

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

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **June 30, 2021**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number 001-38142

DELEK US HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

35-2581557

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



7102 Commerce Way

(Address of principal executive offices)

Brentwood Tennessee

37027

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

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

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

At July 30, 2021, there were 74,062,177 shares of common stock, \$0.01 par value, outstanding (excluding securities held by, or for the account of, the Company or its subsidiaries).

Delek US Holdings, Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended June 30, 2021

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Part I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Delek US Holdings, Inc.

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

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 833.0	\$ 787.5
Accounts receivable, net	826.3	527.9
Inventories, net of inventory valuation reserves	1,031.2	727.7
Other current assets	271.0	256.4
Total current assets	2,961.5	2,299.5
Property, plant and equipment:		
Property, plant and equipment	3,630.7	3,519.5
Less: accumulated depreciation	(1,268.1)	(1,152.3)
Property, plant and equipment, net	2,362.6	2,367.2
Operating lease right-of-use assets	168.1	182.0
Goodwill	729.7	729.7
Other intangibles, net	105.7	107.8
Equity method investments	360.8	363.6
Other non-current assets	100.0	84.3
Total assets	\$ 6,788.4	\$ 6,134.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,654.0	\$ 1,144.0
Current portion of long-term debt	46.4	33.4
Obligation under Supply and Offtake Agreements	167.3	129.2
Current portion of operating lease liabilities	44.8	50.2
Accrued expenses and other current liabilities	878.8	546.4
Total current liabilities	2,791.3	1,903.2
Non-current liabilities:		
Long-term debt, net of current portion	2,197.9	2,315.0
Obligation under Supply and Offtake Agreements	329.0	224.9
Environmental liabilities, net of current portion	109.4	107.4
Asset retirement obligations	38.2	37.5
Deferred tax liabilities	202.3	255.5
Operating lease liabilities, net of current portion	122.4	131.8
Other non-current liabilities	45.5	33.7
Total non-current liabilities	3,044.7	3,105.8
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 110,000,000 shares authorized, 91,637,661 shares and 91,356,868 shares issued at June 30, 2021 and December 31, 2020, respectively	0.9	0.9
Additional paid-in capital	1,192.6	1,185.1
Accumulated other comprehensive loss	(7.4)	(7.2)
Treasury stock, 17,575,527 shares, at cost, as of June 30, 2021 and December 31, 2020	(694.1)	(694.1)
Retained earnings	342.0	522.0
Non-controlling interests in subsidiaries	118.4	118.4
Total stockholders' equity	952.4	1,125.1
Total liabilities and stockholders' equity	\$ 6,788.4	\$ 6,134.1

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

Condensed Consolidated Statements of Income (Unaudited)
(In millions, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	\$ 2,191.5	\$ 1,535.5	\$ 4,583.7	\$ 3,356.7
Cost of sales:				
Cost of materials and other	1,995.8	1,277.8	4,201.3	3,188.4
Operating expenses (excluding depreciation and amortization presented below)	129.6	103.4	257.6	232.6
Depreciation and amortization	60.5	53.6	122.8	100.6
Total cost of sales	2,185.9	1,434.8	4,581.7	3,521.6
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	31.5	24.4	52.8	49.7
General and administrative expenses	58.6	61.7	105.7	127.4
Depreciation and amortization	5.8	6.0	12.0	11.6
Other operating income, net	(4.9)	(14.2)	(3.0)	(14.9)
Total operating costs and expenses	2,276.9	1,512.7	4,749.2	3,695.4
Operating (loss) income	(85.4)	22.8	(165.5)	(338.7)
Interest expense	33.2	29.8	62.8	66.1
Interest income	(0.1)	(0.5)	(0.3)	(2.2)
Income from equity method investments	(6.8)	(10.7)	(11.6)	(15.8)
Gain on sale on non-operating refinery	—	(56.9)	—	(56.9)
Other expense (income), net	6.8	(1.5)	5.8	(2.4)
Total non-operating expense (income), net	33.1	(39.8)	56.7	(11.2)
(Loss) income before income tax benefit	(118.5)	62.6	(222.2)	(327.5)
Income tax benefit	(46.0)	(35.9)	(58.4)	(119.0)
Net (loss) income	(72.5)	98.5	(163.8)	(208.5)
Net income attributed to non-controlling interests	8.6	10.8	15.9	18.2
Net (loss) income attributable to Delek	\$ (81.1)	\$ 87.7	\$ (179.7)	\$ (226.7)
Basic (loss) income per share	\$ (1.10)	\$ 1.19	\$ (2.43)	\$ (3.08)
Diluted (loss) income per share	\$ (1.10)	\$ 1.18	\$ (2.43)	\$ (3.08)
Dividends declared per common share outstanding	\$ —	\$ 0.31	\$ —	\$ 0.62

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (72.5)	\$ 98.5	\$ (163.8)	\$ (208.5)
Other comprehensive income (loss):				
Commodity contracts designated as cash flow hedges:				
Net (loss) gain related to commodity cash flow hedges	—	(1.4)	(0.2)	0.3
Income tax benefit	—	(0.3)	—	—
Net comprehensive (loss) income on commodity contracts designated as cash flow hedges	—	(1.1)	(0.2)	0.3
Other income, net of taxes	—	0.4	—	0.1
Total other comprehensive (loss) gain	—	(0.7)	(0.2)	0.4
Comprehensive (loss) income	(72.5)	97.8	(164.0)	(208.1)
Comprehensive income attributable to non-controlling interest	8.6	10.8	15.9	18.2
Comprehensive (loss) income attributable to Delek	<u>\$ (81.1)</u>	<u>\$ 87.0</u>	<u>\$ (179.9)</u>	<u>\$ (226.3)</u>

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

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

Three Months Ended June 30, 2021									
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at March 31, 2021	91,450,724	\$ 0.9	\$ 1,188.6	\$ (7.4)	\$ 423.2	(17,575,527)	\$ (694.1)	\$ 117.7	\$ 1,028.9
Net (loss) income	—	—	—	—	(81.1)	—	—	8.6	(72.5)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(7.9)	(7.9)
Equity-based compensation expense	—	—	5.9	—	—	—	—	—	5.9
Taxes paid due to the net settlement of equity-based compensation	—	—	(1.9)	—	—	—	—	—	(1.9)
Exercise of equity-based awards	186,937	—	—	—	—	—	—	—	—
Other	—	—	—	—	(0.1)	—	—	—	(0.1)
Balance at June 30, 2021	91,637,661	\$ 0.9	\$ 1,192.6	\$ (7.4)	\$ 342.0	(17,575,527)	\$ (694.1)	\$ 118.4	\$ 952.4

Three Months Ended June 30, 2020									
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at March 31, 2020	91,089,920	\$ 0.9	\$ 1,157.4	\$ 1.2	\$ 861.6	(17,575,527)	\$ (694.1)	\$ 162.9	\$ 1,489.9
Net income	—	—	—	—	87.7	—	—	10.8	98.5
Other comprehensive loss related to commodity contracts, net	—	—	—	(1.1)	—	—	—	—	(1.1)
Common stock dividends (\$0.31 per share)	—	—	—	—	(22.9)	—	—	—	(22.9)
Distribution to non-controlling interest	—	—	—	—	—	—	—	(8.2)	(8.2)
Equity-based compensation expense	—	—	4.7	—	—	—	—	—	4.7
Repurchase of non-controlling interest	—	—	(0.8)	—	—	—	—	—	(0.8)
Taxes paid due to the net settlement of equity-based compensation	—	—	(1.2)	—	—	—	—	—	(1.2)
Exercise of equity-based awards	143,044	—	—	—	—	—	—	—	—
Other	—	—	—	0.4	—	—	—	—	0.4
Balance at June 30, 2020	91,232,964	\$ 0.9	\$ 1,160.1	\$ 0.5	\$ 926.4	(17,575,527)	\$ (694.1)	\$ 165.5	\$ 1,559.3

Delek US Holdings, Inc.

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

	Six Months Ended June 30, 2021								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at December 31, 2020	91,356,868	\$ 0.9	\$ 1,185.1	\$ (7.2)	\$ 522.0	(17,575,527)	\$ (694.1)	\$ 118.4	\$ 1,125.1
Net (loss) income	—	—	—	—	(179.7)	—	—	15.9	(163.8)
Other comprehensive loss related to commodity contracts, net	—	—	—	(0.2)	—	—	—	—	(0.2)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(15.9)	(15.9)
Equity-based compensation expense	—	—	10.5	—	—	—	—	—	10.5
Taxes paid due to the net settlement of equity-based compensation	—	—	(3.0)	—	—	—	—	—	(3.0)
Exercise of equity-based awards	280,793	—	—	—	—	—	—	—	—
Other	—	—	—	—	(0.3)	—	—	—	(0.3)
Balance at June 30, 2021	91,637,661	\$ 0.9	\$ 1,192.6	\$ (7.4)	\$ 342.0	(17,575,527)	\$ (694.1)	\$ 118.4	\$ 952.4

