through our subsidiaries, we are primarily engaged in crude oil marketing, truck and pipeline transportation of crude oil, and terminalling and storage in various crude oil and natural gas basins in the lower 48 states of the United States ("U.S."). In addition, we conduct tank truck transportation of liquid chemicals, pressurized gases, asphalt and dry bulk primarily in the lower 48 states of the U.S. with deliveries into Canada and Mexico, and with eighteen sixteen terminals across the U.S. We also recycle and repurpose off-specification fuels, lubricants, crude oil and other chemicals from producers in the U.S. Unless the context requires otherwise, references to "we," "us," "our,"

"Adams" or the "Company" are intended to mean the business and operations of Adams Resources & Energy, Inc. and its consolidated subsidiaries.

We operate and report in four business segments: (i) crude oil marketing, transportation and storage; (ii) tank truck transportation of liquid chemicals, pressurized gases, asphalt and dry bulk; (iii) pipeline transportation, terminalling and storage of crude oil; and (iv) interstate bulk transportation logistics of crude oil, condensate, fuels, oils and other petroleum products and recycling and repurposing of off-specification fuels, lubricants, crude oil and other chemicals. See Note 87 for further information regarding our business segments.

Basis of Presentation

Our results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of results expected for the full year of 2023, 2024. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring accruals necessary for fair presentation. The condensed consolidated financial statements and the accompanying notes are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial statements and the rules of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures required by GAAP for complete annual financial statements have been omitted and, therefore, these interim financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022" "2023 Form 10-K") filed with the SEC on March 16, 2023 March 13, 2024. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of our financial statements in conformity with GAAP requires management to use estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on historical experience and on various other assumptions and information we believe to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. While we believe the estimates and assumptions used in the preparation of these condensed consolidated financial statements are appropriate, actual results could differ from those estimates.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES **NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Note 2. Summary of Significant Accounting Policies

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents and restricted cash as reported in the unaudited condensed consolidated balance sheets that totals to the amounts shown in the unaudited condensed consolidated statements of cash flows at the dates indicated (in thousands):

		December	
		September 30, 2023	31, 2022
		March 31, 2024	March 31, 2024
Cash and cash equivalents	Cash and cash equivalents	\$ 16,313	\$ 20,532
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash: Restricted cash:			
Collateral for outstanding letters of credit (1)			
Collateral for outstanding letters of credit (1)			
Collateral for outstanding letters of credit (1)	Collateral for outstanding letters of credit (1)		
(1)		357	892
Captive insurance subsidiary (2)	Captive insurance subsidiary (2)	8,218	9,643
Total cash, cash equivalents and restricted cash shown in the unaudited condensed consolidated statements of cash flows	Total cash, cash equivalents and restricted cash shown in the unaudited condensed consolidated statements of cash flows	\$ 24,888	\$ 31,067
unaudited condensed consolidated statements of cash flows			
unaudited condensed consolidated statements of cash flows			

- (1) Represents amounts that are held in a segregated bank account by Wells Fargo Bank as collateral for an outstanding letter of credit.
- (2) \$1.5 million of the restricted cash balance relates to the initial capitalization of our captive insurance company formed in late 2020, and the remainder **primarily** represents **cash** amounts **paid to held** by our captive insurance company for insurance premiums.

Common Shares Outstanding

The following table reconciles our outstanding common stock for the periods indicated:

	Common shares
Balance, January 1, 2023	2,495,484
January 1, 2024	2,547,154
Vesting of restricted stock unit awards (see Note 13) 11)	20,291
Vesting of performance share unit awards (see Note 13) 11)	19,334
Shares withheld to cover taxes upon vesting of equity awards	12,319
	6,318
Balance, March 31, 2023	2,534,685
March 31, 2024	2,566,649

Earnings Per Share

Basic earnings per share is computed by dividing our net earnings **(losses)** by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by giving effect to all potential common shares outstanding, including shares related to unvested restricted stock unit awards. Unvested restricted stock unit awards granted under the Adams Resources & Energy, Inc. 2018 Long-Term Incentive Plan, as amended and restated ("2018 LTIP"), or granted as employment inducement awards outside of the 2018 LTIP, are not considered to be participating securities as the holders of these shares do not have non-forfeitable dividend rights in the event of our declaration of a dividend for common shares (see Note 13) 11 for further discussion).

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The A reconciliation of the calculation of basic and diluted earnings **(losses)** per share was as follows for the periods indicated (in thousands, except per share data):

Three Months Ended

Three Months Ended

Three Months Ended

March 31,

	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Earnings (Losses) per share — numerator:				
Earnings (Losses) per share — numerator:				
Earnings (Losses) per share — numerator:				
Net losses				
Net losses				
Net losses				
	Three Months Ended		Nine Months Ended	
Denominator:				
	September 30,		September 30,	
	2023		2023	
Earnings per share — numerator:				
Net earnings	\$ 2,258	\$ 2,190	\$ 1,086	\$ 10,756
Denominator:				
Denominator:	Denominator:			
Basic weighted average number of shares outstanding	Basic weighted average number of shares outstanding	2,541	4,387	2,531
Basic weighted average number of shares outstanding	Basic weighted average number of shares outstanding	4,373		
Basic net earnings per share	\$ 0.89	\$ 0.50	\$ 0.43	\$ 2.46
Basic net losses per share				
Basic net losses per share				
Basic net losses per share				
Diluted earnings per share:				
Diluted earnings per share:				

Diluted earnings per share:	Diluted earnings per share:				
Diluted weighted average number of shares outstanding:	Diluted weighted average number of shares outstanding:				
Diluted weighted average number of shares outstanding:	Diluted weighted average number of shares outstanding:				
Common shares	Common shares	2,541	4,387	2,531	4,373
Restricted stock unit awards		15	20	15	21
Performance share unit awards ⁽¹⁾		14	13	18	12
Common shares					
Common shares					
Restricted stock unit awards ⁽¹⁾					
Restricted stock unit awards ⁽¹⁾					
Restricted stock unit awards ⁽¹⁾					
Performance share unit awards ^{(1) (2)}					
Performance share unit awards ^{(1) (2)}					
Performance share unit awards ^{(1) (2)}					
Total diluted shares					
Total diluted shares					
Total diluted shares	Total diluted shares	2,570	4,420	2,564	4,406
Diluted net earnings per share	\$ 0.88	\$ 0.50	\$ 0.42	\$ 2.44	
Diluted net losses per share					
Diluted net losses per share					
Diluted net losses per share					

(1) For the three months ended March 31, 2024 and 2023, the effect of the restricted stock unit awards and the performance share unit awards on losses per share was anti-dilutive.

(2) The dilutive effect of performance share awards ~~are~~ is included in the calculation of diluted earnings per share when the performance share award performance conditions have been achieved.

Equity At-The-Market Offerings

During the nine months ended September 30, 2023, we received net proceeds of approximately \$0.6 million (net of offering costs to B. Riley Securities, Inc. of \$27 thousand) from the sale of 14,680 of our common shares at an average price per share of approximately \$40.74 in at-the-market offerings under our At Market Issuance Sales Agreement with B. Riley Securities, Inc. dated December 23, 2020.

Fair Value Measurements

The carrying amounts reported in the unaudited condensed consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. Marketable securities are recorded at fair value based on market quotations from actively traded liquid markets. The fair value of the term loan under our credit agreement (see Note 1110 for further information) is representative of the carrying value based upon the variable terms and management's opinion that the current rates available to us with the same maturity and security structure are equivalent to that of the debt.

A three-tier hierarchy has been established that classifies fair value amounts recognized in the financial statements based on the observability of inputs used to estimate these fair values. The hierarchy considers fair value amounts based on observable inputs (Levels 1 and 2) to be more reliable and predictable than those based primarily on unobservable inputs (Level 3). At each balance sheet reporting date, we categorize our financial assets and liabilities using this hierarchy.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES **NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Fair value contracts consist of derivative financial instruments and are recorded as either an asset or liability measured at its fair value. Changes in fair value are recognized immediately in earnings unless the derivatives qualify for, and we elect, cash flow hedge accounting. We had no contracts designated for hedge accounting **outstanding** during any current reporting periods (see Note 12 for further information). **periods.**

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES **NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of these items and their respective tax basis.

In accordance with U.S. GAAP for interim reporting, we have historically estimated our full-year effective tax rate and applied this rate to ordinary income or loss for the reporting period. We have determined that since small changes in estimated ordinary income would result in significant changes in the estimated annual effective tax rate, this historical method would not provide reliable results for the three months ended September 30, 2023. Therefore, a discrete year-to-date method of reporting was used for the three months ended September 30, 2023. We will continue to evaluate income tax estimates under the historical method in subsequent quarters and employ a discrete effective tax rate method if warranted.

Inventory

Inventory consists of crude oil held in storage tanks and at third-party pipelines as part of our crude oil marketing and pipeline and storage operations. Crude oil inventory is carried at the lower of cost or net realizable value. At the end of each reporting period, we assess the carrying value of our inventory and make adjustments necessary to reduce the carrying value to the applicable net realizable value. Any resulting adjustments are a component of marketing costs and expenses or pipeline and storage costs and expenses on our **unaudited condensed** consolidated statements of operations.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for additions, improvements and other enhancements to property and equipment are capitalized, and minor replacements, maintenance and repairs that do not extend asset life or add value are charged to expense as incurred. When property and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations in operating costs and expenses for the respective period. Property and equipment, except for land, is depreciated using the straight-line method over the estimated average useful lives ranging from two to thirty-nine years.

We review our long-lived assets for impairment whenever there is evidence that the carrying value of these assets may not be recoverable. Any impairment recognized is permanent and may not be restored. Property and equipment is reviewed at the lowest level of identifiable cash flows. For property and equipment requiring impairment, the fair value is estimated based on an internal discounted cash flow model of future cash flows.

See Note 5 for additional information regarding our property and equipment.

Stock-Based Compensation

We measure all share-based payment awards, including the issuance of restricted stock unit awards and performance share unit awards to employees and board members, using a fair-value based method. The cost of services received from employees and non-employee board members in exchange for awards of equity instruments is recognized in the consolidated statements of operations based on the estimated fair value of those awards on the grant date and is amortized on a straight-line basis over the requisite service period. The fair value of restricted stock unit awards and performance share unit awards is based on the closing price of our common stock on the grant date. We account for forfeitures as they occur. See Note **13.11** for additional information regarding our 2018 LTIP.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Revenue Recognition

Revenue Disaggregation

The following table disaggregates our revenue by segment and by major source for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022

Crude Oil Marketing:**Three Months Ended****Three Months Ended****Three Months Ended****March 31,****March 31,****March 31,**

2024

2024

2024**Crude oil marketing:****Crude oil marketing:****Crude oil marketing:**Revenue from contracts with
customers:Revenue from contracts with
customers:

Revenue from contracts with customers:	Revenue from contracts with customers:										
Goods transferred at a point in time	Goods transferred at a point in time	\$	710,010	\$	802,707	\$	1,878,735	\$	2,491,066		

Goods transferred at a point in time

Goods transferred at a point in time

Services transferred over time

Services transferred over time

Services transferred over time	Services transferred over time										
Total revenues from contracts with customers	Total revenues from contracts with customers		427		—		763		—		

Total revenues from contracts with customers											
Total revenues from contracts with customers											

Other (1)	Other (1)		9,488		11,687		34,175		33,399		
-----------	-----------	--	-------	--	--------	--	--------	--	--------	--	--

Other (1)							
Other (1)							
Total crude oil marketing revenue							
Total crude oil marketing revenue							
Total crude oil marketing revenue	Total crude oil marketing revenue	\$ 719,925	\$ 814,394	\$ 1,913,673	\$ 2,524,465		
Transportation:	Transportation:						
Transportation:							
Transportation:							
Revenue from contracts with customers:							
Revenue from contracts with customers:							
Revenue from contracts with customers:	Revenue from contracts with customers:						
Goods transferred at a point in time	Goods transferred at a point in time	\$ —	\$ —	\$ —	\$ —		
Goods transferred at a point in time							
Goods transferred at a point in time							
Services transferred over time							
Services transferred over time							
Services transferred over time	Services transferred over time	24,206	29,830	75,103	86,054		
Total revenues from contracts with customers	Total revenues from contracts with customers	24,206	29,830	75,103	86,054		
Total revenues from contracts with customers							
Total revenues from contracts with customers							
Other	Other	—	—	—	—		
Other							
Other							
Total transportation revenue							
Total transportation revenue							

Total transportation revenue	Total transportation revenue	\$ 24,206	\$ 29,830	\$ 75,103	\$ 86,054
Pipeline and storage: (2)	Pipeline and storage: (2)				
Pipeline and storage: (2)					
Pipeline and storage: (2)					
Revenue from contracts with customers:					
Revenue from contracts with customers:					
Revenue from contracts with customers:	Revenue from contracts with customers:				
Goods transferred at a point in time	Goods transferred at a point in time	\$ —	\$ —	\$ —	\$ —
Goods transferred at a point in time					
Goods transferred at a point in time					
Services transferred over time					
Services transferred over time					
Services transferred over time	Services transferred over time	59	—	308	—
Total revenues from contracts with customers	Total revenues from contracts with customers	59	—	308	—
Total revenues from contracts with customers					
Total revenues from contracts with customers					
Other	Other	—	—	—	—
Other					
Other					
Total pipeline and storage revenue					
Total pipeline and storage revenue					
Total pipeline and storage revenue	Total pipeline and storage revenue	\$ 59	\$ —	\$ 308	\$ —

Logistics and repurposing:	Logistics and repurposing:
Logistics and repurposing:	
Logistics and repurposing:	
Revenue from contracts with customers:	
Revenue from contracts with customers:	
Revenue from contracts with customers:	Revenue from contracts with customers:
Goods transferred at a point in time	Goods transferred at a point in time
\$ 8,545	\$ 4,178
\$ 25,708	\$ 4,178
Goods transferred at a point in time	
Goods transferred at a point in time	
Services transferred over time	
Services transferred over time	
Services transferred over time	Services transferred over time
Total revenues from contracts with customers	Total revenues from contracts with customers
16,424	8,677
46,458	8,677
Total revenues from contracts with customers	
Total revenues from contracts with customers	
Other	Other
—	—
—	—
Other	
Other	
Total logistics and repurposing revenue	
Total logistics and repurposing revenue	
Total logistics and repurposing revenue	Total logistics and repurposing revenue
\$ 16,424	\$ 8,677
\$ 46,458	\$ 8,677
Subtotal:	Subtotal:

Subtotal:						
Subtotal:						
Total revenues from contracts with customers						
Total revenues from contracts with customers						
Total revenues from contracts with customers	Total revenues from contracts with customers	\$ 751,126	\$ 841,214	\$ 2,001,367	\$ 2,585,797	
Total other ⁽¹⁾	Total other ⁽¹⁾	9,488	11,687	34,175	33,399	
Total other ⁽¹⁾						
Total other ⁽¹⁾						
Total consolidated revenues	Total consolidated revenues	\$ 760,614	\$ 852,901	\$ 2,035,542	\$ 2,619,196	
Total consolidated revenues						
Total consolidated revenues						

(1) Other crude oil marketing revenues are recognized under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*, and ASC 845, *Nonmonetary Transactions – Purchases and Sales of Inventory with the Same Counterparty*.