	Six Months Ended June 30, 2020								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at December 31, 2019	90,987,025	\$ 0.9	\$ 1,151.9	\$ 0.1	\$ 1,205.6	(17,516,814)	\$ (692.2)	\$ 169.0	\$ 1,835.3
Cumulative effect of adopting accounting principle regarding measurement of credit losses on financial instruments, net	—	—	—	—	(6.5)	—	—	—	(6.5)
Net (loss) income	—	—	—	—	(226.7)	—	—	18.2	(208.5)
Other comprehensive income related to commodity contracts, net	—	—	—	0.3	—	—	—	—	0.3
Common stock dividends (\$0.62 per share)	—	—	—	—	(46.0)	—	—	—	(46.0)
Distribution to non-controlling interest	—	—	—	—	—	—	—	(16.8)	(16.8)
Equity-based compensation expense	—	—	10.9	—	—	—	—	0.1	11.0
Repurchase of common stock	—	—	—	—	—	(58,713)	(1.9)	—	(1.9)
Repurchases of non-controlling interests	—	—	(0.8)	—	—	—	—	(5.0)	(5.8)
Taxes paid due to the net settlement of equity-based compensation	—	—	(1.9)	—	—	—	—	—	(1.9)
Exercise of equity-based awards	245,939	—	—	—	—	—	—	—	—
Other	—	—	—	0.1	—	—	—	—	0.1
Balance at June 30, 2020	91,232,964	\$ 0.9	\$ 1,160.1	\$ 0.5	\$ 926.4	(17,575,527)	\$ (694.1)	\$ 165.5	\$ 1,559.3

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.**Condensed Consolidated Statements of Cash Flows (Unaudited)**
(In millions)**Cash flows from operating activities:**

Net loss	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation and amortization	
Non-cash lease expense	
Deferred income taxes	
Income from equity method investments	
Dividends from equity method investments	
Non-cash lower of cost or market/net realizable value adjustment	
Gain on sale of non-operating refinery	
Other	
Changes in assets and liabilities:	
Accounts receivable	
Inventories and other current assets	
Fair value of derivatives	
Accounts payable and other current liabilities	
Obligation under Supply and Offtake Agreements	
Non-current assets and liabilities, net	
Net cash provided by (used in) operating activities	

Cash flows from investing activities:

Equity method investment contributions	
Distributions from equity method investments	
Purchases of property, plant and equipment	
Purchase of intangible assets	
Proceeds from sale of property, plant and equipment	
Proceeds from sale of non-operating refinery	
Net cash used in investing activities	

Cash flows from financing activities:

Proceeds from long-term revolvers	
Payments on long-term revolvers	
Proceeds from term debt	
Payments on term debt	
Proceeds from product financing agreements	
Repayments of product financing agreements	
Taxes paid due to the net settlement of equity-based compensation	
Repurchase of common stock	
Repurchase of non-controlling interest	
Distribution to non-controlling interest	
Dividends paid	
Deferred financing costs paid	
Net cash provided by financing activities	
Net increase (decrease) in cash and cash equivalents	
Cash and cash equivalents at the beginning of the period	
Cash and cash equivalents at the end of the period	

Six Months Ended June 30,	
2021	2020
\$	\$
(163.8)	(208.5)
134.8	112.2
28.1	21.9
(52.9)	65.9
(11.6)	(15.8)
10.6	14.3
(30.1)	75.1
—	(56.9)
13.9	17.4
(298.4)	307.2
(302.5)	125.0
(7.1)	(23.6)
671.4	(594.6)
148.6	(163.3)
(6.1)	0.6
134.9	(323.1)
(1.6)	(29.5)
5.4	71.0
(132.7)	(235.4)
(0.7)	(2.1)
10.9	0.2
—	39.9
(118.7)	(155.9)
1,026.5	1,583.7
(1,501.3)	(1,352.1)
400.0	185.0
(26.7)	(31.2)
458.2	86.4
(302.2)	(26.5)
(3.0)	(1.9)
—	(1.9)
—	(5.8)
(15.9)	(16.8)
—	(46.0)
(6.3)	(0.2)
29.3	372.7
45.5	(106.3)
787.5	955.3
833.0	849.0

Delek US Holdings, Inc.**Condensed Consolidated Statements of Cash Flows (Unaudited) (continued)**
(In millions)**Supplemental disclosures of cash flow information:****Cash paid during the period for:**

Interest, net of capitalized interest of \$0.5 million and \$0.2 million in the 2021 and 2020 periods, respectively	
Income taxes	

Non-cash investing activities:

Increase (decrease) in accrued capital expenditures	
---	--

Non-cash financing activities:

Non-cash lease liability arising from obtaining right of use assets during the period	
---	--

Six Months Ended June 30,	
2021	2020
\$	\$
55.7	66.1
4.0	0.2
0.1	(33.1)
26.4	22.2

Note 1 - Organization and Basis of Presentation

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

Our condensed consolidated financial statements include the accounts of Delek and its subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted, although management believes that the disclosures herein are adequate to make the financial information presented not misleading. Our unaudited condensed consolidated financial statements have been prepared in conformity with GAAP applied on a consistent basis with those of the annual audited consolidated financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2021 (the "Annual Report on Form 10-K") and in accordance with the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 included in our Annual Report on Form 10-K.

Our condensed consolidated financial statements include Delek Logistics Partners, LP ("Delek Logistics", NYSE:DKL), which is a variable interest entity ("VIE"). As the indirect owner of the general partner of Delek Logistics, we have the ability to direct the activities of this entity that most significantly impact its economic performance. We are also considered to be the primary beneficiary for accounting purposes for this entity and are Delek Logistics' primary customer. As Delek Logistics does not derive an amount of gross margin material to us from third parties, there is limited risk to Delek associated with Delek Logistics' operations. However, in the event that Delek Logistics incurs a loss, our operating results will reflect such loss, net of intercompany eliminations, to the extent of our ownership interest in this entity.

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

Accounting Policies

With the exception of the policy updates below, there have been no new or material changes to the significant accounting policies discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Risks and Uncertainties Arising from the COVID-19 Pandemic

U.S. economic activity continued on a recovery trend during the quarter ended June 30, 2021, albeit remaining subject to heightened levels of uncertainty related to the on-going impact of the COVID-19 outbreak that developed into a pandemic in March 2020 (the "COVID-19 Pandemic" or the "Pandemic"), and the spread of new variants of the virus. Most of the restrictions imposed in the prior year to prevent its spread have been eased and government vaccination campaigns continue. Compared to the prior year, the economic recovery trends in the three and six months ended June 30, 2021 included a resumption of flights by major airlines and increased motor vehicle use. This has in turn resulted in increased demand and market prices for crude oil and certain of our products. Nonetheless, there remains continued uncertainty about the duration and future impact of the COVID-19 Pandemic.

Uncertainties related to the impact of the COVID-19 Pandemic and other events exist that could impact our future results of operations and financial position, the nature of which and the extent to which are currently unknown. To the extent these uncertainties have been identified and are believed to have had a material impact on our current period results of operations or financial position based on the requirements for assessing such financial statement impact under GAAP, we have considered them in the preparation of our unaudited financial statements as of and for the three and six months ended June 30, 2021. The application of accounting policies impacted by such considerations include (but are not necessarily limited to) the following:

- The interim evaluation of indefinite-lived intangibles and goodwill for potential impairment, where indicators exist, as defined by GAAP;
- The interim evaluation of long-lived assets for potential impairment, where indicators exist, as defined by GAAP;
- The interim evaluation of joint ventures for potential impairment, where indicators exist, as defined by GAAP;
- The evaluation of derivatives and hedge accounting for counterparty risk and changes in forecasted transactions, as provided for under GAAP;
- The evaluation of inventory valuation allowances that may be warranted under the lower of cost or net realizable value analysis, for first-in, first-out ("FIFO"), and the lower of cost or market analysis, for last-in, first-out ("LIFO"), pursuant to GAAP;

- The consideration of debt modifications and/or covenant requirements, as applicable;
- The evaluation of commitments and contingencies, including changes in concentrations, as applicable;
- The interim evaluation of the impact of changing forecasts on our assessment of deferred tax asset valuation allowances and annual effective tax rates; and
- The interim evaluation of our ability to continue as a going concern.

Reclassifications

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

New Accounting Pronouncements Adopted During 2021

ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815

In January 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-01 which is intended to clarify interactions between the guidance to account for certain equity securities under Topics 321, 323 and 815, and improve current GAAP by reducing diversity in practice and increasing comparability of accounting. The pronouncement is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

ASU 2019-12, Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued guidance intended to simplify various aspects related to accounting for income taxes, eliminate certain exceptions within Accounting Standards Codification ("ASC") 740, *Income Taxes* ("ASC 740") and clarify certain aspects of the current guidance to promote consistency among reporting entities. The pronouncement is effective for fiscal years and for interim periods within those fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

ASU 2018-14, Compensation - Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued guidance related to disclosure requirements for defined benefit plans. The pronouncement eliminates, modifies and adds disclosure requirements for defined benefit plans. The pronouncement is effective for fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

Accounting Pronouncements Not Yet Adopted

ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

In August 2020, the FASB issued ASU 2020-06, which is intended to simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. The guidance allows for either full retrospective adoption or modified retrospective adoption. The pronouncement is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2021, and early adoption is permitted. The Company is evaluating the impact of this guidance but does not currently expect adopting this new guidance will have a material impact on its condensed consolidated financial statements and related disclosures.

ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)

In March 2020, the FASB issued an amendment which is intended to provide temporary optional expedients and exceptions to GAAP guidance on contracts, hedge accounting and other transactions affected by the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank rates. This guidance is effective for all entities at any time beginning on March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. The Company is currently evaluating the impact this guidance may have on its condensed consolidated financial statements and related disclosures.

Note 2 - Segment Data

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

- our corporate activities;
- results of certain immaterial operating segments, including our Canadian crude trading operations (as discussed in Note 9);

- wholesale crude operations;
- Alon's asphalt terminal operations; and
- intercompany eliminations.

Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of the reportable segments based on the segment contribution margin. Segment contribution margin is defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization.

Refining Segment

The refining segment processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel and aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 barrels per day ("bpd") as of June 30, 2021, including the following:

- 75,000 bpd Tyler, Texas refinery (the "Tyler refinery");
- 80,000 bpd El Dorado, Arkansas refinery (the "El Dorado refinery");
- 73,000 bpd Big Spring, Texas refinery (the "Big Spring refinery"); and
- 74,000 bpd Krotz Springs, Louisiana refinery (the "Krotz Springs refinery").

The refining segment also owns and operates three biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas, Cleburne, Texas and New Albany, Mississippi. The biodiesel industry has historically been substantially aided by federal and state tax incentives. One tax incentive program that has been significant to our renewable fuels facilities is the federal blender's tax credit (also known as the biodiesel tax credit or "BTC"). The BTC provides a \$1.00 refundable tax credit per gallon of pure biodiesel to the first blender of biodiesel with petroleum-based diesel fuel. The blender's tax credit was re-enacted in December 2019 for the years 2020 through 2022.

On May 7, 2020, we sold our equity interests in Alon Bakersfield Property, Inc., an indirect wholly-owned subsidiary that owned our non-operating refinery located in Bakersfield, California, to a subsidiary of Global Clean Energy Holdings, Inc. ("GCE") for total cash consideration of \$40.0 million. As a result of this sale, we recognized a gain of \$56.9 million during the second quarter of 2020, largely due to the buyer assuming substantially all of the asset retirement obligations and environmental liabilities associated with this refinery. As part of the transaction, GCE granted a call option to Delek to acquire up to a 33 1/3% limited member interest in the acquiring subsidiary of GCE for up to \$13.3 million, subject to certain adjustments. Such option is exercisable by Delek through the 90th day after GCE demonstrates commercial operations, as contractually defined, which has not yet occurred as of June 30, 2021.

The refining segment's petroleum-based products are marketed primarily in the south central, southwestern and western regions of the United States. This segment also ships and sells gasoline into wholesale markets in the southern and eastern United States. Motor fuels are sold under the Alon or Delek brand through various terminals to supply Alon or Delek branded retail sites. In addition, Alon sells motor fuels through its wholesale distribution network on an unbranded basis.

Logistics Segment

Our logistics segment owns and operates crude oil and refined products logistics and marketing assets. The logistics segment generates revenue by charging fees for gathering, transporting and storing crude oil and for marketing, distributing, transporting and storing intermediate and refined products in select regions of the southeastern United States and West Texas for our refining segment and third parties, and sales of wholesale products in the West Texas market.

Retail Segment

Our retail segment consists of 252 owned and leased convenience store sites as of June 30, 2021, located primarily in Central and West Texas and New Mexico. These convenience stores typically offer various grades of gasoline and diesel primarily under the Alon or Delek brand name and food products, food service, tobacco products, non-alcoholic and alcoholic beverages, general merchandise as well as money grams to the public, primarily under the 7-Eleven and DK or Alon brand names. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery, which is transferred to the retail segment at prices substantially determined by reference to published commodity pricing information. In November 2018, we terminated the license agreement with 7-Eleven, Inc. The terms of such agreement and subsequent amendments require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023.

Significant Inter-segment Transactions

All inter-segment transactions have been eliminated in consolidation and consist primarily of the following:

- refining segment refined product sales to the retail segment to be sold through the store locations;

- refining segment sales of asphalt and refined product to entities included in corporate, other and eliminations;
- logistics segment service fee revenue under service agreements with the refining segment based on the number of gallons sold and to share a portion of the margin achieved in return for providing marketing, sales and customer services;
- logistics segment sales of wholesale finished product to our refining segment; and
- logistics segment crude transportation, terminalling and storage fee revenue from our refining segment for the utilization of pipeline, terminal and storage assets.

Business Segment Operating Performance

The following is a summary of business segment operating performance as measured by contribution margin for the period indicated (in millions):

Three Months Ended June 30, 2021					
(In millions)	Refining	Logistics	Retail	Corporate, Other and Eliminations ⁽¹⁾	Consolidated ⁽¹⁾
Net revenues (excluding inter-segment fees and revenues)	\$ 2,226.9	\$ 66.1	\$ 209.0	\$ (310.5)	\$ 2,191.5
Inter-segment fees and revenues	188.8	102.4	—	(291.2)	—
Operating costs and expenses:					
Cost of materials and other	2,321.8	88.8	164.7	(579.5)	1,995.8
Operating expenses (excluding depreciation and amortization presented below)	113.8	15.5	22.4	9.4	161.1
Segment contribution margin	\$ (19.9)	\$ 64.2	\$ 21.9	\$ (31.6)	34.6
Depreciation and amortization	\$ 51.0	\$ 10.0	\$ 3.4	\$ 1.9	66.3
General and administrative expenses					58.6
Other operating income, net					(4.9)
Operating loss					\$ (85.4)
Capital spending (excluding business combinations)	\$ 60.7	\$ 2.6	\$ 0.5	\$ 1.9	\$ 65.7

Three Months Ended June 30, 2020					
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding inter-segment fees and revenues)	\$ 1,001.9	\$ 27.3	\$ 165.4	\$ 340.9	\$ 1,535.5
Inter-segment fees and revenues	75.1	90.4	—	(165.5)	—
Operating costs and expenses:					
Cost of materials and other	928.6	43.9	119.6	185.7	1,277.8
Operating expenses (excluding depreciation and amortization presented below)	88.7	12.4	21.5	5.2	127.8
Segment contribution margin	\$ 59.7	\$ 61.4	\$ 24.3	\$ (15.5)	129.9
Depreciation and amortization	\$ 44.8	\$ 8.7	\$ 3.3	\$ 2.8	59.6
General and administrative expenses					61.7
Other operating income, net					(14.2)
Operating income					\$ 22.8
Capital spending (excluding business combinations)	\$ 12.2	\$ 0.7	\$ 1.3	\$ 0.8	\$ 15.0

Six Months Ended June 30, 2021

(In millions)	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding inter-segment fees and revenues)	\$ 3,811.4	\$ 122.8	\$ 383.8	\$ 265.7	\$ 4,583.7
Inter-segment fees and revenues	344.4	198.6	—	(543.0)	—
Operating costs and expenses:					
Cost of materials and other	3,969.5	169.9	301.2	(239.3)	4,201.3
Operating expenses (excluding depreciation and amortization presented below)	227.4	29.6	43.8	9.6	310.4
Segment contribution margin	\$ (41.1)	\$ 121.9	\$ 38.8	\$ (47.6)	72.0
Depreciation and amortization	\$ 103.1	\$ 20.7	\$ 6.6	\$ 4.4	134.8
General and administrative expenses					105.7
Other operating income, net					(3.0)
Operating loss					\$ (165.5)
Capital spending (excluding business combinations)	\$ 118.5	\$ 10.4	\$ 1.3	\$ 2.5	\$ 132.7

Six Months Ended June 30, 2020

	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding inter-segment fees and revenues)	\$ 2,571.1	\$ 84.2	\$ 344.0	\$ 357.4	\$ 3,356.7
Inter-segment fees and revenues	233.8	196.9	—	(430.7)	—
Operating costs and expenses:					
Cost of materials and other	2,835.2	145.2	263.7	(55.7)	3,188.4
Operating expenses (excluding depreciation and amortization presented below)	200.4	27.2	43.7	11.0	282.3
Segment contribution margin	\$ (230.7)	\$ 108.7	\$ 36.6	\$ (28.6)	(114.0)
Depreciation and amortization	\$ 82.0	\$ 15.0	\$ 6.2	\$ 9.0	112.2
General and administrative expenses					127.4
Other operating income, net					(14.9)
Operating loss					\$ (338.7)
Capital spending (excluding business combinations)	\$ 180.3	\$ 3.7	\$ 7.5	\$ 11.8	\$ 203.3

⁽¹⁾ Reflects an adjustment to net down year-to-date net revenues and cost of materials and other of approximately \$362 million related to certain crude wholesale net settled transactions included in corporate, other and eliminations that occurred during the three months ended March 31, 2021, which was not reflected in the unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2021, as filed on our March 31, 2021 Quarterly Report on Form 10-Q on May 6, 2021. Such uncorrected adjustment, as well as the subsequent out-of-period correction reflected above, did not relate to any of our reportable segments, had no impact on segment contribution margin, consolidated contribution margin or consolidated operating loss, and are not considered material to the condensed consolidated financial statements in either period.

Other Segment Information

Total assets by segment were as follows as of June 30, 2021:

	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Total assets	\$ 6,458.7	\$ 935.5	\$ 257.5	\$ (863.3)	\$ 6,788.4
Less:					
Inter-segment notes receivable	(1,225.8)	—	—	1,225.8	—
Inter-segment right of use lease assets	(304.1)	—	—	304.1	—
Total assets, excluding inter-segment notes receivable and right of use assets	\$ 4,928.8	\$ 935.5	\$ 257.5	\$ 666.6	\$ 6,788.4

Property, plant and equipment and accumulated depreciation as of June 30, 2021 and depreciation expense by reporting segment for the three and six months ended June 30, 2021 are as follows (in millions):

	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Property, plant and equipment	\$ 2,666.1	\$ 701.8	\$ 165.7	\$ 97.1	\$ 3,630.7
Less: Accumulated depreciation	(898.6)	(247.1)	(54.4)	(68.0)	(1,268.1)
Property, plant and equipment, net	\$ 1,767.5	\$ 454.7	\$ 111.3	\$ 29.1	\$ 2,362.6
Depreciation expense for the three months ended June 30, 2021	\$ 49.4	\$ 10.0	\$ 3.2	\$ 1.9	\$ 64.5
Depreciation expense for the six months ended June 30, 2021	\$ 99.8	\$ 20.7	\$ 6.2	\$ 4.4	\$ 131.1

In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360"), Delek evaluates the realizability of property, plant and equipment as events occur that might indicate potential impairment. There were no indicators of impairment related to our property, plant and equipment as of June 30, 2021 (see Note 1 for further discussion on the impact of COVID-19 Pandemic).