(2) All pipeline and storage revenue earned during the three months ended March 31, 2023, and substantially all pipeline and storage revenue earned during the three months ended March 31, 2024, was from an affiliated shipper, GulfMark Energy, Inc. ("GulfMark"), our subsidiary, and eliminated in consolidation.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
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(2) All pipeline and storage revenue during the three and nine months ended September 30, 2022 and for the period from January 1, 2023 to May 31, 2023 was from an affiliated shipper, GulfMark Energy, Inc. ("GulfMark"), our subsidiary, and was eliminated in consolidation. During June 2023, we began earning revenue from an unaffiliated shipper.

Other Crude Oil Marketing Revenue

Certain of the commodity purchase and sale contracts utilized by our crude oil marketing business qualify as derivative instruments with certain specifically identified contracts also designated as trading activity. From the time of contract origination, these contracts are marked-to-market and recorded on a net revenue basis in the accompanying unaudited condensed consolidated financial statements.

Certain of our crude oil contracts may be with a single counterparty to provide for similar quantities of crude oil to be bought and sold at different locations. These contracts are entered into for a variety of reasons, including effecting the transportation of the commodity, to minimize credit exposure, and/or to meet the competitive demands of the customer. These buy/sell arrangements are reflected on a net revenue basis in the accompanying unaudited condensed consolidated financial statements.

Reporting these crude oil contracts on a gross revenue basis would increase our reported revenues as follows for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue gross-up	\$ 257,965	\$ 430,244	\$ 785,636	\$ 1,156,711

	Three Months Ended	
	March 31,	
	2024	2023
Revenue gross-up	\$ 60,170	\$ 286,702

Note 4. Prepayments and Other Current Assets

The components of prepayments and other current assets were as follows at the dates indicated (in thousands):

	March 31,		March 31,		December 31,	
	2024		2024		2023	
	September 30,	December 31,	September 30,	December 31,	2024	2023
Insurance premiums						
Insurance premiums						
Insurance premiums	Insurance premiums		\$ 302	\$ 1,220		
Rents, licenses and other	Rents, licenses and other		2,168	1,898		
Rents, licenses and other						
Rents, licenses and other						

Total prepayments and other current assets	Total prepayments and other current assets

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Property and Equipment

The historical costs of our property and equipment and related accumulated depreciation and amortization balances were as follows at the dates indicated (in thousands):

		Estimated							
		Useful	Life						
		Useful	Life						
		Useful	Life						
				December 31,					
in Years				March 31,					
				in Years					
		Estimated		2024					
		Useful	September 30,	December 31,	2023				
		Life	30,	31,					
		in Years		2023					
				2022					
Tractors and trailers									
Tractors and trailers									
Tractors and trailers	Tractors and trailers	5 – 6	\$123,694	\$128,223					
Field equipment	Field equipment	2 – 5	24,820	24,676					
Finance lease ROU assets (1)	Finance lease ROU assets (1)	3 – 6	40,023	25,106					
Pipeline and related facilities	Pipeline and related facilities	20 – 25	20,397	20,362					

Linefill and base gas (2)	Linefill and base gas (2)	N/A	3,922	3,922
Buildings	Buildings	5 – 39	16,189	16,163
Office equipment	Office equipment	2 – 5	2,964	2,937
Land	Land	N/A	4,163	2,309
Construction in progress	Construction in progress	N/A	4,985	3,629
Total	Total		241,157	227,327
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization		(130,115)	(120,902)
Property and equipment, net	Property and equipment, net		<u>\$111,042</u>	<u>\$106,425</u>

(1) Our finance lease right-of-use ("ROU") assets arise from leasing arrangements for the right to use various classes of underlying assets including tractors, trailers and a tank storage and throughput arrangement and office equipment (see Note 15.13 for further information). Accumulated amortization of the assets presented as "Finance lease ROU assets" was \$12.5 million \$12.8 million and \$9.9 million \$11.0 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(2) Linefill and base gas represents crude oil in the VEX pipeline and storage tanks we own, and the crude oil is recorded at historical cost.

Components of depreciation and amortization expense were as follows for the periods indicated (in thousands):

	Three Months Ended	
	Three Months Ended	
	Three Months Ended	
	March 31,	
	March 31,	
	March 31,	
	<u>2024</u>	
	<u>2024</u>	
	<u>2024</u>	
	Three Months Ended	Nine Months Ended

Depreciation and amortization, excluding amounts under finance leases		September 30,		September 30,	
		2023	2022	2023	2022
Depreciation and amortization, excluding amounts under finance leases					
Depreciation and amortization, excluding amounts under finance leases	Depreciation and amortization, excluding amounts under finance leases	\$ 4,523	\$ 4,392	\$ 14,260	\$ 11,644
Amortization of property and equipment under finance leases	Amortization of property and equipment under finance leases	1,983	1,323	5,691	3,792
Amortization of property and equipment under finance leases					
Amortization of property and equipment under finance leases					
Amortization of intangible assets					
Amortization of intangible assets	Amortization of intangible assets	430	293	1,338	673
Total depreciation and amortization	Total depreciation and amortization	\$ 6,936	\$ 6,008	\$ 21,289	\$ 16,109
Total depreciation and amortization					
Total depreciation and amortization					

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
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Note 6. Acquisition

On August 12, 2022, we entered into a purchase agreement with each of Scott Bosard, Trey Bosard and Tyler Bosard (collectively, the "Sellers") to acquire all of the equity interests of Firebird Bulk Carriers, Inc. ("Firebird") and Phoenix Oil, Inc. ("Phoenix") for approximately \$39.3 million, consisting of a cash payment of \$35.4 million, 45,777 of our common shares valued at \$1.4 million, of which 15,259 shares were issued immediately and 30,518 shares will be issued over a three year period, and contingent consideration valued at approximately \$2.6 million. We funded the cash consideration using cash on hand at the time of acquisition. Pursuant to the purchase agreement, the purchase price was subject to customary post-closing adjustment provisions, including an earn-out payable to the Sellers to the extent the earnings before interest, taxes, depreciation and amortization (EBITDA) of Phoenix exceeded a specified threshold during the twelve full calendar months after the closing date of the acquisition.

Firebird is an interstate bulk motor carrier of crude oil, condensate, fuels, oils and other petroleum products. Firebird is headquartered in Humble, Texas, with six terminal locations throughout Texas, and operates 130 tractors and 209 trailers largely in the Eagle Ford basin. Phoenix is also headquartered in Humble, Texas, and recycles and repurposes off-specification fuels, lubricants, crude oil and other chemicals from producers in the U.S. Firebird and Phoenix have formed our new logistics and repurposing segment. We expect that this acquisition will offer us the opportunity to expand our value chain and market impact, with numerous synergies benefiting the combined companies.

We accounted for the acquisition of Firebird and Phoenix under the acquisition method in accordance with ASC 805, *Business Combinations*. The allocation of purchase consideration was based upon the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in the acquisition.

The purchase price allocation was subject to revision as acquisition-date fair value analyses were completed and if additional information about facts and circumstances that existed at the acquisition date became available. During the second quarter of 2023, we revised the fair value of certain tractors and trailers, resulting in a decrease in the amount allocated to property and equipment of \$0.2 million and with a corresponding increase in goodwill. No other changes to the purchase price allocation occurred during the first half of 2023. The purchase price consideration, as well as the estimated fair values of the assets acquired and liabilities assumed, was finalized during the second quarter of 2023.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the final purchase price allocation of the identifiable assets acquired and liabilities assumed at the acquisition date of August 12, 2022 (in thousands):

Assets acquired:	
Cash and cash equivalents	\$ 2,203
Accounts receivable	4,653
Inventory	643
Other current assets	137
Property and equipment	24,809
Intangible assets	7,607
Goodwill	6,673
Other assets	458
Total assets acquired	\$ 47,183
Liabilities assumed:	
Accounts payable and other accrued liabilities	\$ (1,696)
Deferred tax liabilities	(6,207)
Total liabilities assumed	\$ (7,903)
Net assets acquired	\$ 39,280

During the second quarter of 2023, based upon a review of the contingent consideration calculation terms, we determined that no payment would be made to the Sellers, and as such, we adjusted our accrual of \$2.6 million that had been recorded as part of the purchase price allocation. The reversal of the accrual for the contingent consideration is included in general and administrative expense on our unaudited condensed consolidated statements of operations.

Unaudited Pro Forma Financial Information

The unaudited pro forma condensed consolidated results of operations in the table below are provided for illustrative purposes only and summarize the combined results of our operations and those of Firebird and Phoenix. For purposes of this pro forma presentation, the acquisition of Firebird and Phoenix is assumed to have occurred on January 1, 2022. The pro forma financial information for all periods presented also includes the estimated business combination accounting effects resulting from this acquisition, notably amortization expense from the acquired intangible assets and certain other integration related impacts. This unaudited pro forma financial information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisition had actually occurred on January 1, 2022, nor of the results of operations that may be obtained in the future (in thousands, except per share amounts).

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2022	2022	2022
Revenues	\$ 860,771		\$ 2,663,447	
Net earnings		2,295		12,867
Basic net earnings per common share	\$ 0.52		\$ 2.93	

Diluted net earnings per common share	\$ 0.52	\$ 2.91
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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Other Assets

Components of other assets were as follows at the dates indicated (in thousands):

	March 31,		March 31,		December 31,	
	2024		2024		2023	
	September	December	30,	31,		
	30,	31,	2023	2022		
Insurance collateral deposits						
Insurance collateral deposits						
State collateral deposits						
Materials and supplies						
Debt issuance costs						
Other						
Total other assets						
	30,	31,	2023	2022		
Insurance collateral deposits						
Insurance collateral deposits	\$ 503	\$ 463				
State collateral deposits	23	23				
Materials and supplies	1,281	1,257				
Debt issuance costs	1,343	1,595				
Other	325	360				
Total other assets	\$ 3,475	\$ 3,698				

We have established certain deposits to support participation in our liability insurance program and remittance of state crude oil severance taxes and other state collateral deposits. Insurance collateral deposits are held by the insurance company to cover past or potential open claims based upon a percentage of the expected losses under the insurance programs. Insurance collateral deposits are invested at the discretion of our insurance carrier.

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 8.7. Segment Reporting

We operate and report in four business segments: (i) crude oil marketing, transportation and storage; (ii) tank truck transportation of liquid chemicals, pressurized gases, asphalt and dry bulk; (iii) pipeline transportation, terminalling and storage of crude oil; and (iv) interstate bulk transportation logistics of crude oil, condensate, fuels, oils and other petroleum products and recycling and repurposing of off-specification fuels, lubricants, crude oil and other chemicals.

Financial information by reporting segment was as follows for the periods indicated (in thousands):

	Reporting Segments						Total	
	Crude oil marketing		Pipeline and storage		Logistics and repurposing ⁽¹⁾			
	marketing	Trans-portation	storage	repurposing ⁽¹⁾	Other			
Three Months Ended September 30, 2023								
Segment revenues ⁽²⁾	\$ 719,925	\$ 24,333	\$ 770	\$ 16,457	\$ —	\$ 761,485		
Less: Intersegment revenues ⁽²⁾	—	(127)	(711)	(33)	—	(871)		
Revenues	\$ 719,925	\$ 24,206	\$ 59	\$ 16,424	\$ —	\$ 760,614		
Segment operating earnings (losses)								
(3)	7,664	1,558	(866)	(269)	—	8,087		
Depreciation and amortization	2,092	3,006	266	1,572	—	6,936		
Property and equipment additions ⁽⁴⁾	140	1,416	182	1,271	—	3,009		
Three Months Ended September 30, 2022								
Segment revenues ⁽²⁾	\$ 814,394	\$ 29,896	\$ 852	\$ 8,677	\$ —	\$ 853,819		
Less: Intersegment revenues ⁽²⁾	—	(66)	(852)	—	—	(918)		
Revenues	\$ 814,394	\$ 29,830	\$ —	\$ 8,677	\$ —	\$ 852,901		
Segment operating earnings (losses)								
(3)	5,070	3,307	(909)	155	—	7,623		
Depreciation and amortization	2,008	2,791	269	940	—	6,008		
Property and equipment additions ⁽⁴⁾	343	722	817	132	—	2,014		
Nine Months Ended September 30, 2023								
Segment revenues ⁽²⁾	\$ 1,913,673	\$ 75,439	\$ 2,473	\$ 48,984	\$ —	\$ 2,040,569		
Less: Intersegment revenues ⁽²⁾	—	(336)	(2,165)	(2,526)	—	(5,027)		
Revenues	\$ 1,913,673	\$ 75,103	\$ 308	\$ 46,458	\$ —	\$ 2,035,542		
Segment operating earnings (losses)								
(3)	12,922	3,515	(2,846)	133	—	13,724		

Depreciation and amortization	6,335	9,273	804	4,877	—	21,289
Property and equipment additions ^{(4) (5)}	809	2,754	1,423	3,819	112	8,917
Nine Months Ended September 30, 2022						
Segment revenues ⁽²⁾	\$ 2,524,465	\$ 86,207	\$ 2,912	\$ 8,677	\$ —	\$ 2,622,261
Less: Intersegment revenues ⁽²⁾	—	(153)	(2,912)	—	—	(3,065)
Revenues	\$ 2,524,465	\$ 86,054	\$ —	\$ 8,677	\$ —	\$ 2,619,196
Segment operating earnings (losses)						
⁽³⁾	20,301	9,112	(2,607)	155	—	26,961
Depreciation and amortization	5,690	8,671	808	940	—	16,109
Property and equipment additions ⁽⁴⁾	4,351	1,416	890	132	8	6,797

	Reporting Segments					
	Crude oil marketing	Trans-portion	Pipeline and storage	Logistics and repurposing	Other	Total
Three Months Ended March 31, 2024						
Segment revenues ⁽¹⁾	\$ 623,826	\$ 23,291	\$ 926	\$ 15,094	\$ —	\$ 663,137
Less: Intersegment revenues ⁽¹⁾	(2)	(60)	(922)	(1,103)	—	(2,087)
Revenues	\$ 623,824	\$ 23,231	\$ 4	\$ 13,991	\$ —	\$ 661,050
Segment operating earnings (losses) ⁽²⁾	6,654	213	(963)	(1,484)	—	4,420
Depreciation and amortization	1,579	2,868	270	1,638	—	6,355
Property and equipment additions ⁽³⁾	2,944	2,923	85	200	—	6,152
Three Months Ended March 31, 2023						
Segment revenues ⁽¹⁾	\$ 608,476	\$ 26,530	\$ 809	\$ 16,747	\$ —	\$ 652,562
Less: Intersegment revenues ⁽¹⁾	—	(85)	(809)	(1,506)	—	(2,400)
Revenues	\$ 608,476	\$ 26,445	\$ —	\$ 15,241	\$ —	\$ 650,162
Segment operating earnings (losses) ⁽²⁾	1,907	901	(1,201)	535	—	2,142
Depreciation and amortization	2,075	3,131	263	1,581	—	7,050
Property and equipment additions ⁽³⁾⁽⁴⁾	275	167	971	460	27	1,900

(1) On August 12, 2022, we acquired a transportation logistics and recycling and repurposing business, resulting in a new operating segment.

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(2) Segment revenues include intersegment amounts that are eliminated due to consolidation in operating costs and expenses in our unaudited condensed consolidated statements of operations. Intersegment activities are conducted at posted tariff rates where applicable, or otherwise at rates similar to those charged to third parties or rates that we believe approximate market at the time the agreement is executed.

(3) Our crude oil marketing segment's operating earnings (losses) included inventory liquidation gains of \$4.9 million \$1.8 million and inventory valuation losses \$5.1 million \$1.0 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. For the nine months ended September 30, 2023 and 2022, our crude oil marketing segment's operating (losses) earnings included inventory liquidation gains of \$2.9 million and \$2.1 million, 2023, respectively.

(4) Our segment property and equipment additions do not include assets acquired under finance leases during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. See Note 15 for further information.

(5) Amounts included in property and equipment additions for Other are additions for computer or other office equipment and a company vehicle at our corporate headquarters, which were not attributed or allocated to any of our reporting segments.

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Segment operating earnings reflect revenues net of operating costs and depreciation and amortization expense and are reconciled to earnings (losses) before income taxes, as follows for the periods indicated (in thousands):

	Three Months Ended			Nine Months Ended			
	March 31,		March 31,	September 30,		September 30,	
	2024	2024	2024	2023	2022	2023	
			Three Months Ended			Nine Months Ended	
Segment operating earnings							
Segment operating earnings							
Segment operating earnings	\$ 8,087	\$ 7,623	\$ 13,724	\$ 26,961			

General and administrative	General and administrative	(4,162)	(4,630)	(10,649)	(12,860)
Operating earnings		3,925	2,993	3,075	14,101
General and administrative					
General and administrative					
Operating losses					
Operating losses					
Operating losses					
Interest and other income					
Interest and other income					
Interest and other income	Interest and other income	119	338	893	665
Interest expense	Interest expense	(1,027)	(119)	(2,525)	(369)
Earnings before income taxes	\$ 3,017	\$ 3,212	\$ 1,443	\$ 14,397	
Interest expense					
Interest expense					
Losses before income taxes					
Losses before income taxes					
Losses before income taxes					

Identifiable assets by business segment were as follows at the dates indicated (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Reporting segment:	Reporting segment:					
Reporting segment:						
Reporting segment:						
Crude oil marketing						
Crude oil marketing						
Crude oil marketing	Crude oil marketing	\$251,449	\$215,813			
Transportation	Transportation	59,808	60,405			
Pipeline and storage	Pipeline and storage	25,123	25,815			

Logistics and repurposing	Logistics and repurposing	44,264	45,307
Cash and other	Cash and other		
(1)	(1)	29,951	36,819
Total assets	Total assets	\$410,595	\$384,159

(1) Other identifiable assets are primarily corporate cash, corporate accounts receivable, properties and operating lease right-of-use assets not identified with any specific segment of our business.

Accounting policies for transactions between reportable segments are consistent with applicable accounting policies as disclosed herein.

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Note 9.8. Transactions with Affiliates

We enter into certain transactions in the normal course of business with affiliated entities. Activities with affiliates were as follows for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
KSA and affiliate billings to us	\$ —	\$ 1	\$ —	\$ 7
Billings to KSA and affiliates	—	5	9	15
Rentals paid to an affiliate of KSA	—	136	232	388
Payments to an affiliate of KSA for purchase of vehicles (1)	—	—	157	78
Rentals paid to affiliates of Scott Bosard	125	—	405	—
Crude oil purchases from affiliate (2)	9,362	1,403	13,940	1,403

	Three Months Ended	
	March 31,	
	2024	2023
Billings to KSA and affiliates	\$ —	\$ 5
Rentals paid to an affiliate of KSA	—	137
Payments to an affiliate of KSA for purchase of vehicles (1)	—	157
Rentals paid to affiliates of Scott Bosard (2)	144	140

Crude oil purchases from affiliate (3)	3,451	1,394
--	-------	-------

(1) Amounts paid to West Point Buick GMC were for the purchase of three and two pickup trucks during the nine months ended September 30, 2023 March 31, 2023, and 2022, respectively, are net of trade-in values.

(2) In connection with the acquisition of Firebird and Phoenix on August 12, 2022, we entered into four operating lease agreements for office and terminal locations with entities owned by Scott Bosard, one of the sellers, for periods ranging from two to five years.

(3) From time to time, GulfMark purchases crude oil from Endeavor Natural Gas, L.P., of which one a member of our Board members of Directors is the Managing Partner.

Affiliate transactions included direct cost reimbursement for shared phone and administrative services from KSA Industries, Inc. ("KSA"), an affiliated entity. We lease leased our corporate office space in a building operated by 17 South Briar Hollow Lane, LLC, an affiliate of KSA. In addition, we purchase pickup trucks from West Point Buick GMC, an affiliate of KSA. KSA was our largest shareholder until October 31, 2022, when we repurchased the common stock owned by it. An affiliate of KSA served on our Board of Directors through the date of our 2023 annual meeting, when he retired. As of May 31, 2023, KSA and its affiliates are no longer related parties. The table above consequently does not reflect any payments to or from KSA and its affiliates after that date.

In connection with the acquisition of Firebird and Phoenix on August 12, 2022, we entered into four operating lease agreements for office and terminal locations with entities owned by Scott Bosard, one of the sellers, for periods ranging from two to five years.

Note 10.9. Other Current Liabilities

The components of other current liabilities were as follows at the dates indicated (in thousands):

	September December		March 31, 2024	March 31, 2024	December 31, 2023
	30, 2023	31, 2022			
	2024	2023			
Accrual for payroll, benefits and bonuses	Accrual for payroll, benefits and bonuses	\$ 5,489	\$ 6,435		
Accrual for payroll, benefits and bonuses					
Accrual for payroll, benefits and bonuses					

Accrued automobile and workers' compensation claims	Accrued automobile and workers' compensation claims	5,989	5,579
Contingent consideration for acquisition (see Note 6)		—	2,566
Accrued medical claims	Accrued medical claims	505	1,007
Accrued taxes	Accrued taxes	620	2,208
Other	Other	1,253	1,419
Total other current liabilities	Total other current liabilities	\$ 13,856	\$ 19,214

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Note 11.10. Long-Term Debt

On October 27, 2022, we entered into a credit agreement (the "Credit Agreement") with Cadence Bank, as administrative agent, swingline lender and issuing lender, and the other lenders party thereto (collectively, the "Lenders"). The Credit Agreement provides for (a) a revolving credit facility that allows for borrowings up to \$60.0 million in aggregate principal amount from time to time (the "Revolving Credit Facility") and (b) a Term Loan in aggregate principal amount of \$25.0 million (the "Term Loan"). The Revolving Credit Facility matures on October 27, 2027 unless earlier terminated.

Pursuant to the terms of the Credit Agreement, we are required to maintain compliance with the following financial covenants as of the end of each fiscal quarter and on a pro forma basis, after giving effect to any borrowings (in each case commencing with the fiscal quarter ending December 31, 2022): (i) the Consolidated Total Leverage Ratio shall not be greater than 2.50 to 1.00; (ii) the Asset Coverage Ratio shall not be less than 2.00 to 1.00; and (iii) the Consolidated Fixed Charge Coverage Ratio shall not be less than 1.25 to 1.00. Each of such ratios is calculated as outlined in the Credit Agreement and subject to certain exclusions and qualifications described therein.

On August 2, 2023, we entered into Amendment No. 1 (the "Amendment") to the Credit Agreement. The Amendment (i) clarifies our ability to exclude crude oil inventory valuation losses (and, to the extent included in our consolidated net income, inventory liquidation gains) from the calculation of Consolidated EBITDA for purposes of the related financial covenants, (ii) provides for the exclusion of unusual and non-recurring losses and expenses from the calculation of Consolidated EBITDA, not to exceed 10.0 percent of Consolidated EBITDA for the period, and (iii) amends the definition of Consolidated Funded Indebtedness to include letters of credit and banker's acceptances only to the extent such letters of credit or banker's acceptances have been drawn, for purposes of the Consolidated Total Leverage Ratio calculation in the Credit Agreement. The Amendment applies to our fiscal period ending June 30, 2023 and thereafter.

At September 30, 2023 March 31, 2024, we had \$22.5 million \$19.3 million outstanding under the Term Loan at a weighted average interest rate of 7.66 7.67 percent, and \$20.4 million \$13.0 million of letters of credit outstanding at a fee of 2.25 2.50 percent. No amounts were outstanding under the Revolving Credit Facility.

The following table presents the scheduled maturities of principal amounts of our debt obligations at September 30, 2023 March 31, 2024 for the next five years, and in total thereafter (in thousands):

Remainder of 2023		\$ 625
2024		2,500
Remainder of 2024		
2025	2025	2,500
2026	2026	2,500
2027	2027	14,375
Total debt maturities	Total debt maturities	\$ 22,500

At September 30, 2023 March 31, 2024, we were in compliance with all covenants under the Credit Agreement.

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Note 12. Derivative Instruments and Fair Value Measurements

Derivative Instruments

In the normal course of our operations, our crude oil marketing segment purchases and sells crude oil. We seek to profit by procuring the commodity as it is produced and then delivering the material to the end users or the intermediate use marketplace. As typical for the industry, these transactions are made pursuant to the terms of forward month commodity purchase and/or sale contracts. Some of these contracts meet the definition of a derivative instrument, and therefore, we account for these contracts at fair value, unless the normal purchase and sale exception is applicable. These types of underlying contracts are standard for the industry and are the governing document for our crude oil marketing segment. None of our derivative instruments have been designated as hedging instruments.

At September 30, 2023, we had in place one derivative instrument, entered into in 2022, for the purchase of 126,000 gallons of diesel fuel per month during January 2023 through December 2023.

At December 31, 2022, we had in place three derivative instruments, entered into in 2022 for a total of 300,000 barrels of crude oil to be purchased and sold in January 2023, and one derivative instrument, also entered into in 2022, for the purchase of 126,000 gallons of diesel fuel per month during January 2023 through December 2023.

The estimated fair value of forward month derivatives instruments reflected in the accompanying unaudited condensed consolidated balance sheets were as follows at the dates indicated (in thousands):

	Balance Sheet Location and Amount			
	Current Assets	Other Assets	Current Liabilities	Other Liabilities
September 30, 2023				
Asset derivatives:				
Fair value forward derivative instruments				
at gross valuation	\$ 5	\$ —	\$ —	\$ —
Liability derivatives:				
Fair value forward derivative instruments				
at gross valuation	—	—	—	—
Less counterparty offsets	—	—	—	—
As reported fair value contracts	\$ 5	\$ —	\$ —	\$ —
December 31, 2022				
Asset derivatives:				
Fair value forward derivative instruments				
at gross valuation	\$ —	\$ —	\$ —	\$ —
Liability derivatives:				
Fair value forward derivative instruments				
at gross valuation	—	—	330	—
Less counterparty offsets	—	—	—	—
As reported fair value contracts	\$ —	\$ —	\$ 330	\$ —

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We only enter into derivative instruments with creditworthy counterparties and evaluate our exposure to significant counterparties on an ongoing basis. At September 30, 2023 and December 31, 2022, we were not holding nor have we posted any collateral to support our forward month fair value derivative activity. We are not subject to any credit-risk related trigger events. We have no other financial investment arrangements that would serve to offset our derivative contracts.

Forward month derivatives instruments reflected in the accompanying unaudited condensed consolidated statements of operations were as follows for the periods indicated (in thousands):

	Gains (losses)	
	Three Months Ended	Nine Months Ended
	September 30,	September 30,

	2023	2022	2023	2022
Revenues – marketing	\$ —	\$ (14)	\$ —	\$ (9)
Cost and expenses – marketing	(36)	1,878	(335)	1,253

Fair Value Measurements

The following tables set forth, by level with the Level 1, 2 and 3 fair value hierarchy, the carrying values of our financial assets and liabilities at the dates indicated (in thousands):

	Fair Value Measurements Using				
	Quoted Prices				
	in Active	Significant			
	Markets for	Other	Significant		
	Identical Assets	Observable	Unobservable		
	and Liabilities	Inputs	Inputs	Counterparty	
	(Level 1)	(Level 2)	(Level 3)	Offsets	Total
September 30, 2023					
Derivatives:					
Current assets	\$ —	\$ 5	\$ —	\$ —	\$ 5
Current liabilities	—	—	—	—	—
Net value	\$ —	\$ 5	\$ —	\$ —	\$ 5
December 31, 2022					
Derivatives:					
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —
Current liabilities	—	(330)	—	—	(330)
Net value	\$ —	\$ (330)	\$ —	\$ —	\$ (330)

These assets and liabilities are measured on a recurring basis and are classified based on the lowest level of input used to estimate their fair value. Our assessment of the relative significance of these inputs requires judgments.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

When determining fair value measurements, we make credit valuation adjustments to reflect both our own nonperformance risk and our counterparty's nonperformance risk. When adjusting the fair value of derivative contracts for the effect of nonperformance risk, we consider the impact of netting and any applicable credit enhancements. Credit valuation adjustments utilize Level 3 inputs, such as credit scores, to evaluate the likelihood of default by us or our counterparties. At

September 30, 2023 and December 31, 2022, credit valuation adjustments were not significant to the overall valuation of our fair value contracts. As a result, applicable fair value assets and liabilities are included in their entirety in the fair value hierarchy.

Note 13.11. Stock-Based Compensation Plan

We have in place a long-term incentive plan in which any employee or non-employee director who provides services to us is eligible to participate. The 2018 LTIP, which is overseen by the Compensation Committee of our Board of Directors, provides for the grant of various types of equity awards, of which restricted stock unit awards and performance-based compensation awards have been granted. In May 2022, our shareholders approved an amendment and restatement of the 2018 LTIP, in which the maximum number of shares authorized for issuance under the 2018 LTIP was increased by 150,000 shares to a total of 300,000 shares, and the term of the 2018 LTIP was extended through February 23, 2032. After giving effect to awards granted and forfeitures made under the 2018 LTIP and assuming the potential achievement of the maximum amounts of the performance factors through September 30, 2023 March 31, 2024, a total of 125,192 39,115 shares were remained available for issuance.

Compensation expense recognized in connection with equity-based awards was as follows for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Compensation expense	\$ 389	\$ 254	\$ 1,044	\$ 712

	Three Months Ended	
	March 31,	
	2024	2023
Compensation expense	\$ 307	\$ 283

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had \$128,300 \$0.1 million and \$140,300, \$0.1 million, respectively, of accrued dividend amounts for awards granted under the 2018 LTIP or as inducement awards.

Restricted Stock Unit Awards

The following table presents restricted stock unit award activity for the periods indicated:

	Weighted-	Weighted- Average Grant
	Average Grant	
Number of Shares	Number of Shares	Date Fair Value per Share ⁽¹⁾
	Weighted-	

		Average Grant	
Number		Date	Fair Value
	of	Shares	per Share ⁽¹⁾
Restricted stock unit awards at January 1, 2023		70,244	\$ 31.89
Restricted stock unit awards at January 1, 2024			
Restricted stock unit awards at January 1, 2024			
Restricted stock unit awards at January 1, 2024			
Granted	Granted		
(2)	(2)	23,409	\$ 57.18
Vested	Vested	(31,659)	\$ 31.78
Forfeited	Forfeited	(1,831)	\$ 43.80
Restricted stock unit awards at September 30, 2023		<u>60,163</u>	\$ 41.43
Restricted stock unit awards at March 31, 2024			

(1) Determined by dividing the aggregate grant date fair value of awards by the number of awards issued.