Note 3 - Earnings (Loss) Per Share

Basic earnings per share (or "EPS") is computed by dividing net income (loss) by the weighted average common shares outstanding. Diluted earnings per share is computed by dividing net income (loss), as adjusted for changes to income that would result from the assumed settlement of the dilutive equity instruments included in diluted weighted average common shares outstanding, by the diluted weighted average common shares outstanding. For all periods presented, we have outstanding various equity-based compensation awards that are considered in our diluted EPS calculation (when to do so would be dilutive), and is inclusive of awards disclosed in Note 15 to these condensed consolidated financial statements. For those instruments that are indexed to our common stock, they are generally dilutive when the market price of the underlying indexed share of common stock is in excess of the exercise price.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Numerator for EPS				
Net (loss) income	\$ (72.5)	\$ 98.5	\$ (163.8)	\$ (208.5)
Less: Income attributed to non-controlling interest	8.6	10.8	15.9	18.2
Numerator for basic and diluted EPS attributable to Delek	\$ (81.1)	\$ 87.7	\$ (179.7)	\$ (226.7)
Denominator:				
Weighted average common shares outstanding (denominator for basic EPS)	73,911,582	73,547,582	73,857,975	73,492,656
Dilutive effect of stock-based awards	—	480,461	—	—
Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	73,911,582	74,028,043	73,857,975	73,492,656
EPS:				
Basic (loss) income per share	\$ (1.10)	\$ 1.19	\$ (2.43)	\$ (3.08)
Diluted (loss) income per share	\$ (1.10)	\$ 1.18	\$ (2.43)	\$ (3.08)
The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be antidilutive:				
Antidilutive stock-based compensation (because average share price is less than exercise price)	659,005	3,922,290	678,426	3,328,789
Antidilutive due to loss	2,983,783	—	2,802,950	372,220
Total antidilutive stock-based compensation	3,642,788	3,922,290	3,481,376	3,701,009

Note 4 - Delek Logistics

Delek Logistics is a publicly traded limited partnership that was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are integral to Delek's refining and marketing operations. As of June 30, 2021, we owned an 80.0% interest in Delek Logistics, consisting of 34,745,868 common limited partner units and the non-economic general partner interest. The limited partner interests in Delek Logistics not owned by us are reflected in net income attributable to non-controlling interest in the accompanying condensed consolidated statements of income and in non-controlling interest in subsidiaries in the accompanying condensed consolidated balance sheets.

On August 13, 2020, Delek Logistics completed a transaction to eliminate the incentive distribution rights ("IDRs") held by Delek Logistics GP, LLC, the general partner, and convert the economic general partner interest into a non-economic general partner interest in exchange for total consideration consisting of \$45.0 million cash and 14.0 million newly issued common limited partner units. Contemporaneously, we repurchased the 5.2% ownership interest in the general partner from affiliates, who are also members of the general partner's management and board of directors, for \$23.1 million, increasing our ownership interest in the general partner to 100.0%. As a result of these transactions, the non-controlling interest in our consolidated balance sheets decreased by \$50.8 million, with a \$37.2 million increase to additional paid-in capital which is net of \$11.5 million related to deferred income taxes and \$2.1 million of transaction costs, none of which was recognized during the three and six months ended June 30, 2020.

In August 2020, Delek Logistics filed a shelf registration statement, which subsequently became effective, with the SEC for the proposed re-sale or other disposition from time to time by Delek of up to 14.0 million common limited partner units representing our limited partner interests in Delek Logistics. No units were sold as of June 30, 2021.

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

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

	June 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 2.2	\$ 4.2
Accounts receivable	18.0	15.7
Accounts receivable from related parties	—	5.9
Inventory	2.0	3.1
Other current assets	0.9	0.4
Property, plant and equipment, net	454.8	464.8
Equity method investments	252.0	253.7
Operating lease right-of-use assets	25.1	24.2
Goodwill	12.2	12.2
Intangible assets, net	157.2	160.1
Other non-current assets	11.1	12.1
Total assets	<u>\$ 935.5</u>	<u>\$ 956.4</u>
LIABILITIES AND DEFICIT		
Accounts payable	\$ 4.8	\$ 6.7
Accounts payable to related parties	36.8	—
Current portion of operating lease liabilities	8.0	8.7
Accrued expenses and other current liabilities	17.9	12.9
Long-term debt	928.7	992.3
Asset retirement obligations	6.2	6.0
Operating lease liabilities, net of current portion	17.0	15.4
Other non-current liabilities	23.9	22.7
Deficit	(107.8)	(108.3)
Total liabilities and deficit	<u>\$ 935.5</u>	<u>\$ 956.4</u>

Effective May 1, 2020, Delek through its wholly owned subsidiaries Lion Oil Company, LLC ("Lion Oil") and Delek Refining, Ltd. contributed certain leased and owned tractors and trailers and related assets used in the provision of trucking and transportation services for crude oil, petroleum and certain other products throughout Arkansas, Oklahoma and Texas to Delek Trucking, LLC ("Delek Trucking"). Lion Oil then sold all of the issued and outstanding membership interests in Delek Trucking (the "Trucking Acquisition") to DKL Transportation, LLC ("DKL Transportation"). Promptly following the consummation of the Trucking Acquisition, Delek Trucking merged with and into DKL Transportation, with DKL Transportation, a wholly owned subsidiary of Delek Logistics, continuing as the surviving entity. Total consideration for the Trucking Acquisition was approximately \$48.0 million in cash, subject to certain post-closing adjustments, financed primarily with borrowings on the Delek Logistics Credit Facility (as defined in Note 8). Prior periods have not been recast in our Note 2 - Segment Data, as these assets did not constitute a business in accordance with ASU 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01"), and the transaction was accounted for as an acquisition of assets between entities under common control.

Effective March 31, 2020, Delek Logistics, through its wholly-owned subsidiary DKL Permian Gathering, LLC, acquired the Big Spring Gathering System, located in Howard, Borden and Martin Counties, Texas, from Delek, which included the execution of related commercial agreements. The total consideration was subject to certain post-closing adjustments and was comprised of \$100.0 million in cash and 5.0 million common units representing a limited partner interest in Delek Logistics. Prior periods have not been recast in our Segment Data Note 2, as these assets did not constitute a business in accordance with ASU 2017-01 and the transaction was accounted for as an acquisition of assets between entities under common control.

Additionally, in March 2020, we purchased 451,822 of Delek Logistics limited partner units from an investor pursuant to a Common Unit Purchase Agreement between Delek Marketing & Supply, LLC and such investor. The purchase price of the units amounted to approximately \$5.0 million.

Note 5 - Equity Method Investments

Wink to Webster Pipeline

On July 30, 2019, we, through our wholly-owned direct subsidiary Delek Energy, entered into a limited liability company agreement (the "LLCA") and related agreements with multiple joint venture members of Wink to Webster Pipeline LLC ("WWP"). Pursuant to the LLCA, Delek Energy acquired a 15% ownership interest in WWP ("WWP Joint Venture"). WWP intends to construct and operate a crude oil pipeline system from Wink, Texas to Webster, Texas along with certain pipelines from Webster, Texas to other destinations in the Gulf Coast area. Pursuant to the LLCA, Delek Energy will be required to contribute its percentage interest of the applicable construction costs (including certain costs previously incurred by WWP). During the six months ended June 30, 2020, we made capital contributions totaling \$18.9 million.

On February 21, 2020, we, through our wholly-owned direct subsidiary Delek Energy, entered into the W2W Holdings LLC Agreement with MPLX Operations LLC ("MPLX") (collectively, with its wholly-owned subsidiaries, the "WWP Project Financing Joint Venture" or the "WWP Project Financing JV"). The WWP Project Financing JV was created for the specific purpose of obtaining financing to fund our combined capital calls resulting from and occurring during the construction period of the pipeline system under the WWP Joint Venture, and to service that debt. In connection with the arrangement, both Delek Energy and MPLX contributed their respective 15% ownership interests to the WWP Project Financing JV as collateral for and in service of the related project financing. Accordingly, distributions received from WWP through the WWP Project Financing JV will first be applied in service of the related project financing debt, with excess distributions being made to the members of the WWP Project Financing JV as provided for in the W2W Holdings LLC Agreement and as allowed under the project financing debt. The obligations of the members under the W2W Holdings LLC Agreement are guaranteed by the parents of the members of the WWP Project Financing JV.

The Company evaluated Delek Energy's investment in W2W Holdings LLC ("HoldCo") and determined that HoldCo is a VIE. The Company determined it is not the primary beneficiary since it does not have the power to direct activities that most significantly impact HoldCo. The Company does not hold a controlling financial interest in HoldCo because no single party has the power to direct the activities that most significantly impact HoldCo's economic performance since power to make the decisions about the significant activities is shared equally with MPLX and all significant decisions require unanimous consent of the board of directors of HoldCo. The Company accounts for its investment in HoldCo using the equity method of accounting due to its significant influence with its 50% membership interest.

The Company's maximum exposure to any losses incurred by HoldCo is limited to its investment. As of June 30, 2021, except for the guarantee of member obligations under the W2W Holdings LLC Agreement, the Company does not have other existing guarantees with or to HoldCo, or any third-party work contracted with it.

As of June 30, 2021 and December 31, 2020, Delek's investment balance in WWP Project Financing Joint Venture totaled \$62.6 million and \$66.6 million, respectively, and is included as part of total assets in corporate, other and eliminations in our segment disclosure. During the six months ended June 30, 2020, we received distributions of \$69.3 million from WWP Project Financing Joint Venture to return excess contributions made. In addition on the investment, we recognized a loss of \$3.9 million and \$4.1 million for the three and six

months ended June 30, 2021, respectively, and a loss of \$0.9 million and \$2.0 million for the three and six months ended June 30, 2020, respectively.

Delek Logistics Investments

In May 2019, Delek Logistics, through its wholly owned indirect subsidiary DKL Pipeline, LLC ("DKL Pipeline"), entered into a Contribution and Subscription Agreement (the "Contribution Agreement") with Plains Pipeline, L.P. ("Plains") and Red River Pipeline Company LLC ("Red River"). Pursuant to the Contribution Agreement, DKL Pipeline contributed \$124.7 million, substantially all of which was financed under the Delek Logistics Credit Facility (as defined in Note 8), to Red River in exchange for a 33% membership interest in Red River and DKL Pipeline's admission as a member of Red River (the "Red River Pipeline Joint Venture"). Red River owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas. In August 2020, Red River completed a planned expansion project to increase the pipeline capacity which commenced operations on October 1, 2020. Delek Logistics contributed an additional \$3.5 million related to such expansion project in May 2019 and during 2020 made additional capital contributions of \$12.2 million based on capital calls received. During the six months ended June 30, 2021, we made additional capital contributions totaling \$1.4 million based on capital calls received. As of June 30, 2021 and December 31, 2020, Delek's investment balance in Red River totaled \$143.2 million and \$141.8 million, respectively. We recognized income on the investment totaling \$3.7 million and \$6.0 million and for the three and six months ended June 30, 2021, respectively, and \$2.9 million and \$4.7 million for the three and six months ended June 30, 2020, respectively. This investment is accounted for using the equity method and is included as part of total assets in our logistics segment.

In addition to Red River, Delek Logistics has two joint ventures that own and operate logistics assets, and which serve third parties and subsidiaries of Delek. We own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. to operate one of these pipeline systems (the "Caddo Pipeline") and a 33% membership interest in Andeavor Logistics Rio Pipeline LLC which operates the other pipeline system (the "Rio Pipeline"). As of June 30, 2021 and December 31, 2020, Delek Logistics' investment balances in these joint ventures totaled \$108.9 million and \$111.9 million, respectively, and were accounted for using the equity method. We recognized income on these investments totaling \$2.9 million and \$4.6 million for the three and six months ended June 30, 2021, respectively, and \$3.5 million and \$7.3 million for the three and six months ended June 30, 2020, respectively.

Other Investments

We have a 50% interest in a joint venture that owns an asphalt terminal located in Brownwood, Texas. As of June 30, 2021 and December 31, 2020, Delek's investment balance in this joint venture was \$41.8 million and \$39.3 million, respectively. We recognized income on this investment totaling \$3.9 million and \$4.8 million for the three and six months ended June 30, 2021, respectively, and \$5.0 million and \$5.5 million for the three and six months ended June 30, 2020, respectively. This investment is accounted for using the equity method and is included as part of total assets in corporate, other and eliminations in our segment disclosure.

Delek Renewables, LLC, a wholly-owned subsidiary of Delek, has a joint venture that owns, operates and maintains a terminal consisting of an ethanol unit train facility with an ethanol tank in North Little Rock, Arkansas. As of June 30, 2021 and December 31, 2020, Delek Renewables, LLC's investment balance in this joint venture was \$4.3 million and \$4.0 million, respectively, and was accounted for using the equity method. We recognized income on this investment totaling \$0.2 million and \$0.3 million for the three and six months ended June 30, 2021, respectively, and \$0.2 million and \$0.3 million for the three and six months ended June 30, 2020, respectively. The investment in this joint venture is reflected in the refining segment.

Note 6 - Inventory

Crude oil, work in process, refined products, blendstocks and asphalt inventory for all of our operations, excluding the Tyler refinery and merchandise inventory in our retail segment, are stated at the lower of cost determined using FIFO basis or net realizable value. Cost of all inventory at the Tyler refinery is determined using the LIFO inventory valuation method and inventory is stated at the lower of cost or market. Retail merchandise inventory consists of cigarettes, beer, convenience merchandise and food service merchandise and is stated at estimated cost as determined by the retail inventory method.

Carrying value of inventories consisted of the following (in millions):

	June 30, 2021	December 31, 2020
Refinery raw materials and supplies	\$ 415.0	\$ 270.7
Refinery work in process	140.2	92.1
Refinery finished goods	437.1	327.1
Retail fuel	9.3	6.2
Retail merchandise	27.6	28.5
Logistics refined products	2.0	3.1
Total inventories	<u>\$ 1,031.2</u>	<u>\$ 727.7</u>

At June 30, 2021, we recorded a pre-tax inventory valuation reserve of \$0.9 million, none of which related to LIFO inventory, due to a market price decline below our cost of certain inventory products. At December 31, 2020, we recorded a pre-tax inventory valuation reserve of \$31.1 million, \$30.3 million of which related to LIFO inventory, which reversed in the first quarter of 2021 due to the sale of inventory quantities that gave rise to the December 31, 2020 reserve. We recognized a net reduction (increase) in cost of materials and other in the accompanying condensed consolidated statements of income related to the change in pre-tax inventory valuation of \$9.7 million and \$30.1 million for the three and six months ended June 30, 2021, respectively, and \$203.1 million and \$(75.1) million for the three and six months ended June 30, 2020, respectively.

Note 7 - Crude Oil Supply and Inventory Purchase Agreement

Delek has Supply and Offtake Agreements with J. Aron & Company ("J. Aron") in connection with its El Dorado, Big Spring and Krotz Springs refineries (collectively, the "Supply and Offtake Agreements"). Pursuant to the Supply and Offtake Agreements, (i) J. Aron agrees to sell to us, and we agree to buy from J. Aron, at market prices, crude oil for processing at these refineries and (ii) we agree to sell, and J. Aron agrees to buy, at market prices, certain refined products produced at these refineries. The Supply and Offtake Agreements also provide for the lease to J. Aron of crude oil and refined product storage facilities, and the identification of prospective purchasers of refined products on J. Aron's behalf. At the inception of the Supply and Offtake Agreements, we transferred title to a certain number of barrels of crude and other inventories to J. Aron (the "Step-In"), and the Supply and Offtake Agreements require the repurchase of remaining inventory (including certain "Baseline Volumes") at the termination of those Agreements (the "Step-Out"). The Supply and Offtake Agreements are accounted for as inventory financing arrangements under the fair value election provided by ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 825, *Financial Instruments* ("ASC 825").

Barrels subject to the Supply and Offtake Agreements are as follows:

(in millions)	El Dorado	Big Spring	Krotz Springs
Baseline Volumes pursuant to the respective Supply and Offtake Agreements	2.0	0.8	1.3
Barrels of inventory consigned under the respective Supply and Offtake Agreements as of June 30, 2021 ⁽¹⁾	3.6	1.4	1.3
Barrels of inventory consigned under the respective Supply and Offtake Agreements as of December 31, 2020 ⁽¹⁾	4.0	1.3	1.2

⁽¹⁾ Includes Baseline Volumes plus/minus over/short quantities.

The Supply and Offtake Agreements have certain termination provisions, which may include requirements to negotiate with third parties for the assignment to us of certain contracts, commitments and arrangements, including procurement contracts, commitments for the sale of product, and pipeline, terminalling, storage and shipping arrangements.

In January 2020, we amended our three Supply and Offtake Agreements so that the repurchase of Baseline Volumes at the end of the Supply and Offtake Agreement term (representing the "Baseline Step-Out Liability" or, collectively, the "Baseline Step-Out Liabilities") was based on market-indexed prices subject to commodity price risk. As a result of the amendment, such Baseline Step-Out Liabilities continued to be recorded at fair value under the fair value election provided by ASC 815 and ASC 825, where the fair value now reflected changes in commodity price risk rather than interest rate risk with subsequent changes in fair value being recorded in cost of materials and other. We recognized a loss in the first quarter of 2020 of \$1.5 million on the change in fair value resulting from the modification.

In April 2020, we amended and restated our three Supply and Offtake Agreements to renew and extend the terms to December 30, 2022, with J. Aron having the sole discretion to further extend to May 30, 2025 by giving at least 6 months prior notice to the current maturity date. As part of this amendment, there were changes to the underlying market index, annual fee, the crude purchase fee, crude roll fees and timing of cash settlements related to periodic price adjustments (the "Periodic Price Adjustments"). The Baseline Step-Out Liabilities continue to be recorded at fair value under the fair value election included under ASC 815 and ASC 825. The Baseline Step-Out Liabilities have a floating component whose fair value reflects changes to commodity price risk with changes in fair value recorded in cost of materials and other and a fixed component whose fair value reflects changes to interest rate risk with changes in fair value recorded in interest expense. There was no amendment date change in fair value resulting from the modification. The Baseline Step-Out Liabilities are reflected as non-current liabilities on our consolidated balance sheet to the extent that they are not contractually due within twelve months.