(2) The aggregate grant date fair value of restricted stock unit awards issued during the first **nine** **three** months of **2023** **2024** was **\$1.3 million** **\$1.6 million** based on grant date market prices of our common shares ranging from **\$37.56** **\$24.51** to **\$58.05** **\$30.03** per share.

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Unrecognized compensation cost associated with restricted stock unit awards was approximately **\$0.9 million** **\$1.9 million** at **September 30, 2023** **March 31, 2024**. Due to the graded vesting provisions of these awards, we expect to recognize the remaining compensation cost for these awards over a weighted-average period of **1.5** **1.8** years.

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Performance Share Unit Awards

The following table presents performance share unit award activity for the periods indicated:

	Weighted-Average Grant		Weighted-Average Grant	
	Number of Shares		Number of Shares	
	of	Shares	Date Fair Value	per Share (1)
	Weighted-Average Grant			
	Number of Shares		Date Fair Value	
Performance share unit awards at January 1, 2023	30,687		\$ 28.59	
Performance share unit awards at January 1, 2024				
Performance share unit awards at January 1, 2024				
Performance share unit awards at January 1, 2024				
	Granted			
Granted (2)	(2)		12,061	
Vested	Vested		\$ (12,707)	
Vested			\$ 25.70	
Forfeited	Forfeited		(680)	
Performance share unit awards at September 30, 2023	<u>29,361</u>		<u>\$ 41.24</u>	
Performance share unit awards at March 31, 2024				

(1) Determined by dividing the aggregate grant date fair value of awards by the number of awards issued.

(2) The aggregate grant date fair value of performance share unit awards issued during the first **nine** **three** months of **2023** **2024** was **\$0.7** **\$0.9** million based on grant date market prices of our common shares ranging from **\$38.42** **\$24.58** to **\$58.05** **\$30.03** per share and assuming a performance factor of 100 percent.

Unrecognized compensation cost associated with performance share unit awards was approximately **\$0.7** **\$1.0** million at **September 30, 2023** **March 31, 2024**. We expect to recognize the remaining compensation cost for these awards over a weighted-average period of **2.1** **2.7** years.

Note 14.12. Supplemental Cash Flow Information

Supplemental cash flows and non-cash transactions were as follows for the periods indicated (in thousands):

	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2024	2024	2023	2023
Cash paid for interest				
Cash paid for interest				
Cash paid for interest				
Cash paid for federal and state income taxes				
	Nine Months Ended			
	September 30,			
	2023	2022		
Cash paid for interest	\$2,671	\$ 369		
Cash paid for federal and state income taxes	2,472	1,827		
Cash refund for net operating loss (NOL) carryback under CARES				
Act	—	6,907		
Non-cash transactions:				
Non-cash transactions:				

Change in accounts payable related to property and equipment additions	Change in accounts payable related to property and equipment additions	52	—
Change in accounts payable related to property and equipment additions	Change in accounts payable related to property and equipment additions		
Property and equipment acquired under finance leases	Property and equipment acquired under finance leases	17,632	4,353
Issuance of shares for acquisition (see Note 6)		—	1,364

See Note 15.13 for information related to other non-cash transactions related to leases.

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Note 15.13. Leases

The following table provides the components of lease expense for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Three Months Ended				
Three Months Ended				

Three Months Ended							
		March 31,		March 31,		March 31,	
		2024		2024		2024	
		\$		\$		\$	
Finance lease cost:							
Finance lease cost:							
Finance lease cost:	Finance lease cost:						
Amortization of ROU assets	Amortization of ROU assets	\$	1,983	\$	1,306	\$	5,691
Amortization of ROU assets							\$ 3,775
Interest on lease liabilities							
Interest on lease liabilities							
Interest on lease liabilities	Interest on lease liabilities		408		84		955
Operating lease cost	Operating lease cost		927		781		2,720
Operating lease cost							\$ 2,130
Short-term lease cost							
Short-term lease cost							
Short-term lease cost	Short-term lease cost		3,529		3,752		10,668
Variable lease cost	Variable lease cost		6		6		18
Variable lease cost							\$ 16
Total lease expense	Total lease expense	\$	6,853	\$	5,929	\$	20,052
Total lease expense							\$ 17,498

The following table provides supplemental cash flow and other information related to leases for the periods indicated (in thousands):

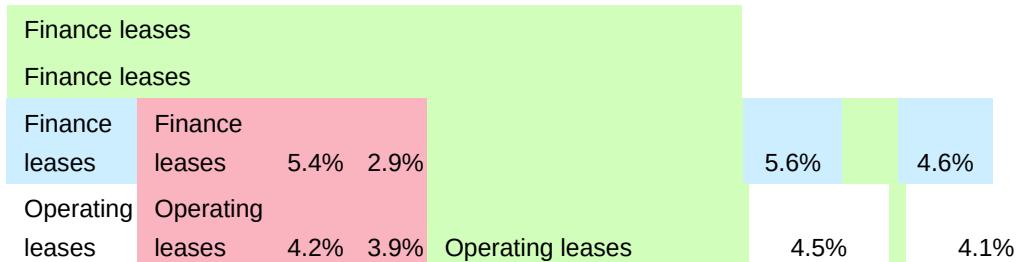
		Nine Months Ended			
		September 30,			
		2023	2022		
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		2024	2024	2023	
Cash paid for amounts included in measurement of lease liabilities:	Cash paid for amounts included in measurement of lease liabilities:				
Operating cash flows from operating leases ⁽¹⁾	Operating cash flows from operating leases ⁽¹⁾				
Operating cash flows from operating leases ⁽¹⁾	Operating cash flows from operating leases ⁽¹⁾	\$ 2,739	\$ 2,112		
Operating cash flows from finance leases ⁽¹⁾	Operating cash flows from finance leases ⁽¹⁾	851	238		
Financing cash flows from finance leases	Financing cash flows from finance leases	4,944	3,491		
ROU assets obtained in exchange for new lease liabilities:	ROU assets obtained in exchange for new lease liabilities:				
ROU assets obtained in exchange for new lease liabilities:	ROU assets obtained in exchange for new lease liabilities:				
ROU assets obtained in exchange for new lease liabilities:	ROU assets obtained in exchange for new lease liabilities:				

Finance leases	
Finance leases	
Finance leases	Finance leases 17,632 4,353
Operating leases	Operating leases 667 2,715

(1) Amounts are included in Other operating activities on the unaudited condensed consolidated statements of cash flows.

The following table provides the lease terms and discount rates for the periods indicated:

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Weighted-average remaining lease term (years):	Weighted-average remaining lease term (years):				
Finance leases	Finance leases				
Finance leases	Finance leases 3.65 3.33			3.36	3.89
Operating leases	Operating leases 3.05 3.57	Operating leases		2.80	3.32
Weighted-average discount rate:	Weighted-average discount rate:				
Weighted-average discount rate:	Weighted-average discount rate:				



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The following table provides supplemental balance sheet information related to leases at the dates indicated (in thousands):

		December			
		September 30,			
		31,			
		2023	2022		
		March		March 31,	
		31,		2024	
				December 31,	
				2023	
Assets	Assets				
Finance lease ROU assets (1)					
Finance lease ROU assets (1)					
Finance lease ROU assets (1)	Finance lease ROU assets (1)	\$ 27,482	\$ 15,264		
Operating lease ROU assets	Operating lease ROU assets	6,212	7,720		
Liabilities	Liabilities				
Liabilities					
Liabilities					
Current	Current				
Current					
Current					

Finance lease liabilities	Finance lease liabilities	6,863	4,382
Operating lease liabilities	Operating lease liabilities	2,769	2,712
<i>Noncurrent</i>		<i>Noncurrent</i>	
Finance lease liabilities	Finance lease liabilities	22,292	12,085
Finance lease liabilities	Finance lease liabilities		
Operating lease liabilities	Operating lease liabilities	3,446	5,007

(1) Amounts are included in Property and equipment, net on the unaudited condensed consolidated balance sheets.

The following table provides maturities of undiscounted lease liabilities at September 30, 2023 March 31, 2024 (in thousands):

	Finance		Finance		Operating
	Lease		Lease		Lease
	Finance	Operating	Finance	Operating	Lease
Remainder of 2023	\$ 2,151	\$ 765			
2024	8,071	2,874			
Remainder of 2024					
Remainder of 2024					
2025	2025	8,376	1,146		
2026	2026	5,549	952		
2027	2027	5,981	602		
2028					

Thereafter	Thereafter	2,685	236
Total lease payments	Total lease payments	32,813	6,575
Less: Interest	Less: Interest	(3,658)	(360)
Present value of lease liabilities	Present value of lease liabilities	29,155	6,215
Less: Current portion of lease obligation	Less: Current portion of lease obligation	(6,863)	(2,769)
Total long-term lease obligation	Total long-term lease obligation	\$ 22,292	\$ 3,446

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table provides maturities of undiscounted lease liabilities at **December 31, 2022** **December 31, 2023** (in thousands):

	Finance		Finance		Operating	
	Lease		Lease		Lease	
	Finance	Operating	Finance	Operating	Finance	Operating
	Lease	Lease	Lease	Lease	Lease	Lease
2023	\$ 4,870	\$ 2,958				
2024						
2024						
2024	2024	3,629	2,617			
2025	2025	4,652	962			
2026	2026	2,482	879			
2027	2027	2,179	570			
2028						
Thereafter	Thereafter	—	237			

Total lease payments	Total lease payments	17,812	8,223
Less: Interest	Less: Interest	(1,345)	(504)
Present value of lease liabilities	Present value of lease liabilities	16,467	7,719
Less: Current portion of lease obligation	Less: Current portion of lease obligation	(4,382)	(2,712)
Total long-term lease obligation	Total long-term lease obligation	\$ 12,085	\$ 5,007

Note 16.14. Commitments and Contingencies

Insurance

We have accrued liabilities for estimated workers' compensation and other casualty claims incurred based upon claim reserves plus an estimate for loss development and incurred but not reported claims. We self-insure a significant portion of expected losses relating to workers' compensation, general liability and automobile liability, with a self-insured self-insurance retention of \$1.0 million. On October 1, 2023, the self-insurance retention was increased to \$1.5 million for the auto policy. Insurance is purchased over our retention to reduce our exposure to catastrophic events. Estimates are recorded for potential and incurred outstanding liabilities for workers' compensation, auto and general liability claims and claims that are incurred but not reported. Estimates are based on adjusters' estimates, historical experience and statistical methods commonly used within the insurance industry that we believe are reliable. We have also engaged a third-party actuary to perform a review of our accrued liability for these claims as well as potential funded losses in our captive insurance company. Insurance estimates include certain assumptions and management judgments regarding the frequency and severity of claims, claim development and settlement practices and the selection of estimated loss among estimates derived using different methods. Unanticipated changes in these factors may produce materially different amounts of expense that would be reported under these programs.

On October 1, 2020, Since October 2020, we have elected to utilize a wholly owned insurance captive to insure the self-insured retention for our workers' compensation, general liability and automobile liability insurance programs. All accrued liabilities associated with periods from October 1, 2017 through current were transferred to the captive.

We maintain excess property and casualty programs with third-party insurers in an effort to limit the financial impact of significant events covered under these programs. Our operating subsidiaries pay premiums to both the excess and reinsurance carriers and our captive for the estimated losses based on an external actuarial analysis. These premiums held by our wholly owned captive are currently held in a restricted account, resulting in a transfer of risk from our operating subsidiaries to the captive.

We also maintain a self-insurance program for managing employee medical claims in excess of employee deductibles. As claims are paid, the liability is relieved. We also maintain third party insurance stop-loss coverage for individual medical claims exceeding a certain minimum threshold. In addition, we maintain \$1.3 million of umbrella insurance coverage for annual aggregate medical claims exceeding approximately \$11.3 million.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Our accruals for automobile, workers' compensation and medical claims were as follows at the dates indicated (in thousands):

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Accrued automobile and workers' compensation claims	Accrued automobile and workers' compensation claims	\$ 5,989	\$ 5,579		
Accrued automobile and workers' compensation claims					
Accrued medical claims	Accrued medical claims	505	1,007		

Litigation

From time to time as incidental to our operations, we may become involved in various lawsuits and/or disputes. As an operator of an extensive trucking fleet, we are a party to motor vehicle accidents, worker compensation claims and other items of general liability as would be typical for the industry. We are presently unaware of any claims against us that are either outside the scope of insurance coverage or that may exceed the level of insurance coverage and could potentially represent a material adverse effect on our financial position, results of operations or cash flows.

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

The following information should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and accompanying Notes included in this quarterly report on Form 10-Q and the Audited Consolidated Financial Statements and related Notes, together with our discussion and analysis of financial position and results of operations, included in our annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 (the **2022** "2023 Form 10-K"), as filed on **March 16, 2023** March 13, 2024 with the U.S. Securities and Exchange Commission ("SEC"). Our financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

Cautionary Statement Regarding Forward-Looking Information

*This quarterly report on Form 10-Q contains various 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, as amended (the "Exchange Act") and information that are based on our beliefs, as well as assumptions made by us and information currently available to us. When used in this document, words such as "anticipate," "project," "expect," "plan," "seek," "goal," "estimate," "forecast," "intend," "could," "should," "would," "will," "believe," "may," "potential" and similar expressions and statements regarding our plans and objectives for future operations are intended to identify forward-looking statements. Although we believe that our expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions as described in more detail under Part I, Item 1A of our **2022** 2023 Form 10-K. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. You should not put undue reliance on any forward-looking statements. The forward-looking statements in this quarterly report speak only as of the date hereof. Except as required by federal and state securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason.*

Overview of Business

Adams Resources & Energy, Inc., a Delaware corporation organized in 1973, and its subsidiaries are primarily engaged in crude oil marketing, truck and pipeline transportation of crude oil, and terminalling and storage in various crude oil and natural gas basins in the lower 48 states of the United States ("U.S."). In addition, we conduct tank truck transportation of liquid chemicals, pressurized gases, asphalt and dry bulk primarily in the lower 48 states of the U.S. with deliveries into Canada and Mexico, and with **eighteen** **sixteen** terminals across the U.S. We also recycle and repurpose off-specification fuels, lubricants, crude oil and other chemicals from producers in the U.S. Unless the context requires otherwise, references to "we," "us," "our" or the "Company" are intended to mean the business and operations of Adams Resources & Energy, Inc. and its consolidated subsidiaries.

We operate and report in four business segments: (i) crude oil marketing, transportation and storage; (ii) tank truck transportation of liquid chemicals, pressurized gases, asphalt and dry bulk; (iii) pipeline transportation, terminalling and storage of crude oil; and (iv) interstate bulk transportation logistics of crude oil, condensate, fuels, oils and other petroleum products and recycling and repurposing of off-spec fuels, lubricants, crude oil and other chemicals. See Note **87** in the Notes to Unaudited Condensed Consolidated Financial Statements for further information regarding our business segments.