Pursuant to the Periodic Price Adjustments provision in the Supply and Offtake Agreements, the Company may be required to pay down all or a portion of the fixed component of the Baseline Step-Out Liabilities or may receive additional proceeds depending on the change in fair value of the inventory collateral subject to a threshold at certain specified periodic pricing dates (the "Periodic Pricing Dates"), which occur on October 1st and May 1st, annually, not to extend beyond expiration of the Supply and Offtake Agreements. Additionally, at the Periodic Pricing Dates, if a Periodic Price Adjustment is triggered, the prospective pricing underlying the fixed component of the Baseline Step-Out Liabilities will be adjusted to reflect either the pay-down or the incremental proceeds, accordingly. On October 1, 2020, the provision was triggered and a paydown amounting to \$20.8 million was made to J. Aron on October 30, 2020. The prospective pricing underlying the

fixed component of the Baseline Step-Out liabilities was adjusted accordingly to reflect this payment, resulting in a reduction to the fixed differential component of our long-term Supply and Offtake Obligation totaling \$20.8 million and a prospective contractual reset of the fixed differentials subject to future Periodic Price Adjustments. Contemporaneous with the payment, J. Aron separately refunded to us the \$10.0 million of deferred additional monthly fees. On May 1, 2021 the provision was triggered and on May 28, 2021, \$15.2 million of incremental proceeds were received from J. Aron. Effective June 4, 2021, J. Aron terminated our \$10.0 million letter of credit that was issued to them under the terms of the Supply and Offtake Agreement. As of June 30, 2021, the fixed component of the Baseline Step-Out Liabilities subject to the Periodic Price Adjustments amounted to approximately \$38.6 million. Some portion of that amount may become due or payable in periods occurring within twelve months, if Periodic Price Adjustments are triggered on the Periodic Pricing Dates.

Monthly activity resulting in over and short volumes continue to be valued using market-indexed pricing, and are included in current liabilities (or receivables) on our condensed consolidated balance sheet. Net balances payable (receivable) under the Supply and Offtake Agreements were as follows as of the balance sheet dates:

<i>(in millions)</i>	El Dorado	Big Spring	Krotz Springs	Total
Balances as of June 30, 2021:				
Baseline Step-Out Liability	\$ 158.9	\$ 68.2	\$ 101.9	\$ 329.0
Revolving over/short inventory financing liability	122.8	44.9	(0.4)	167.3
Total Obligations Under Supply and Offtake Agreements	281.7	113.1	101.5	496.3
Less: Current portion	122.8	44.9	(0.4)	167.3
Obligations Under Supply and Offtake Agreements - Noncurrent portion	\$ 158.9	\$ 68.2	\$ 101.9	\$ 329.0
Other current payable (receivable) for monthly activity true-up	\$ 17.8	\$ (0.5)	\$ 18.8	\$ 36.1

<i>(in millions)</i>	El Dorado	Big Spring	Krotz Springs	Total
Balances as of December 31, 2020:				
Baseline Step-Out Liability	\$ 106.3	\$ 47.9	\$ 70.7	\$ 224.9
Revolving over/short inventory financing liability (receivable)	102.0	25.3	(4.5)	122.8
Total Obligations Under Supply and Offtake Agreements	208.3	73.2	66.2	347.7
Less: Current portion ⁽¹⁾	102.0	25.3	(4.5)	122.8
Obligations Under Supply and Offtake Agreements - Noncurrent portion	\$ 106.3	\$ 47.9	\$ 70.7	\$ 224.9
Other current payable for monthly activity true-up	\$ 6.6	\$ 7.0	\$ —	\$ 13.6

⁽¹⁾ Current portion for Krotz Springs includes \$1.9 million of current portion of obligations under Supply and Offtake Agreements and \$6.4 million of current assets presented in our condensed consolidated balance sheet.

The Supply and Offtake Agreements require payments of fixed annual fees which are factored into the interest rate yield under the fair value accounting model. Recurring cash fees paid during the periods presented were as follows:

<i>(in millions)</i>	El Dorado	Big Spring	Krotz Springs	Total
Recurring cash fees paid during the three months ended June 30, 2021	\$ 2.8	\$ 0.8	\$ 1.1	\$ 4.7
Recurring cash fees paid during the three months ended June 30, 2020	\$ 2.7	\$ 1.1	\$ 1.0	\$ 4.8
Recurring cash fees paid during the six months ended June 30, 2021	\$ 5.2	\$ 1.5	\$ 2.2	\$ 8.9
Recurring cash fees paid during the six months ended June 30, 2020	\$ 5.9	\$ 2.1	\$ 2.0	\$ 10.0

Interest expense recognized under the Supply and Offtake Agreements includes the yield attributable to recurring cash fees, one-time cash fees (e.g., in connection with amendments), as well as other changes in fair value, which may increase or decrease interest expense. Total interest expense incurred during the periods presented was as follows:

<i>(in millions)</i>	El Dorado	Big Spring	Krotz Springs	Total
Interest expense for the three months ended June 30, 2021	\$ 2.8	\$ 0.8	\$ 1.1	\$ 4.7
Interest expense for the three months ended June 30, 2020	\$ 2.7	\$ 1.1	\$ 1.0	\$ 4.8
Interest expense for the six months ended June 30, 2021	\$ 5.2	\$ 1.5	\$ 2.2	\$ 8.9
Interest expense for the six months ended June 30, 2020	\$ 6.3	\$ 5.2	\$ 2.4	\$ 13.9

Reflected in interest expense are losses totaling \$3.9 million for the six months ended June 30, 2020, related to the changes in fair value in the Baseline Step-Out Liabilities component of Obligations under Supply and Offtake Agreements. There were no such losses for the three

and six months ended June 30, 2021.

We maintained letters of credit under the Supply and Offtake Agreements as follows:

(in millions)	El Dorado	Big Spring and Krotz Springs
Letters of credit outstanding as of June 30, 2021	\$ 195.0	\$ —
Letters of credit outstanding as of December 31, 2020	\$ 195.0	\$ 10.0

Note 8 - Long-Term Obligations and Notes Payable

Outstanding borrowings, net of unamortized debt discounts and certain deferred financing costs, under Delek's existing debt instruments are as follows (in millions):

	June 30, 2021	December 31, 2020
Revolving Credit Facility	\$ —	\$ —
Term Loan Credit Facility ⁽¹⁾	1,243.4	1,246.8
Hapoalim Term Loan ⁽²⁾	39.2	39.3
Delek Logistics Credit Facility	288.8	746.6
Delek Logistics 2025 Notes ⁽³⁾	246.2	245.7
Delek Logistics 2028 Notes ⁽⁴⁾	393.7	—
Reliant Bank Revolver	33.0	50.0
Promissory Notes	—	20.0
	2,244.3	2,348.4
Less: Current portion of long-term debt and notes payable	46.4	33.4
	\$ 2,197.9	\$ 2,315.0

⁽¹⁾ Net of deferred financing costs of \$2.5 million and \$2.9 million and debt discount of \$20.6 million and \$23.3 million at June 30, 2021 and December 31, 2020, respectively.

⁽²⁾ Net of deferred financing costs of \$0.1 million and \$0.2 million and debt discount of \$0.1 million and \$0.1 million at June 30, 2021 and December 31, 2020, respectively.

⁽³⁾ Net of deferred financing costs of \$2.9 million and \$3.3 million and debt discount of \$0.9 million and \$1.0 million at June 30, 2021 and December 31, 2020, respectively.

⁽⁴⁾ Net of deferred financing costs of \$6.3 million at June 30, 2021.

Delek Revolver and Term Loan

On March 30, 2018 (the "Closing Date"), Delek entered into (i) a new term loan credit agreement with Wells Fargo Bank, National Association, as administrative agent (the "Term Administrative Agent"), Delek, as borrower, certain subsidiaries of Delek, as guarantors, and the lenders from time to time party thereto, providing for a senior secured term loan facility in an amount of \$700.0 million (the "Term Loan Credit Facility") and (ii) a second amended and restated credit agreement with Wells Fargo Bank, National Association, as administrative agent (the "Revolver Administrative Agent"), Delek, as borrower, certain subsidiaries of Delek, as guarantors, and the other lenders party thereto, providing for a senior secured asset-based revolving credit facility with commitments of \$1.0 billion (the "Revolving Credit Facility" and, together with the Term Loan Credit Facility, the "New Credit Facilities").

The Revolving Credit Facility permits borrowings in Canadian dollars of up to \$50.0 million. The Revolving Credit Facility also permits the issuance of letters of credit of up to \$400.0 million, including letters of credit denominated in Canadian dollars of up to \$10.0 million. Delek may designate restricted subsidiaries as additional borrowers under the Revolving Credit Facility.

The Term Loan Credit Facility was drawn in full for \$700.0 million on the Closing Date at an original issue discount of 0.50%. Proceeds under the Term Loan Credit Facility, as well as proceeds of approximately \$300.0 million in borrowings under the Revolving Credit Facility on the Closing Date, were used to repay certain indebtedness of Delek and its subsidiaries (the "Refinancing"), as well as certain fees, costs and expenses in connection with the closing of the New Credit Facilities, with any remaining proceeds held in cash. Proceeds of future borrowings under the Revolving Credit Facility may be used for working capital and general corporate purposes of Delek and its subsidiaries.

On May 22, 2019 (the "First Incremental Effective Date"), we amended the Term Loan Credit Facility agreement pursuant to the terms of the First Incremental Amendment to Term Loan Credit Agreement (the "Incremental Amendment"). Pursuant to the Incremental Amendment, the Company borrowed \$250.0 million in aggregate principal amount of incremental term loans (the "Incremental Term Loans") at an original issue discount of 0.75%. On November 12, 2019 (the "Second Incremental Effective Date"), we amended the Term Loan Credit facility agreement pursuant to the terms of the Second Incremental Amendment to the Term Loan Credit Agreement (the "Second Incremental Amendment") and borrowed \$150.0 million in aggregate principal amount of incremental term loans (the "Incremental Loans") at an original issue discount of 1.21%. The terms of the Incremental Term Loans and Incremental Loans are substantially identical to the terms applicable to the initial term loans under the Term Loan Credit Facility borrowed in March 2018. There are no restrictions on the Company's use of the proceeds of the Incremental Term Loans and Incremental Loans. The proceeds may be used for (i) reducing utilizations under the Revolving Credit Facility, (ii) general corporate purposes and (iii) paying transaction fees and expenses associated with the incremental amendments.