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Results of Operations

Crude Oil Marketing

Our crude oil marketing segment revenues, operating earnings and selected costs were as follows for the periods indicated (in thousands):

		Three Months Ended			Three Months Ended			Three Months Ended					
		March 31,			March 31,			March 31,					
		2024			2024			2024					
		Three Months Ended					Nine Months Ended						
Revenues													
		September 30,						September 30,					
		2023		2022		Change (1)		2023		2022		Change (1)	
Revenues													
Revenues	Revenues	\$ 719,925	\$ 814,394	(12 %)	\$ 1,913,673	\$ 2,524,465	(24 %)						
Operating earnings (2)	Operating earnings (2)	7,664	5,070	51 %	12,922	20,301	(36 %)						
Operating earnings (2)													
Operating earnings (2)													
Depreciation and amortization													
Depreciation and amortization													
Depreciation and amortization	Depreciation and amortization	2,092	2,008		6,335	5,690							
Depreciation and amortization	Depreciation and amortization			4 %			11 %						
Driver compensation	Driver compensation	5,068	4,962		15,168	14,204							
Driver compensation	Driver compensation			2 %			7 %						
Driver compensation													
Driver compensation													
Insurance													

Insurance							
Insurance	Insurance	1,830	1,679	9 %	5,432	5,087	7 %
Fuel	Fuel	2,641	3,425	(23 %)	8,072	9,429	(14 %)
Fuel							
Fuel							

(1) Represents the percentage increase (decrease) from the prior year period.

(2) Operating earnings included inventory liquidation gains of \$4.9 million \$1.8 million and inventory valuation losses of \$5.1 million \$1.0 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. For the nine months ended September 30, 2023 and 2022, operating earnings included inventory liquidation gains of \$2.9 million and \$2.1 million, 2023, respectively, as discussed further below.

Volume and price information were as follows for the periods indicated:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Three Months Ended				
Three Months Ended				
Three Months Ended				
March 31,				
March 31,				
March 31,				
2024				
2024				
2024				
Field level purchase volumes – per day ⁽¹⁾	Field level purchase volumes – per day ⁽¹⁾			
Field level purchase volumes – per day ⁽¹⁾				
Field level purchase volumes – per day ⁽¹⁾				
Crude oil – barrels				
Crude oil – barrels				
Crude oil – barrels	Crude oil – barrels	92,556	91,878	92,907
				93,334

Average purchase price	Average purchase price
Average purchase price	
Crude oil – per barrel	
Crude oil – per barrel	Crude oil – per barrel
Crude oil – per barrel	
Crude oil – per barrel	

(1) Reflects the volume purchased from third parties at the field level of operations.

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022. Crude oil marketing revenues decreased increased by \$94.5 million \$15.3 million during the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily as a result of a decrease an increase in the market price of crude oil, which decreased increased revenues by approximately \$99.8 million \$289.1 million, partially offset by higher lower overall crude oil volumes, which increased decreased revenues by approximately \$5.3 million \$273.7 million. The average crude oil price received was \$89.55 \$73.27 per barrel during the three months ended September 30, 2022 March 31, 2023, which decreased increased to \$79.26 \$75.35 per barrel during the three months ended September 30, 2023 March 31, 2024. Revenues from our volumes are mostly based upon the market price in our market areas, primarily in the Gulf Coast. The market price of crude oil was elevated in the 2022 period primarily as a result of a return of global crude oil demand following the pandemic. In addition, the invasion of Ukraine by Russia contributed to an increase in the market price of crude oil in during the first half of 2022. In 2024 period as compared to the second half of 2022 and continuing into 2023 weakness period was primarily due to continued uncertainty in the Chinese economy and concern over economic recession, which caused crude oil prices to fall. fluctuate. During the third quarter of late 2023, OPEC oil production cuts and U.S. inventory draws from the Mid-Continent and Gulf Coast resulted in an increase in crude oil prices. prices that continued into the beginning of 2024.

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Crude oil volumes also decreased due to the expiration on October 31, 2023 and non-renewal of our five year purchase contract in North Texas and South Central Oklahoma (the “Red River area”). In October 2018, we acquired a trucking company operating in the Red River area, and subsequently entered into a new revenue agreement at that time. During the five year period, volumes handled in the Red River area ranged from an average of 25,000 to 28,000 barrels per day. The purchase price for Red River area volumes was based on a contractual price for volumes in North Texas and Oklahoma, which had been slightly lower than the purchase price for legacy volumes. The expiration of this contract has resulted in a decrease in the average crude oil volumes for the crude oil marketing segment beginning in November 2023, which has also resulted in lower revenues.

Driver compensation increased decreased by \$0.1 million \$1.5 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to an increase in driver pay lower volumes transported in the 2023 2024 period and a decrease in the overall driver count, both of which were due to the expiration of the Red River contract.

Insurance costs decreased by \$0.5 million during the three months ended March 31, 2024 as compared to the same period in 2022 and slightly higher volumes transported in the 2023 period, partially offset by a decrease in the overall driver count.

Insurance costs increased by \$0.2 million during the three months ended September 30, 2023 as compared to the same period in 2022, primarily due to an increase in insurance premiums, partially offset by a decrease in the overall driver count in the 2023 period and by our safety performance during the current 2024 period. Fuel costs also decreased by \$0.8 million \$0.9 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to lower fuel prices and a lower overall driver count, count and lower crude oil volumes in the 2024 period.

Depreciation and amortization increased decreased by \$0.1 million \$0.5 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to the timing of purchases and retirements of tractors and other field equipment during 2022 2023 and 2023. 2024. In connection with the expiration of the Red River contract, we sold 36 tractors and 65 trailers during the fourth quarter of 2023, and also transferred tractors and trailers to other areas of our businesses.

Our crude oil marketing operating earnings increased by \$2.6 million \$4.7 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, primarily as a result of inventory valuation changes (as shown in the table below) and lower fuel costs, partially offset by a decrease in the average market price of crude oil and certain higher operating expenses in the 2023, period.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022. Crude oil marketing revenues decreased by \$610.8 million during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily as a result of a decrease in the market price of crude oil, which decreased revenues by approximately \$602.0 million and lower overall crude oil volumes, which decreased revenues by approximately \$8.8 million. The average crude oil price received was \$96.84 per barrel during the nine months ended September 30, 2022, which decreased to \$74.29 per barrel during the nine months ended September 30, 2023. The decrease in the market price of crude oil was primarily due to weakness in the Chinese economy and concern over economic recession caused crude oil prices to fall. During the third quarter of 2023, OPEC oil production cuts and U.S. inventory draws from the Mid-Continent and Gulf Coast resulted in an increase in crude oil prices.

Driver compensation increased by \$1.0 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to an increase in driver pay in the 2023 period as compared to the same period in 2022, partially offset by a decrease in the overall driver count.

Insurance costs increased by \$0.3 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to an increase in insurance premiums, partially offset by a decrease in the overall driver count in the 2023 period and by our safety performance during the current period. Fuel costs decreased by \$1.4 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to lower fuel prices and a lower overall driver count in the current period.

Depreciation and amortization expense increased by \$0.6 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to the timing of purchases and retirements of tractors and other field equipment during 2022 and 2023.

Our crude oil marketing operating earnings decreased by \$7.4 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily as a result of inventory valuation changes (as shown in the table

below), lower revenues due to lower an increase in the average market price of crude oil prices and certain higher operating expenses in the 2023 2024 period and lower driver compensation, insurance costs and fuel costs resulting from the expiration of the Red River contract, partially offset by lower fuel costs, crude oil volumes in the 2024 period.

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Field Level Operating Earnings (Non-GAAP Financial Measure). Inventory valuations and forward month derivative instrument valuations (mark-to-market) are two significant factors affecting comparative crude oil marketing segment operating earnings or losses. As a purchaser and shipper of crude oil, we hold inventory in storage tanks and third-party pipelines. Generally, during periods of increasing crude oil prices, we recognize inventory liquidation gains while during periods of falling prices, we recognize inventory liquidation and valuation losses.

Crude oil marketing operating earnings can be affected by the valuations of our forward month derivative instruments. These non-cash valuations are calculated and recorded at each period end based on the underlying data existing as of such date. We generally enter into these derivative contracts as part of a strategy to protect crude oil inventory value from market price fluctuations. The valuation of derivative instruments at period end requires the recognition of non-cash "mark-to-market" gains and losses. **We had no forward month derivative instruments outstanding during the three months ended March 31, 2024.**

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The impact of inventory liquidations and valuations and derivative valuations on our crude oil marketing segment operating earnings is summarized in the following reconciliation of our non-GAAP financial measure and provides management a measure of the business unit's performance by removing the impact of inventory valuation and liquidation adjustments for the periods indicated (in thousands):

	Three Months Ended	Nine Months Ended
	Three Months Ended	
	Three Months Ended	
	March 31,	
	March 31,	
	March 31,	
	<hr/> 2024 <hr/>	
	<hr/> 2024 <hr/>	
	<hr/> 2024 <hr/>	
	Three Months Ended	Nine Months Ended
As reported segment operating earnings		

		September 30,		September 30,	
		2023	2022	2023	2022
As reported segment operating earnings					
As reported segment operating earnings	As reported segment operating earnings	\$ 7,664	\$ 5,070	\$ 12,922	\$ 20,301
Add (subtract): Add (subtract):					
Add (subtract):					
Add (subtract):					
Inventory liquidation gains					
Inventory liquidation gains	Inventory liquidation gains	(4,890)	—	(2,922)	(2,062)
Inventory valuation losses	Inventory valuation losses	—	5,122	—	—
Inventory valuation losses					
Inventory valuation losses					
Derivative valuation gains					
Derivative valuation gains	Derivative valuation gains	(36)	(627)	(335)	(1,257)
Field level operating earnings ⁽¹⁾	Field level operating earnings ⁽¹⁾	\$ 2,738	\$ 9,565	\$ 9,665	\$ 16,982
Field level operating earnings					
(1)					
Field level operating earnings					
(1)					

(1) The use of field level operating earnings is unique to us, not a substitute for a GAAP measure and may not be comparable to any similar measures developed by industry participants. We utilize this data to evaluate the profitability of our operations.

Field level operating earnings and field level purchase volumes depict our day-to-day operation of acquiring crude oil at the wellhead, transporting the product and delivering the product to market sales point. Field level operating earnings

decreased increased during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022 2023 primarily due to lower higher revenues resulting from lower higher crude oil prices in the 2023 2024 period and certain higher lower operating expenses in the 2023 period. During the nine months ended September 30, 2023, field level operating earnings decreased as compared costs related to the same period in 2022 primarily due to lower revenues resulting from expiration of the Red River contract, partially offset by lower crude oil volumes and prices in the 2023 period, and certain higher operating expenses in the 2023 2024 period.

We held crude oil inventory at a weighted average composite price as follows at the dates indicated (in barrels):

	September 30, 2023		December 31, 2022	
	Average		Average	
	Barrels	Price	Barrels	Price
Crude oil inventory	307,175	\$ 88.65	328,562	\$ 78.39

	March 31, 2024		December 31, 2023	
	Average		Average	
	Barrels	Price	Barrels	Price
Crude oil inventory	329,287	\$ 81.96	267,731	\$ 72.35

Prices received for crude oil have been volatile and unpredictable with price volatility expected to continue. See "Part I, Item 1A. Risk Factors" in our 2022 2023 Form 10-K.

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Transportation

Our transportation segment revenues, operating earnings, selected costs and operating data were as follows for the periods indicated (in thousands):

Three Months Ended
Three Months Ended
Three Months Ended
March 31,
March 31,
March 31,
<hr/>
2024
<hr/>
2024

2024										
	Three Months Ended					Nine Months Ended				
Revenues										
	September 30,					September 30,				
	2023	2022	Change (1)		2023	2022	Change (1)			
Revenues										
Revenues	Revenues	\$ 24,206	\$ 29,830	(19 %)	\$ 75,103	\$ 86,054	(13 %)			
Operating earnings	Operating earnings	\$ 1,558	\$ 3,307	(53 %)	\$ 3,515	\$ 9,112	(61 %)			
Operating earnings										
Operating earnings										
Depreciation and amortization										
Depreciation and amortization	Depreciation and amortization	\$ 3,006	\$ 2,791	8 %	\$ 9,273	\$ 8,671	7 %			
Driver commissions and wages	Driver commissions and wages	\$ 3,460	\$ 4,020	(14 %)	\$ 10,756	\$ 11,509	(7 %)			
Driver commissions and wages										
Driver commissions and wages										
Insurance										
Insurance	Insurance	\$ 1,994	\$ 2,186	(9 %)	\$ 6,420	\$ 6,499	(1 %)			
Fuel	Fuel	\$ 2,609	\$ 3,136	(17 %)	\$ 7,461	\$ 9,647	(23 %)			
Fuel										
Fuel										
Maintenance expense										
Maintenance expense	Maintenance expense	\$ 1,104	\$ 1,539	(28 %)	\$ 3,749	\$ 4,057	(8 %)			
Mileage (000s)	Mileage (000s)	6,514	6,775	(4 %)	19,362	20,437	(5 %)			
Mileage (000s)										
Mileage (000s)										

(1) Represents the percentage increase (decrease) from the prior year period.

Our revenue rate structure includes a component for fuel costs in which fuel cost fluctuations are largely passed through to the customer. Revenues, net of fuel costs, were as follows for the periods indicated (in thousands):

		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,		March 31,	
		March 31,		March 31,	
		March 31,		March 31,	
		2024		2024	
		2024		2024	
		2024		2024	
		Three Months Ended		Nine Months Ended	
Total transportation revenue					
		September 30,		September 30,	
		2023	2022	2023	2022
Total transportation revenue					
Total transportation revenue	Total transportation revenue	\$ 24,206	\$ 29,830	\$ 75,103	\$ 86,054
Diesel fuel cost	Diesel fuel cost	(2,609)	(3,136)	(7,461)	(9,647)
Diesel fuel cost					
Diesel fuel cost					
Revenues, net of fuel costs ⁽¹⁾	Revenues, net of fuel costs ⁽¹⁾	\$ 21,597	\$ 26,694	\$ 67,642	\$ 76,407
Revenues, net of fuel costs ⁽¹⁾					
Revenues, net of fuel costs ⁽¹⁾					

(1) Revenues, net of fuel costs, is a non-GAAP financial measure and is utilized for internal analysis of the results of our transportation segment.

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022. Transportation revenues decreased by \$5.6 million \$3.2 million during the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023. Transportation revenues, net of fuel costs, decreased by \$5.1 million \$3.4 million during the three months ended September 30, 2023 March 31, 2024, as compared to the prior year period. These decreases in transportation revenues were primarily due to a decrease in volumes and decreased transportation rates during the 2023 2024 period as a result of a softening in the transportation market due to changes in demand, supply chain issues and inflation. Softening of customer demand led us to close two terminals in late 2023, in Pittsburgh, Pennsylvania and in Atlanta, Georgia, and a third terminal in St. Rose, Louisiana, during the first quarter of 2024, with drivers being reassigned to nearby terminals, bringing our total to sixteen terminals in ten states at the end of March 2024.

Driver commissions decreased by \$0.6 million \$0.4 million during the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to a decrease in the overall driver count and lower mileage during the 2023 2024 period, partially offset by an increase in driver pay in July 2022, 2023.

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Fuel costs decreased increased by \$0.5 \$0.2 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily as a result of a decrease an increase in the price of fuel, partially offset by a lower overall driver count and lower miles traveled during the 2023 2024 period. Insurance costs decreased by \$0.2 million during in the three months ended September 30, 2023 as compared to March 31, 2024 were consistent with the same period in 2022, 2023, primarily due to a lower overall driver count, offset by slightly higher insurance premiums during the 2023 period and a decrease in the overall driver count. Maintenance expense decreased by \$0.4 million during in the three months ended September 30, 2023 as compared to March 31, 2024 was consistent with the same period in 2022, 2023, primarily due to lower repairs and maintenance on tractors and trailers in our fleet, partially offset by escalating prices in parts, repairs and maintenance between periods.

Depreciation and amortization expense increased decreased by \$0.2 million \$0.3 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily as a result of the timing of purchases of new tractors and trailers in 2022 2023 and 2023. 2024.

Our transportation operating earnings decreased by \$1.7 million \$0.7 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to lower revenues as a result of lower volumes, decreased transportation rates and higher fuel costs, partially offset by certain lower operating costs and lower depreciation and amortization expense, partially offset by lower operating costs. expense.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022. Transportation revenues decreased by \$11.0 million during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Transportation revenues, net of fuel costs, decreased by \$8.8 million during the nine months ended September 30, 2023, as compared to the prior year period. These decreases in transportation revenues were primarily due to a decrease in volumes and decreased transportation rates during the 2023 period as a result of a softening in the transportation market due to changes in demand, supply chain issues and inflation.

Driver commissions decreased by \$0.8 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to a decrease in the overall driver count and lower mileage during the 2023 period, partially offset by an increase in driver pay in July 2022.

Fuel costs decreased by \$2.2 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily as a result of a decrease in the price of fuel and lower miles traveled during the 2023 period. Insurance costs decreased by \$0.1 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to slightly lower insurance premiums during the 2023 period and a decrease in the overall driver count. Maintenance expense decreased by \$0.3 million during the nine months ended September 30, 2023 as compared to the same

period in 2022, primarily due to lower repairs and maintenance on tractors and trailers in our fleet, partially offset by escalating prices in parts, repairs and maintenance.

Depreciation and amortization expense increased by \$0.6 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily as a result of the timing of purchases of new tractors and trailers in 2022 and 2023.

Our transportation operating earnings decreased by \$5.6 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to lower revenues as a result of lower volumes and decreased transportation rates, partially offset by lower operating costs.

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Pipeline and Storage

Our pipeline and storage segment revenues, operating losses and selected costs were as follows for the periods indicated (in thousands):

		Three Months Ended			Nine Months Ended		
		March 31,			March 31,		
		March 31,			March 31,		
		<hr/>			<hr/>		
		2024			2024		
		<hr/>			<hr/>		
		2024			<hr/>		
		Three Months Ended			Nine Months Ended		
Segment revenues (2)							
		<hr/>			<hr/>		
		September 30,			September 30,		
		2023		2022		Change (1)	
Segment revenues (2)							
Segment revenues (2)	Segment revenues (2)	\$ 770	\$ 852	(10 %)	\$ 2,473	\$ 2,912	(15%)
Less:	Less:						(26%)
Intersegment revenues (2)	Intersegment revenues (2)	(711)	(852)	(17 %)	(2,165)	(2,912)	
Less: Intersegment revenues (2)							

Less: Intersegment revenues (2)								
Revenues								
Revenues								
Revenues	Revenues	\$ 59	\$ —	— %	\$ 308	\$ —	— %	
Operating losses	Operating losses	(866)	(909)	(5 %)	(2,846)	(2,607)	9%	
Operating losses								
Operating losses								
Depreciation and amortization								
Depreciation and amortization								
Depreciation and amortization	Depreciation and amortization	266	269	(1 %)	804	808	— %	
Insurance	Insurance	168	200	(16 %)	602	600	— %	
Insurance								
Insurance								

(1) Represents the percentage increase (decrease) from the prior year period.

(2) Segment revenues include intersegment revenues from our crude oil marketing segment, which are eliminated due to consolidation in our unaudited condensed consolidated statements of operations.

Volume information was as follows for the periods indicated (in barrels per day):

	Three Months Ended	Three Months Ended	Three Months Ended
	March 31,	March 31,	March 31,
	2024	2024	2024
	Three Months Ended		Nine Months Ended
Pipeline throughput			
	September 30,		September 30,
	2023	2022	2023
			2022
Pipeline throughput			

Pipeline throughput	Pipeline throughput	8,548	9,963	9,060	11,242
Terminalling	Terminalling	9,350	9,716	10,173	11,451
Terminalling					
Terminalling					

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022. Pipeline and storage revenues increased by \$0.1 million during the three months ended September 30, 2023 as compared to March 31, 2024 were consistent with the three months ended September 30, 2022. March 31, 2023 after eliminating intersegment revenue. During each of the three months ended September 30, 2022, March 31, 2024 and 2023, almost all pipeline and storage segment revenues were earned from GulfMark, an affiliated shipper, while during the three months ended September 30, 2023, approximately \$0.1 million of revenues were earned from third party customers. All pipeline shipper. Pipeline and storage revenues earned from GulfMark are eliminated in consolidation, with the offset to marketing costs and expenses in our unaudited condensed consolidated statements of operations. Pipeline Prior to elimination, pipeline and storage revenues from GulfMark decreased increased by \$0.1 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to lower higher volumes transported by GulfMark during the current period.

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We are currently constructing a new pipeline connection between the VEX Pipeline System and the Max Midstream pipeline system, and we expect to place the assets into commercial service during the fourth quarter second half of 2023 or 2024, when the first quarter other party completes construction on their section of 2024. the line. In addition, we are exploring new connections with other pipeline systems, for new crude oil supply opportunities both upstream and downstream of the pipeline, to enhance the crude oil supply and take-away capability of the system.

Our pipeline and storage operating losses during the three months ended September 30, 2023 were consistent with March 31, 2024 decreased \$0.2 million as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to an increase in third party revenues in the 2023 period, offset by increases in lower operating salaries and wages and related personnel costs, materials and supplies and outside service costs in the 2023 2024 period.

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Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022. Pipeline and storage revenues increased by \$0.3 million during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. During the nine months ended September 30, 2022, all pipeline and storage segment revenues were earned from GulfMark, an affiliated shipper, while during the nine months ended September 30, 2023, approximately \$0.3 million of revenues were earned from third party customers. Pipeline and storage revenues from GulfMark decreased by \$0.7 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to lower volumes transported by GulfMark during the current period.

Our pipeline and storage operating losses increased by \$0.2 million during the nine months ended September 30, 2023 as compared to the 2022 period, primarily due to increases in operating salaries and wages and related personnel costs, materials and supplies and outside service costs in the 2023 period, partially offset by an increase in third party revenues.

Logistics and Repurposing

Our logistics and repurposing segment revenues, operating (losses) earnings and selected costs were as follows for the period indicated (in thousands):

	Three Months Ended			Nine Months Ended		
	March 31,	March 31,	March 31,	2024	2024	2024
Revenues - Firebird	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
Revenues - Firebird	2023	2022 ⁽¹⁾	Change ⁽²⁾	2023	2022 ⁽¹⁾	Change ⁽²⁾
Revenues - Firebird						
Revenues - Phoenix						
Revenues - Phoenix						
Revenues - Phoenix						
Revenues						
Revenues						
Revenues						
Revenues	\$ 16,424	\$ 8,677	89%	\$ 46,458	\$ 8,677	435%
Operating (losses) earnings						
Operating (losses) earnings						
Operating (losses) earnings	(269)	155	(274%)	133	155	(14%)
Depreciation and amortization	Depreciation and amortization	1,572	940	67%	4,877	940

Depreciation and amortization							
Depreciation and amortization							
Driver commissions							
Driver commissions							
Driver commissions	Driver commissions	2,245	1,554	44%	6,388	1,554	311%
Insurance	Insurance	538	128	320%	1,742	128	1261%
Insurance							
Insurance							
Fuel							
Fuel	Fuel	900	676	33%	2,730	676	304%
Maintenance expense	Maintenance expense	640	260	146%	1,693	260	551%
Maintenance expense							
Maintenance expense							

(1) Represents the period from acquisition, August 12, 2022 through September 30, 2022.

(2) Represents the percentage increase (decrease) from the prior year period.

On August 12, 2022, we acquired all of the equity interests Our logistics and repurposing segment consists of Firebird and Phoenix. Firebird is an interstate bulk motor carrier of Bulk Carriers, Inc. ("Firebird"), which transports crude oil, condensate, fuels, oils and other petroleum products. Firebird currently has eight terminal locations throughout Texas and owns 123 tractors and 216 trailers, largely in the Eagle Ford basin, and Phoenix recycles Oil, Inc. ("Phoenix"), which repurposes and repurposes finds beneficial uses for off-specification fuels, lubricants, crude oil and other chemicals from producers in the U.S. See Note 6 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information regarding the acquisition.

On May 4, 2023, we acquired approximately 10.6 acres of land in the Gulf Inland Industrial Park, located in Dayton, Texas, for approximately \$1.8 million to build a new processing facility for Phoenix with rail spur and siding, product storage, and truck rack. Phoenix will build new infrastructure to service its existing customers and to create opportunities for growing the business. Phoenix will also relocate its headquarters from Humble, Texas to this new location.

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022. United States. Revenues earned from Firebird operations were approximately \$7.9 million during the three months ended September 30, 2023 March 31, 2024 increased by approximately \$0.3 million as compared to the three months ended March 31, 2023, while revenues primarily due to an increase in transportation rates and volumes transported in the current period. We have been working with our transportation customers to increase transportation rates. Revenues earned from Phoenix operations were approximately \$8.5 million during the same period. three months ended March 31, 2024 decreased by approximately \$1.6 million as compared to the three months ended March 31, 2023, primarily due to lower volumes and activity.

Driver commissions increased by \$0.4 million during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to an increase in the overall driver count in the current period. Fuel costs in the three months ended March 31, 2024 were consistent with the same period in 2023, primarily due to a higher overall driver count offset by lower miles traveled. Insurance costs increased by \$0.1 million during the three months ended March 31, 2024, primarily due to an increase in insurance premiums during the current period. Maintenance expense in the three months ended March 31, 2024 was consistent with the same period in 2023 primarily due to lower maintenance costs as a result of newer tractors in the fleet, offset by escalating prices in parts, repairs and maintenance between periods.

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Operating expenses Depreciation and amortization expense increased by \$0.1 million during the three months ended September 30, 2023 include driver commissions March 31, 2024 as compared to the same period in 2023, primarily as a result of \$2.2 million, fuel the timing of purchases of new tractors and trailers in 2023.

Our logistics and repurposing segment operating (losses) earnings decreased by \$2.0 million for the three months ended March 31, 2024 as compared to the same period in 2023, primarily due to lower revenues from Phoenix operations and an increase in certain operating costs of \$0.9 million, maintenance expenses of \$0.6 million and insurance costs of \$0.5 million. Depreciation expense was \$1.3 million and amortization expense related to intangible assets was \$0.3 million during the current period. Operating losses during the three months ended September 30, 2023 were \$0.3 million.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022. Revenues earned from Firebird operations were approximately \$20.8 million during the nine months ended September 30, 2023, while revenues earned from Phoenix operations were approximately \$25.7 million during the same period.

Operating expenses during the nine months ended September 30, 2023 include driver commissions of \$6.4 million, fuel costs of \$2.7 million, maintenance expenses of \$1.7 million and insurance costs of \$1.7 million. Depreciation expense was \$4.1 million and amortization expense related to intangible assets was \$0.8 million during the current period. Operating earnings during the nine months ended September 30, 2023 were \$0.1 million.

General and Administrative Expense

General and administrative expense decreased by \$0.5 million during in the three months ended September 30, 2023 as compared to March 31, 2024 was consistent with the same period in 2022. The 2022 period includes approximately \$0.3 million of acquisition related costs for the purchase of Firebird and Phoenix on August 12, 2022 and approximately \$0.2 million of costs related to the repurchase of our common shares from an affiliate, which occurred on October 31, 2022. The 2023 2024 period includes higher outside service costs, audit fees and banking legal fees, primarily related to outstanding letters of credit, partially offset by lower salaries and wages and related personnel insurance costs, and legal fees.

General and administrative expense decreased by \$2.2 million during the nine months ended September 30, 2023 as compared tax preparation fees, director fees due to the same period retirement of a director in 2022, primarily due to an adjustment in the May 2023 period of the \$2.6 million contingent consideration accrual related to the Firebird and Phoenix acquisition in 2022 (see Note 6 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information) and lower salaries and wages and related personnel costs and legal fees, partially offset by higher insurance costs, outside service costs, audit fees and banking fees primarily related to outstanding letters of credit. In addition, the 2022 period includes

approximately \$0.3 million of acquisition related costs for the purchase of Firebird and Phoenix on August 12, 2022 and approximately \$0.2 million of costs related to the repurchase of our common shares from an affiliate, which occurred on October 31, 2022.

Interest Expense

Interest expense increased by \$0.9 million \$0.1 million during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to higher interest expense as a result of higher borrowings amounts outstanding under the revolving portion of the credit agreement with Cadence Bank ("Credit Agreement"), and the outstanding Term Loan of \$22.5 million under our Credit Agreement finance lease obligations (see Note 11 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information).

Interest expense increased by \$2.2 million during the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to higher interest expense as a result of higher borrowings under the revolving portion of the Credit Agreement, and the outstanding Term Loan of \$22.5 million under our Credit Agreement (see Note 11 13 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information).

Income Taxes

Provision for (benefit from) income taxes is based upon federal and state tax rates, and variations in amounts are consistent with taxable income (loss) in the respective accounting periods.

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In accordance with U.S. GAAP for interim reporting, we have historically estimated our full-year effective tax rate and applied this rate to ordinary income or loss for the reporting period. We have determined that since small changes in estimated ordinary income would result in significant changes in the estimated annual effective tax rate, this historical method would not provide reliable results for the three months ended September 30, 2023. Therefore, a discrete year-to-date method of reporting was used for the three months ended September 30, 2023. We will continue to evaluate income tax estimates under the historical method in subsequent quarters and employ a discrete effective tax rate method if warranted.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are (i) our cash balance, (ii) cash flow from operating activities, (iii) borrowings under our Credit Agreement and (iv) funds received from the sale of equity securities. Our primary cash requirements include, but are not limited to, (a) ordinary course of business uses, such as the payment of amounts related to the purchase of crude oil, and other expenses, (b) discretionary capital spending for investments in our business and (c) dividends to our shareholders. We believe we will have sufficient liquidity through our current cash balances, availability under our Credit Agreement, expected cash generated from future operations, and the ease of financing tractor and trailer additions through leasing arrangements (should the need arise) to meet our short-term and long-term liquidity needs for the reasonably foreseeable future. Our cash balance and cash flow from operating activities is dependent on the success of future operations. If our cash inflow subsides or turns negative, we will evaluate our investment plan accordingly and remain flexible.

We maintain cash balances in order to meet the timing of day-to-day cash needs. Cash and cash equivalents (excluding restricted cash) and working capital, the excess of current assets over current liabilities, were as follows at the dates indicated (in thousands):

	September December			
	30,	31,		
	2023	2022		
March 31,			March 31,	
	2024		2024	December 31, 2023
Cash and cash equivalents	Cash and cash equivalents			
	\$ 16,313	\$ 20,532		
Cash and cash equivalents				
Cash and cash equivalents				
Working capital	Working capital	22,185	19,083	

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Our cash balance at **September 30, 2023** decreased **March 31, 2024** increased by **21.10** percent from **December 31, 2022** **December 31, 2023**, as discussed further below.