On May 19, 2020, we amended the Term Loan Credit Facility agreement and borrowed \$200.0 million in aggregate principal amount of incremental term loans (the "Third Incremental Term Loan") at an original issue discount of 7.00%. The Third Incremental Term Loan constitutes a separate class of term loans (the "Class B Loans") under the Term Loan Credit Facility from those initially borrowed in March 2018 and the incremental term loans borrowed in May 2019 and November 2019 (collectively, the "Class A Loans"). Delek may voluntarily prepay the outstanding Third Incremental Term Loan at any time subject to customary breakage costs with respect to LIBOR loans and subject to a prepayment premium of 1.00% in connection with certain customary repricing events that may occur during the period from the day after the first anniversary of the Third Incremental Term Loan through the second anniversary of the Third Incremental Term Loan. The other terms of the Third Incremental Term Loan are substantially identical to the terms applicable to the Class A Loans. The proceeds of the Third Incremental Term Loan may be used (i) for general corporate purposes and (ii) to pay transaction fees and expenses associated with the Third Incremental Term Loan.

Interest and Unused Line Fees

The interest rates applicable to borrowings under the Term Loan Credit Facility and the Revolving Credit Facility are based on a fluctuating rate of interest measured by reference to either, at Delek's option, (i) a base rate, plus an applicable margin, or (ii) a reserve-adjusted LIBOR, plus an applicable margin (or, in the case of Revolving Credit Facility borrowings denominated in Canadian dollars, the Canadian dollar bankers' acceptances rate ("CDOR")). On October 26, 2018, Delek entered into an amendment to the Term Loan Credit Facility (the "First Amendment") to reduce the margin on certain borrowings under the Term Loan Credit Facility and incorporate certain other changes. The First Amendment decreased the applicable margins for Class A Loans under (i) Base Rate Loans by 0.25% to 1.25% and (ii) LIBOR Rate Loans by 0.25% to 2.25%, as such terms are defined in the Term Loan Credit Facility. Class B Loans incurred under the Third Incremental Term Loan bear interest at a rate that is determined, at the Company's election, at LIBOR or at base rate, in each case, plus an applicable margin of 5.50% with respect to LIBOR borrowings and 4.50% with respect to base rate borrowings. Additionally, Class B loans that are LIBOR borrowings are subject to a minimum LIBOR rate floor of 1.00%.

The applicable margin for Revolving Credit Facility borrowings is based on Delek's excess availability as determined by reference to a borrowing base, ranging from 0.25% to 0.75% per annum with respect to base rate borrowings and from 1.25% to 1.75% per annum with respect to LIBOR and CDOR borrowings.

In addition, the Revolving Credit Facility requires Delek to pay an unused line fee on the average amount of unused commitments thereunder in each quarter, which the fee is at a rate of 0.25% or 0.375% per annum, depending on average commitment usage for such quarter. As of June 30, 2021, the unused line fee was 0.375% per annum.

Maturity and Repayments

The Revolving Credit Facility will mature and the commitments thereunder will terminate on March 30, 2023. The Term Loan Credit Facility matures on March 30, 2025 and requires scheduled quarterly principal payments on the last business day of the applicable quarter. Pursuant to the Second Incremental Amendment, the quarterly payments increased to \$2.75 million commencing with December 31, 2019 on the Class A Loans. Additionally, the Term Loan Credit Facility requires prepayments by Delek with the net cash proceeds from certain debt incurrences, asset dispositions and insurance or condemnation events with respect to Delek's assets, subject to certain exceptions, thresholds and reinvestment rights. The Term Loan Credit Facility also requires annual prepayments with a variable percentage of Delek's excess cash flow, ranging from 50.0% to 0% depending on Delek's consolidated fiscal year end secured net leverage ratio. The Third Incremental Term Loan requires quarterly payments on the Class B Loans of \$0.5 million commencing June 30, 2020.

Guarantee and Security

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

The Revolving Credit Facility is secured by a first priority lien over substantially all of Delek's and each guarantor's receivables, inventory, renewable identification numbers ("RINs"), instruments, intercompany loan receivables, deposit and securities accounts and related books and records and certain other personal property, subject to certain customary exceptions (the "Revolving Priority Collateral"), and a second priority lien over substantially all of Delek's and each guarantor's other assets, including all of the equity interests of any subsidiary held by Delek or any guarantor (other than equity interests in certain MLP Subsidiaries) subject to certain customary exceptions, but excluding real property (such real property and equity interests, the "Term Priority Collateral").

The Term Loan Credit Facility is secured by a first priority lien on the Term Priority Collateral and a second priority lien on the Revolving Priority Collateral, all in accordance with an intercreditor agreement between the Term Administrative Agent and the Revolver Administrative Agent and acknowledged by Delek and the subsidiary guarantors. Certain excluded assets are not included in the Term Priority Collateral and the Revolving Priority Collateral.

Additional Information

At June 30, 2021, the weighted average borrowing rate under the Revolving Credit Facility was 3.50% and there were no principal amounts outstanding thereunder. Additionally, there were letters of credit issued of approximately \$305.9 million as of June 30, 2021 under the Revolving Credit Facility. Unused credit commitments under the Revolving Credit Facility, as of June 30, 2021, were approximately \$694.1 million.

At June 30, 2021, the weighted average borrowing rate under the Term Loan Credit Facility was approximately 3.00% comprised entirely of LIBOR borrowings, and the principal amount outstanding thereunder was \$1,266.5 million. As of June 30, 2021, the effective interest rate related to the Term Loan Credit Facility was 3.53%.

Delek Hapoalim Term Loan

On December 31, 2019, Delek entered into a term loan credit and guaranty agreement (the "Agreement") with Bank Hapoalim B.M. ("BHI") as the administrative agent. Pursuant to the Agreement, on December 31, 2019, Delek borrowed \$40.0 million (the "BHI Term Loan"). The interest rate under the Agreement is equal to LIBOR plus a margin of 3.00%. The Agreement has a current maturity of December 31, 2022 and requires quarterly loan amortization payments of \$0.1 million, commencing March 31, 2020. Proceeds may be used for general corporate purposes. The Agreement has an accordion feature that allows increasing the term loan by up to an additional \$60.0 million in principal, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent. Any such additional borrowings must be completed by December 31, 2021. On December 30, 2020 and June 28, 2021, we amended the BHI Term Loan to modify one of the required quarterly financial covenant metrics; there were no other changes as a result of these amendments.

At June 30, 2021, the weighted average borrowing rate under the term loan was approximately 3.10% comprised entirely of a LIBOR borrowing and the principal amount outstanding thereunder was \$39.4 million. As of June 30, 2021, the effective interest rate related to the BHI Term Loan was 3.53%.

Delek Logistics Credit Facility

On September 28, 2018, Delek Logistics and all of its subsidiaries entered into a third amended and restated senior secured revolving credit agreement with Fifth Third Bank ("Fifth Third") as administrative agent and a syndicate of lenders (hereafter, the "Delek Logistics Credit Facility") with lender commitments of 850.0 million. The Delek Logistics Credit Facility also contains an accordion feature whereby Delek Logistics can increase the size of the credit facility to an aggregate of \$1.0 billion, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent.

The obligations under the Delek Logistics Credit Facility remain secured by first priority liens on substantially all of Delek Logistics' tangible and intangible assets.

The Delek Logistics Credit Facility has a maturity date of September 28, 2023. Borrowings under the Delek Logistics Credit Facility bear interest at either a U.S. dollar prime rate, Canadian dollar prime rate, LIBOR, or a CDOR rate, in each case plus applicable margins, at the election of the borrowers and as a function of draw down currency. The applicable margin in each case and the fee payable for the unused revolving commitments vary based upon Delek Logistics' most recent total leverage ratio calculation delivered to the lenders, as called for and defined under the terms of the Delek Logistics Credit Facility. At June 30, 2021, the weighted average borrowing rate was approximately 2.50%. Additionally, the Delek Logistics Credit Facility requires Delek Logistics to pay a leverage ratio dependent quarterly fee on the average unused revolving commitment. As of June 30, 2021, this fee was 0.35% on an annualized basis.

In connection with the elimination of IDRs in August 2020, Delek Logistics entered into a First Amendment to the Delek Logistics Credit Facility which, among other things, permitted the transfer of cash and equity consideration for the elimination of IDRs. It also modified the total leverage ratio and the senior leverage ratio (each as defined in the Delek Logistics Credit Facility) calculations to reduce the total funded debt (as defined in the Delek Logistics Credit Facility) component thereof by the total amount of unrestricted consolidated cash and cash equivalents on the balance sheet of the Delek Logistics and its subsidiaries up to \$20.0 million.

As of June 30, 2021, Delek Logistics had \$288.8 million of outstanding borrowings under the Delek Logistics Credit Facility, with no letters of credit in place. Unused credit commitments under the Delek Logistics Credit Facility, as of June 30, 2021, were \$561.2 million.

Delek Logistics 2025 Notes

On May 23, 2017, Delek Logistics and Delek Logistics Finance Corp. (collectively, the "Issuers") issued \$250.0 million in aggregate principal amount of 6.75% senior notes due 2025 (the "Delek Logistics 2025 Notes") at a discount. The Delek Logistics 2025 Notes are general unsecured senior obligations of the Issuers. The Delek Logistics 2025 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' existing subsidiaries (other than Delek Logistics Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. The Delek Logistics 2025 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. Interest on the Delek Logistics 2025 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing November 15, 2017.