We have in place a Credit Agreement with Cadence Bank. The Credit Agreement provides for (a) a revolving credit facility that allows for borrowings up to \$60.0 million in aggregate principal amount from time to time, and (b) a term loan in aggregate principal amount of \$25.0 million (the "Term Loan"). We may also obtain letters of credit under the revolving credit facility up to a maximum amount of \$30.0 million, which reduces availability under the revolving credit facility by a like amount. Borrowings under the revolving credit facility may be, at our option, base rate loans (defined by reference to the higher of the prime rate, the federal funds rate or an adjusted term secured overnight financing rate ("SOFR") for a one month tenor plus one percent) or SOFR loans, in each case plus an applicable margin, the amount of which is determined by reference to our consolidated total leverage ratio, and is between 1 percent and 2 percent for base rate loans and between 2 percent and 3 percent for SOFR loans.

The Term Loan amortizes on a 10-year schedule with quarterly payments beginning December 31, 2022, and matures October 27, 2027. Proceeds of the Term Loan were used, together with additional cash on hand, to fund the repurchase of shares from KSA Industries, Inc. ("KSA") and certain of its **affiliates** **affiliates on October 31, 2022**. The Term Loan bears interest at the SOFR loan rate plus the applicable margin for SOFR loans.

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We are required to maintain compliance with certain financial covenants under the Credit Agreement, including a consolidated leverage ratio, an asset coverage ratio and a consolidated fixed charge coverage ratio. We were in compliance with these covenants as of September 30, 2023.

On August 2, 2023, we entered into Amendment No. 1 (the "Amendment") to the Credit Agreement. The Amendment (i) clarifies our ability to exclude crude oil inventory valuation losses (and, to the extent included in our consolidated net income, inventory liquidation gains) from the calculation of consolidated Consolidated EBITDA for purposes of the consolidated leverage ratio and the consolidated fixed charge coverage ratio, related financial covenants, (ii) provides for the exclusion of unusual and non-recurring losses and expenses from the calculation of consolidated Consolidated EBITDA, not to exceed ten 10.0 percent of consolidated Consolidated EBITDA for the period, and (iii) includes amends the definition of Consolidated Funded Indebtedness to include letters of credit and banker's acceptances only to the extent such letters of credit or banker's acceptances have been drawn, for purposes of calculating our consolidated funded indebtedness under the consolidated leverage ratio calculation. Consolidated Total Leverage Ratio calculation in the Credit Agreement. The Amendment applies to our fiscal period ending June 30, 2023 and thereafter.

At September 30, 2023 March 31, 2024, we were in compliance with all covenants under the Credit Agreement.

At March 31, 2024, we had \$22.5 million \$19.3 million of borrowings outstanding under the Credit Agreement, representing the remaining principal balance of the Term Loan, at a weighted average interest rate of 7.66 7.67 percent. We also had \$20.4 million \$13.0 million of letters of credit issued under the Credit Agreement at a fee of 2.25 2.50 percent per annum. No amounts were outstanding under the revolving credit facility. See Note 11 10 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information about our Credit Agreement.

We have in place an At Market Issuance Sales Agreement ("ATM Agreement") with B. Riley Securities, Inc., as agent (the "Agent"), in which we may offer to sell shares of our common stock through or to the Agent for cash from time to time. We filed a registration statement initially registering an aggregate of \$20.0 million of shares of common stock for sale under the ATM Agreement which was declared effective in January 2021. In December 2023, we filed a new registration statement which replaced our prior shelf registration statement and restored the aggregate of \$20.0 million of shares of common stock for sale under the ATM Agreement. The registration statement was declared effective on January 5, 2024. The total number of shares of common stock to be sold, if any, and the price at which the shares will be sold will be determined by us periodically in connection with any such sales, though the total amount sold may not exceed the limitations stated in the registration statement. During the nine three months ended September 30, 2023 March 31, 2024, we received net proceeds of approximately \$0.6 million (net of offering costs to the Agent of \$27 thousand) from the sale of 14,680 of our common no shares at an average price per share of approximately \$40.74 were sold under the ATM Agreement, and the full capacity of the ATM Agreement remains unsold.

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We utilize cash from operations to make discretionary investments in our crude oil marketing, transportation, pipeline and storage and logistics and repurposing businesses. four business segments. With the exception of operating and finance lease commitments primarily associated with storage tank terminal arrangements, leased office space, tractors, trailers and other equipment, and borrowings outstanding under our bank credit facility, our future commitments and planned investments can be readily curtailed if operating cash flows decrease. See "Material Cash Requirements" below for information regarding our

operating and finance lease obligations. We have no off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on our financial position, results of operations or cash flows.

The most significant item affecting future increases or decreases in liquidity is earnings from operations, and these earnings are dependent on the success of future operations. See "Part I, Item 1A. *Risk Factors*" in our 2022 2023 Form 10-K.

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Cash Flows from Operating, Investing and Financing Activities

Our consolidated cash flows from operating, investing and financing activities were as follows for the periods indicated (in thousands):

		Nine Months Ended			
		September 30,			
		2023	2022		
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		2024	2024	2023	2023
Cash provided by (used in):	Cash provided by (used in):				
Cash provided by (used in):	Cash provided by (used in):				
Operating activities	Operating activities				
Operating activities	Operating activities	\$7,838	\$15,832		
Investing activities	Investing activities	(5,839)	(37,847)		
Financing activities	Financing activities	(8,178)	8,612		

Operating activities. Net cash flows provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 decreased by \$8.0 million \$10.6 million as compared to the same period in 2022 2023. The decrease in net cash flows provided by operating activities was primarily due to changes in our working capital accounts. Early payments

made to suppliers decreased increased by approximately \$7.7 million \$1.8 million in the 2023 2024 period, while early payments received from customers decreased by approximately \$29.6 million \$6.1 million in the 2023 2024 period. Crude oil inventory increased by \$0.7 million \$7.5 million at September 30, 2023 March 31, 2024, primarily due to an increase in the price of our crude oil inventory, which increased from \$78.39 \$72.35 per barrel at December 31, 2022 December 31, 2023 to \$88.65 \$81.96 per barrel at September 30, 2023 March 31, 2024, partially offset by a decrease and an increase of 6.5 23.0 percent in the number of barrels held in inventory.

At various times each month, we may make cash prepayments and/or early payments in advance of the normal due date to certain suppliers of crude oil within our crude oil marketing operations. Crude oil supply prepayments are recouped and advanced from month to month as the suppliers deliver product to us. In addition, in order to secure crude oil supply, we may also "early pay" our suppliers in advance of the normal payment due date of the twentieth of the month following the month of production. These "early payments" reduce cash and accounts payable as of the balance sheet date.

We also require certain customers to make similar early payments or to post cash collateral with us in order to support their purchases from us. Early payments and cash collateral received from customers increase cash and reduce accounts receivable as of the balance sheet date.

Early payments received from customers and prepayments to suppliers were as follows at the dates indicated (in thousands):

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Early payments received	Early payments received	\$ 15,654	\$ 45,265		
Early payments received					
Early payments received					
Prepayments to suppliers	Prepayments to suppliers	6,340	14,055		

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We rely heavily on our ability to obtain open-line trade credit from our suppliers especially with respect to our crude oil marketing operations. The timing of payments and receipts of these early pays received and paid can have a significant impact on our cash balance.

[Investing activities](#). Net cash flows used in investing activities for the nine three months ended September 30, 2023 decreased March 31, 2024 increased by \$32.0 million \$3.7 million as compared to the same period in 2022. This decrease increase was primarily due to the payment of \$33.6 million for the acquisition of Firebird and Phoenix in August 2022

(see Note 6 in the Notes to Unaudited Condensed Consolidated Financial Statements for further information). This decrease was also due to an increase of \$0.9 million \$4.3 million in capital spending for property and equipment (see following table), partially offset by an increase of \$0.5 million in cash proceeds from the sales of assets in the current period, partially offset by an increase of \$2.1 million in capital spending for property and equipment (see following table). period.

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Capital spending by reporting segment was as follows for the periods indicated (in thousands):

		Nine Months Ended			
		September 30,			
		2023	2022		
Three Months Ended		Three Months Ended			
March 31,		March 31,		March 31,	
		2024		2024	
Crude oil marketing ⁽¹⁾	Crude oil marketing ⁽¹⁾	\$ 809	\$4,351		
Transportation ⁽²⁾	Transportation ⁽²⁾	2,754	1,416		
Pipeline and storage ⁽³⁾	Pipeline and storage ⁽³⁾	1,423	890		
Logistics and repurposing ⁽⁴⁾	Logistics and repurposing ⁽⁴⁾	3,819	132		
Other ⁽⁵⁾	Other ⁽⁵⁾	112	8		
Capital spending	Capital spending	\$8,917	\$6,797		

(1) 2024 amount relates to the purchase of eight tractors and various field equipment, and the 2023 amount relates to the purchase of various field equipment.

(2) 2024 amount relates to the purchase of nine tractors, thirteen trailers and various field equipment, and the 2023 amount relates to the purchase of various field equipment.

(3) 2024 amount relates to the purchase of various field equipment, and the 2023 amount relates to spending for the purchase construction of 20 tractors, ten trailers and other field equipment. a pipeline connection.

(2)(4) 2024 amount primarily relates to the spending for the construction on the Dayton project, and the 2023 amount relates to the purchase of five two tractors eight trailers and various field equipment, and the 2022 amount relates to the purchase of three tractors, two trailers and other field equipment.

(3) 2023 amount relates to spending for the continued construction of a planned pipeline connection, which is expected to be placed in commercial service during the fourth quarter of 2023 or first quarter of 2024, and the 2022 amount relates

to the purchase of land and easements in connection with the planned pipeline connection.

- (4) 2023 amount relates to the purchase of approximately 10.6 acres of land in the Gulf Inland Industrial Park, located in Dayton, Texas, for approximately \$1.8 million to build a new processing facility for Phoenix, 13 tractors, three trailers and various field equipment, and the 2022 amount relates to the purchase of field equipment.
- (5) 2023 amount relates to the purchase of a company vehicle and office and computer equipment.

Financing activities. Net cash used in financing activities was \$8.2 million \$4.9 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to net cash provided by financing activities of \$8.6 million \$2.3 million for the nine three months ended September 30, 2022 March 31, 2023. The change in net cash flows from financing activities of \$16.8 million \$2.5 million was primarily due to the following cash outflows and inflows:

- an increase in the 2023 2024 period in net repayments under our Credit Agreement. During the nine three months ended September 30, 2023 March 31, 2024, we made principal payments of \$1.9 million \$2.6 million on the Term Loan, while during the three months ended March 31, 2023, we made principal payments of \$0.6 million on the Term Loan. During the nine three months ended September 30, 2023 March 31, 2023, we also borrowed and repaid \$76.0 million under the revolving credit facility under our Credit Agreement, while during the nine months ended September 30, 2022, we borrowed \$45.0 million and repaid \$30.0 million \$18.0 million under the revolving credit facility. Borrowings were primarily used for working capital purposes; purposes. We had no borrowings or repayments under the revolving credit facility in 2024;
- an increase consistent principal repayments of \$1.5 million \$1.6 million in the 2024 and 2023 period for principal repayments made periods for finance lease obligations (see "Material Cash Requirements" below for information regarding our finance lease obligations);
- an increase a decrease of \$0.3 million \$0.5 million in the 2023 2024 period in net proceeds from the sale of common shares under the ATM program. During the nine three months ended September 30, 2023 March 31, 2024, no shares were sold under the ATM Program, while during the three months ended March 31, 2023, we received net proceeds of approximately \$0.6 million \$0.5 million from the sale of 14,680 of our common shares, while during the nine months ended September 30, 2022, we received net proceeds of approximately \$0.3 million from the sale of 8,202 of our common shares; and
- a decrease of \$1.3 million consistent payments in the 2024 and 2023 period in periods for cash dividends paid on our common shares. During each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we paid cash dividends of \$0.72 \$0.24 per common share, or totals of \$1.9 million \$0.7 million and \$3.2 million \$0.7 million, respectively. On October 31, 2022, the number of common shares outstanding decreased by 1.9 million as a result of the repurchase of shares from KSA and certain of its affiliates.

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Material Cash Requirements

The following table summarizes our contractual obligations with material cash requirements at September 30, 2023 March 31, 2024 (in thousands):

Payments due by period										Payments due by period				
Contractual Obligations	Contractual Obligations	Total	Less than 1 year			More than 5 years			Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			1-3 years	3-5 years	years									
Credit Agreement	Credit Agreement													
(1)	(1)	\$27,978	\$ 4,137	\$ 7,699	\$16,142	\$ —								
Finance lease obligations	Finance lease obligations													
(2)	(2)	32,813	8,216	14,844	9,753	—								
Operating lease obligations	Operating lease obligations													
(3)	(3)	6,575	2,960	2,573	969	73								
Purchase obligations	Purchase obligations													
(4)	(4)	10,017	10,017	—	—	—								
Total contractual obligations	Total contractual obligations	\$77,383	\$25,330	\$25,116	\$26,864	\$ 73								

(1) Represents scheduled future maturities for amounts due under the Term Loan under our Credit Agreement plus estimated cash payments for interest. Interest payments are based upon the principal amount of the amount outstanding and the applicable interest rate at **September 30, 2023** **March 31, 2024**. See Note **11** **10** in the Notes to Unaudited Condensed Consolidated Financial Statements for further information about our Credit Agreement.

(2) Amounts represent our principal contractual commitments, including interest, outstanding under finance leases for certain tractors, trailers, tank storage and throughput arrangements and other equipment.

(3) Amounts represent rental obligations under non-cancelable operating leases and terminal arrangements with terms in excess of one year.

(4) Amount represents commitments to purchase 25 new tractors **and 22 new trailers** in our transportation business, **16** **two** new tractors in our crude oil marketing business **and 3 new trailers** and two new trailers in our logistics and repurposing segment.

We maintain certain lease arrangements with independent truck owner-operators for use of their equipment and driver services on a month-to-month basis. In addition, we enter into office space and certain lease and terminal access contracts in order to provide tank storage and dock access for our crude oil marketing business. These storage and access contracts require certain minimum monthly payments for the term of the contracts.

See Note 15 in the Notes to Unaudited Condensed Financial Statements for further information regarding our finance and operating leases.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on our financial position, results of operations or cash flows.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2 in the Notes to Unaudited Condensed Financial Statements.

Transactions with Affiliates

For more information regarding transactions with our affiliates during the nine months ended September 30, 2023 March 31, 2024 and 2022, see Note 9 in the Notes to Unaudited Condensed Financial Statements.

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Critical Accounting Policies and Use of Estimates

A discussion of our critical accounting policies and estimates is included in our 2023 Form 10-K. Certain of these accounting policies require the use of estimates. There have been no material changes to our accounting policies since the disclosures provided in our 2023 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no other material changes to our "Quantitative and Qualitative Disclosures about Market Risk" that have occurred since the disclosures provided in our 2023 Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this quarterly report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 and 15d-15(e) of the Exchange Act. Based on this evaluation, as of the end of the period covered by this quarterly report, our Chief Executive Officer and our Chief Financial Officer concluded:

- (i) that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow for timely decisions regarding required disclosures; and

(ii) that our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(e) under the Exchange Act) during the fiscal quarter ended September 30, 2023 March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time as incidental to our operations, we may become involved in various lawsuits and/or disputes. As an operator of an extensive trucking fleet, we are a party to motor vehicle accidents, worker compensation claims and other items of general liability as would be typical for the industry. We are presently unaware of any claims against us that are either outside the scope of insurance coverage or that may exceed the level of insurance coverage and could potentially represent a material adverse effect on our financial position or results of operations.

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Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading "Item 1A. Risk Factors" included in our 2022 2023 Form 10-K and the risk factors and other cautionary statements contained in our other SEC filings, which could materially affect our businesses, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. There have been no material changes in our Risk Factors from those disclosed in Item 1A of our 2022 2023 Form 10-K or our other SEC filings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit Number	Exhibit
3.1	Certificate of Incorporation of Adams Resources & Energy, Inc., as amended (incorporated by reference to Exhibit 3.1 to Form 10-K for the fiscal year ended December 31, 2019).
3.2	Bylaws of Adams Resources & Energy, Inc., as amended (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed on November 1, 2022).
10.1 10.1+*	Amendment No. 1 dated August 2, 2023 to Credit Form of Employee Performance Share Unit Award Agreement dated October 27, 2022 by and among for 2024 Awards under the Adams Resources & Energy, Inc., GulfMark Asset Holdings, LLC, Service Transport Company, and Cadence Bank, 2018 Long-Term Incentive Plan, as administrative agent, swingline lender and issuing lender, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 2, 2023), amended.
31.1*	Sarbanes-Oxley Section 302 certification of Executive Chairman pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Sarbanes-Oxley Section 302 certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Sarbanes-Oxley Section 906 certification of Executive Chairman pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Sarbanes-Oxley Section 906 certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.LAB*	Inline XBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
101.SCH*	Inline XBRL Schema Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed or furnished (in the case of Exhibits 32.1 and 32.2) with this report.

+ Management compensatory plan or arrangement.

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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.

ADAMS RESOURCES & ENERGY, INC.

(Registrant)

Date: May 8, 2024

By: */s/ Kevin J. Roycraft*

Kevin J. Roycraft

Chief Executive Officer

(Principal Executive Officer)

By: */s/ Tracy E. Ohmart*

Tracy E. Ohmart

Chief Financial Officer

(Principal Financial Officer and Principal
Accounting Officer)

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Exhibit 10.1

2024 PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS PERFORMANCE SHARE UNIT AWARD AGREEMENT (this "Agreement") is made as of the 1st day of March 2024 (the "Grant Date"), between ADAMS RESOURCES & ENERGY, INC., a Delaware corporation ("Company"), and all of its Affiliates (collectively, the "Company"), and _____ (the "Employee"). A copy of the Adams Resources & Energy, Inc. 2018 Long-Term Incentive Plan, as amended (the "Plan") is annexed to this Agreement and shall be deemed a part hereof as if fully set forth herein. Unless the context otherwise requires, all terms that are not defined in this Agreement but which are defined in the Plan shall have the same meaning given to them in the Plan when used herein.

1. **Award.** Pursuant to the Plan, as of the Grant Date, _____ Restricted Stock Units (the "Performance Share Units") shall be granted to Employee as a matter of separate inducement and not in lieu of any salary or other compensation for Employee's services, subject to the acceptance by the Employee of the terms and conditions of this Agreement.

2. **Performance Share Units.** The Employee hereby accepts the Performance Share Units when issued and agrees with respect thereto as follows:

(a) **Payment and Determination of Value.** Except as otherwise provided in Section 10 below, Company shall provide to the Employee one share of the Company's common stock, \$0.10 par value per share for each Performance Share Unit on its scheduled vesting date. If any dividends are paid with respect to a share of the Company's common stock during the vesting period, an equivalent amount shall accrue and be held by the Company without interest until the Performance Share Units become vested, at which time such amount shall be paid to the Employee, or are forfeited, at which time such amount shall be forfeited.

(b) **Vesting.** An Employee's Performance Share Units shall become vested based on (i) continued service with the Company until the third (3rd) anniversary of the Vesting Commencement Date, and (ii) the attainment of the Performance Criteria specified on Exhibit A to this Agreement. Any portion of the Performance Share Units that does not become vested in accordance with the preceding provisions of this Section 2(b) and Exhibit A shall be forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

For purposes of this Agreement, the "Vesting Commencement Date" shall be March 1, 2024.

(c) **Termination of Employment.** If the Employee terminates his or her employment with the Company prior to the third (3rd) anniversary of the Vesting Commencement Date, then the Performance Share Units shall be forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company, except that:

(i) if the Employee is determined to be Disabled or in the event of the death of the Employee, all of the Employee's Performance Share Units shall become vested upon the later of (A) the completion of the Performance Period (as specified on Exhibit A), or (B) the date the Employee terminates employment with the Company, based upon the actual level of performance. In such case, Employee (or Employee's legal representative, or the person, if any, who acquired the Performance Share Units by bequest or inheritance or by reason of the death of Employee), shall be entitled to receive any payment with respect to the Performance Share Units in accordance with this Agreement; and

(ii) if the Employee's employment with the Company terminates by reason of retirement following the date on which such Employee has either (I) reached sixty (60) years of age, and completed at least ten (10) years of service as an employee of the Company, or (II) reached sixty-five (65) years of age, then the Performance Share Units shall become vested upon the later of (A) the completion of the Performance Period, or

(B) the date the Employee terminates employment with the Company, based upon the actual level of performance, provided, however, that the Employee shall not receive such shares until their original scheduled vesting date.

Any payment made in connection with Section 2(c)(i) above shall be paid thirty (30) days after the Employee's termination date.

3. **Transfer Restrictions.** The Performance Share Units may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or otherwise disposed of by the Employee.

4. **Shareholder Rights.** The Employee shall not have any of the rights of a shareholder of the Company with respect to the Performance Share Units.

5. **Corporate Acts.** The existence of the Performance Share Units shall not affect in any way the right or power of the Board of Directors of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

6. **Withholding of Tax.** To the extent that the receipt of the Performance Share Units results in compensation income to the Employee for federal or state income tax purposes, the Employee may elect to either (i) deliver to the Company at the time of such receipt, as the case may be, such amount of money as the Company may require to meet its withholding obligation under applicable tax laws or regulations, or (ii) have the Company withhold a portion of the shares of the Company's common stock distributable to the Employee under this Agreement that does not exceed the amount of taxes to be withheld by reason of such resulting compensation income. If the Employee does not make a timely election regarding the manner this tax withholding obligation will be satisfied, then the Company shall withhold a portion of the shares of the Company's common stock distributable to the Employee under this Agreement that does not exceed the amount of taxes to be withheld by reason of such resulting compensation income.

7. **Employment Relationship.** For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of either the Company or an Affiliate (as such term is defined in the Plan). Nothing in the adoption of the Plan or the award of the Performance Share Units thereunder pursuant to this Agreement shall confer upon the Employee the right to continued employment by the Company or affect in any way the right of the Company to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee's employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company for any reason whatsoever, with or without cause. Any

question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, and its determination shall be final.

8. **Notices.** Any notices or other communications provided for in this Agreement shall be sufficient if in writing. In the case of the Employee, such notices or communications shall be effectively delivered when hand delivered to the Employee at his or her principal place of employment or when sent by registered or certified mail to the Employee at the last address the Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered when sent by registered or certified mail to the Company at its principal executive offices.

9. **Entire Agreement; Amendment.** This Agreement replaces and merges all previous agreements and discussions relating to the same or similar subject matters between the Employee and the Company and constitutes the entire agreement between the Employee and the Company with respect to the subject matter of this Agreement. This Agreement may not be modified in any respect by any verbal statement, representation or agreement made by any employee, officer, or representative of the Company or by any written agreement unless signed by an officer of the Company who is expressly authorized by the Company to execute such document. In

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addition, if it is subsequently determined by the Committee, in its sole discretion, that the terms and conditions of this Agreement and/or the Plan are not compliant with Code Section 409A, or any Treasury regulations or Internal Revenue Service guidance promulgated thereunder, this Agreement and/or the Plan may be amended by the Company accordingly.

10. **Code Section 409A.** If and to the extent any portion of any payment provided to the Employee under this Agreement in connection with the Employee's separation from service (as defined in Section 409A of Internal Revenue Code of 1986, as amended ("Code Section 409A")) is determined to constitute "nonqualified deferred compensation" within the meaning of Code Section 409A and the Employee is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i), as determined by the Company in accordance with the procedures separately adopted by the Company for this purpose, by which determination the Employee, as a condition to accepting benefits under this Agreement and the Plan, agrees that he or she is bound, such portion of the shares of Company's common stock to be delivered on a vesting date shall not be delivered before the earlier of (i) the day that is six months plus one day after the date of separation from service (as determined under Code Section 409A) or (ii) the tenth (10th) day after the date of the Employee's death (as applicable, the "New Payment Date"). The shares that otherwise would have been delivered to the Employee during the period between the date of separation from service and the New Payment Date shall be delivered to the Employee on such New Payment Date, and any remaining shares will be delivered on their original schedule. If the Employee becomes Disabled and such disability does not satisfy the requirements of Code Section 409A, then the Employee's shares shall be delivered on the original scheduled vesting date. Neither the Company nor the Employee shall have the right to accelerate or defer the delivery of any such shares except to the extent specifically permitted or required by Code Section 409A. This Agreement is intended to comply with the provisions of Code Section 409A.

and this Agreement and the Plan shall, to the extent practicable, be construed in accordance therewith. Terms defined in this Agreement and the Plan shall have the meanings given such terms under Code Section 409A if and to the extent required to comply with Code Section 409A. In any event, the Company makes no representations or warranty and shall have no liability to the Employee or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Code Section 409A but not to satisfy the conditions of that section.

11. **Awards Subject to Plan.** The Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Performance Share Units shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof, and to all of the terms and conditions of this Agreement. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

12. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

13. **Miscellaneous.** In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Plan, including any amendments or supplements thereto, the terms of this Agreement shall be controlling.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has agreed to and accepted the terms of this Agreement, all as of the date first above written.

ADAMS
RESOURCES &
ENERGY,
INC. COMPANY

(Registrant)

ADAMS RESOURCES & ENERGY, INC.

By: _____

Name:

Date: November By: /s/ Kevin J. Roycraft
8, 2023

Kevin J. Roycraft

Chief Executive Officer

(Principal Executive Officer)

By: Title: /s/ Tracy E. Ohmart

Tracy E. Ohmart

EMPLOYEE

Chief Financial Officer

By: (Principal Financial Officer and Principal
Accounting Officer)

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Exhibit A

2024 Performance Criteria

The Employee's Performance Share Units shall become vested based on the satisfaction of both the (i) the time vesting requirement described in Section 2(b)(i) of the Agreement, and (ii) the Performance Criteria described in this Exhibit A. The initial number of Performance Share Units specified in Section 1 of the Agreement shall be the "target" number of shares of Stock that may be delivered upon settlement of the Performance Share Units subject to the Agreement. This initial number of Performance Share Units shall be adjusted based on the attainment of the Performance Criteria described in Section 3 below.

1. **Performance Period:** The performance period shall be the period between January 1, 2024 and December 31, 2024.

2. **Award Value:** The Performance Share Units subject to this Agreement will be earned based on the Company's performance for the Performance Period. Following the end of the Performance Period, the Committee shall determine the number of Performance Share Units earned for the Performance Period.

3. **Performance Criteria:** Seventy-five percent (75%) of the Award shall be earned based on the Company's attainment of the Adjusted Pre-Tax Cash Flow ("APTCF") factor described in Section 3(a) below. Twenty-five percent (25%) of the Award shall be earned based on the Company's attainment of Adjusted Pre-Tax Earnings ("APTE") factor described in Section 3(b) below.

(a) **Adjusted Pre-Tax Cash Flow** – APTCF is defined as the Company's net earnings or losses during the Performance Period adjusted by: (i) income tax expense or benefit; (ii) depreciation and amortization expense; (iii) stock-based compensation expense; (iv) inventory liquidation gains; (v) inventory valuation losses; (vi) net changes in the fair value of contracts, as each such adjustment is reported in the Company's publicly filed financial statements for the fiscal year ending December 31, 2024; and (vii) any other adjustments the Company includes in the calculation of adjusted cash flow, as approved by the Company's Board of Directors and reported in the Company's earnings release. The Award Level for the APTCF factor for the Performance Period shall be determined based on the following table:

Performance Level	Adjusted Pre-Tax Cash Flow Amount	% of Target Performance Share Units Earned ¹
Maximum	\$32,820,000	200%
Target	\$26,256,000	100%
Threshold	\$19,692,000	50%
<Threshold	<\$19,692,000	0%

¹ Linear interpolation will be applicable to the percentages between the Performance Levels.

(b) **Adjusted Pre-Tax Earnings** – APTE shall be determined based on the Company's net earnings or losses during the Performance Period adjusted by: (i) income tax expense or benefit; (ii) stock-based compensation expense; (iii) inventory liquidation gains; (iv) inventory valuation losses; (v) net changes in the fair value of contracts, as each such adjustment is reported in the Company's publicly filed financial statements for the fiscal year ending December 31, 2024; and (vi) any other

adjustments included by the Company in the calculation of its adjusted net earnings or losses, as approved by the Company's Board of Directors and reported in its earnings release. The Award Level for the APTE factor for the Performance Period shall be determined based on the following table:

Performance Level	Adjusted Pre-Tax Earnings Amount	% of Target Performance Share Units Earned ²
Maximum	\$3,066,250	200%
Target	\$2,453,000	100%
Threshold	\$1,839,750	50%
<Threshold	<\$1,839,750	0%

(c) **Forfeiture.** Any portion of the Performance Share Units which are not earned at the end of the Performance Period shall be forfeited as of the last day of the Performance Period.

² Linear interpolation will be applicable to the percentages between the Performance Levels.

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, Kevin J. Roycraft, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adams Resources & Energy, 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 registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 By: /s/ Kevin J. Roycraft

Kevin J. Roycraft

Chief Executive Officer

Exhibit 31.2

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, Tracy E. Ohmart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adams Resources & Energy, 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 8, 2023 2024

By: /s/ Tracy E. Ohmart

Tracy E. Ohmart

Chief Financial Officer

Exhibit 32.1

SARBANES-OXLEY SECTION 906 CERTIFICATION

**CERTIFICATION OF KEVIN J. ROYCRAFT,
CHIEF EXECUTIVE OFFICER OF ADAMS RESOURCES & ENERGY, INC.**

In connection with the quarterly report of Adams Resources & Energy, Inc. (the "Registrant") on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin J. Roycraft, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) 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 Registrant.

Date: November May 8, 2023 2024

By: /s/ Kevin J. Roycraft

Kevin J. Roycraft

Chief Executive Officer

SARBANES-OXLEY SECTION 906 CERTIFICATION

**CERTIFICATION OF TRACY E. OHMART,
CHIEF FINANCIAL OFFICER OF ADAMS RESOURCES & ENERGY, INC.**

In connection with the quarterly report of Adams Resources & Energy, Inc. (the "Registrant") on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tracy E. Ohmart, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) 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 Registrant.

Date: **November** **May** 8, **2023** **2024**

By: **/s/ Tracy E. Ohmart**

Tracy E. Ohmart

Chief Financial Officer

DISCLAIMER

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