In May 2018, the Delek Logistics 2025 Notes were exchanged for new notes with terms substantially identical in all material respects with the Delek Logistic 2025 Notes except the new notes do not contain terms with respect to transfer restrictions.

All or part of the Delek Logistics 2025 Notes are currently redeemable, subject to certain conditions and limitations, at a redemption price of 103.375% of the redeemed principal, plus accrued and unpaid interest, if any. Beginning on May 15, 2022, the Issuers may, subject to certain conditions and limitations, redeem all or part of the Delek Logistics 2025 Notes, at a redemption price of 101.688% of the redeemed principal for the twelve-month period beginning on May 15, 2022, and 100.00% beginning on May 15, 2023 and thereafter, plus accrued and unpaid interest, if any.

In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the Delek Logistics 2025 Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

As of June 30, 2021, we had \$250.0 million in outstanding principal amount under the Delek Logistics 2025 Notes, and the effective interest rate was 7.21%.

Delek Logistics 2028 Notes

On May 24, 2021, Delek Logistics and its wholly owned subsidiary Delek Logistics Finance Corp. ("Finance Corp." and together with Delek Logistics, the "Co-issuers"), sold \$400.0 million in aggregate principal amount of the Co-issuers 7.125% Senior Notes due 2028 (the "Delek Logistics 2028 Notes"), at par, pursuant to an indenture with U.S. Bank, National Association as trustee. The Delek Logistics 2028 Notes are general unsecured senior obligations of the Co-issuers and are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' subsidiaries other than Finance Corp. and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. The Delek Logistics 2028 Notes rank equal in right of payment with all existing and future senior indebtedness of the Co-issuers, and senior in right of payment to any future subordinated indebtedness of the Co-issuers. The Delek Logistics 2028 Notes will mature on June 1, 2028, and interest is payable semi-annually in arrears on each June 1 and December 1, commencing December 1, 2021.

At any time prior to June 1, 2024, the Co-issuers may redeem up to 35% of the aggregate principal amount of the Delek Logistics 2028 Notes with the net cash proceeds of one or more equity offerings by Delek Logistics at a redemption price of 107.125% of the redeemed principal amount, plus accrued and unpaid interest, if any, subject to certain conditions and limitations. Prior to June 1, 2024, the Co-issuers may also redeem all or part of the Delek Logistics 2028 Notes at a redemption price of the principal amount plus accrued and unpaid interest, if any, plus a "make whole" premium, subject to certain conditions and limitations. In addition, beginning on June 1, 2024, the Co-issuers may, subject to certain conditions and limitations, redeem all or part of the Delek Logistics 2028 Notes, at a redemption price of 103.563% of the redeemed principal for the twelve-month period beginning on June 1, 2024, 101.781% for the twelve-month period beginning on June 1, 2025, and 100.00% beginning on June 1, 2026 and thereafter, plus accrued and unpaid interest, if any.

In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Co-issuers will be obligated to make an offer for the purchase of the Delek Logistics 2028 Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

As of June 30, 2021, we had \$400.0 million in outstanding principal amount under the Delek Logistics 2028 Notes, and the effective interest rate was 7.41%.

Reliant Bank Revolver

Delek has an unsecured revolving credit agreement with Reliant Bank (the "Reliant Bank Revolver"). On December 16, 2019, we amended the Reliant Bank Revolver to extend the maturity date to June 30, 2022, reduce the fixed interest rate to 4.50% per annum and increase the revolver commitment amount to \$50.0 million. There were no other significant changes to the agreement in connection with this amendment. On December 9, 2020 and June 17, 2021, we amended the Reliant Bank Revolver to modify a required quarterly financial covenant metric; there were no other changes as a result of these amendments. The revolving credit agreement requires us to pay a quarterly fee of 0.50% on an annualized basis on the average unused revolving commitment. As of June 30, 2021, we had \$33.0 million outstanding and \$17.0 million of unused credit commitments under the Reliant Bank Revolver.

Promissory Notes

Delek had four notes payable (the "Promissory Notes") with various assignees of Alon Israel Oil Company, Ltd., the holder of a predecessor consolidated promissory note, which bore interest at a fixed rate of 5.50% per annum and which, collectively, required annual principal amortization payments of \$25.0 million, with a final payment of \$20.0 million which was paid at maturity of the Promissory Notes on January 4, 2021.

Restrictive Covenants

Under the terms of our Revolving Credit Facility, Term Loan Credit Facility, Delek Logistics Credit Facility, Delek Logistics 2025 Notes, Delek Logistics 2028 Notes, Reliant Bank Revolver and BHI Agreement, we are required to comply with certain usual and customary financial and non-financial covenants. The terms and conditions of the Revolving Credit Facility include periodic compliance with a springing minimum fixed charge coverage ratio financial covenant if excess availability under the revolver borrowing base is below certain thresholds, as defined in the credit agreement. The Term Loan Credit Facility does not have any financial maintenance covenants. We believe we were in compliance with all covenant requirements under each of our credit facilities as of June 30, 2021.

Certain of our debt facilities contain limitations on the incurrence of additional indebtedness, making of investments, creation of liens, dispositions and acquisitions of assets, and making of restricted payments and transactions with affiliates. These covenants may also limit the payment, in the form of cash or other assets, of dividends or other distributions, or the repurchase of shares with respect to our equity. Additionally, some of our debt facilities limit our ability to make investments, including extensions of loans or advances to, or acquisitions of equity interests in, or guarantees of obligations of, certain other entities.

Note 9 - Derivative Instruments

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

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

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

Forward contracts are agreements to buy or sell a commodity at a predetermined price at a specified future date, and for our transactions, generally require physical delivery. Forward contracts where the underlying commodity will be used or sold in the normal course of business qualify as normal purchases and normal sales pursuant to ASC 815. If we elect the normal purchases and normal sales exception, such forward contracts are not accounted for as derivative instruments but rather are accounted for under other applicable GAAP. Commodity forward contracts accounted for as derivative instruments are recorded at fair value with changes in fair value

recognized in earnings in the period of change. As of June 30, 2021 and December 31, 2020, and for the three and six months ended June 30, 2021 and June 30, 2020, our commodity fixed-price forward contracts that were accounted for as derivative instruments primarily consisted of contracts related to our Canadian crude trading operations. Since Canadian crude trading activity is not related to managing supply or pricing risk of the actual inventory that will be used in production, such unrealized and realized gains and losses are recognized in other operating income, net rather than cost of materials and other on the accompanying condensed consolidated statements of income.

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

From time to time, we also enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs Obligation. These future RINs commitment contracts meet the definition of derivative instruments under ASC 815, and are recorded at estimated fair value in accordance with the provisions of ASC 815. Changes in the fair value of these future RINs commitment contracts are recorded in cost of materials and other on the condensed consolidated statements of income.

As of June 30, 2021, we do not believe there is any material credit risk with respect to the counterparties to any of our derivative contracts.

In accordance with ASC 815, certain of our commodity swap contracts have been designated as cash flow hedges and the change in fair value between the execution date and the end of period has been recorded in other comprehensive income. The fair value of these contracts is recognized in income in the same financial statement line item as hedged transaction at the time the positions are closed and the hedged transactions are recognized in income.

The following table presents the fair value of our derivative instruments as of June 30, 2021 and December 31, 2020. The fair value amounts below are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under our master netting arrangements, including cash collateral on deposit with our counterparties. We have elected to offset the recognized fair value amounts for multiple derivative instruments executed with the same counterparty in our financial statements. As a result, the asset and liability amounts below differ from the amounts presented in our condensed consolidated balance sheets. See Note 10 for further information regarding the fair value of derivative instruments (in millions).

Derivative Type	Balance Sheet Location	June 30, 2021		December 31, 2020	
		Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments:					
Commodity derivatives ⁽¹⁾	Other current assets	\$ 22.4	\$ (3.1)	\$ 48.9	\$ (24.8)
Commodity derivatives ⁽¹⁾	Other current liabilities	98.2	(122.4)	930.7	(943.8)
Commodity derivatives ⁽¹⁾	Other long-term assets	—	—	2.4	(2.3)
Commodity derivatives ⁽¹⁾	Other long-term liabilities	15.0	(15.2)	415.2	(415.8)
RIN commitment contracts ⁽²⁾	Other current assets	42.6	—	33.6	—
RIN commitment contracts ⁽²⁾	Other current liabilities	—	(2.0)	—	(22.5)
Derivatives designated as hedging instruments:					
Commodity derivatives ⁽¹⁾	Other current assets	—	—	0.5	(0.3)
Total gross fair value of derivatives		\$ 178.2	\$ (142.7)	\$ 1,431.3	\$ (1,409.5)
Less: Counterparty netting and cash collateral ⁽³⁾		113.4	(121.4)	1,358.3	(1,373.1)
Total net fair value of derivatives		\$ 64.8	\$ (21.3)	\$ 73.0	\$ (36.4)

⁽¹⁾ As of June 30, 2021 and December 31, 2020, we had open derivative positions representing 212,533,990 and 159,682,606 barrels, respectively, of crude oil and refined petroleum products. There were no open positions designated as cash flow hedging instruments as of June 30, 2021 and December 31, 2020. Additionally, as of December 31, 2020, we had open derivative positions representing and 22,130,000 MMBTU of natural gas products. There were no open natural gas positions as of June 30, 2021.

⁽²⁾ As of June 30, 2021 and December 31, 2020, we had open RINs commitment contracts representing 83,460,000 and 282,150,000 RINs, respectively.

⁽³⁾ As of June 30, 2021 and December 31, 2020, \$8.0 million and \$14.8 million, respectively, of cash collateral held by counterparties has been netted with the derivatives with each counterparty.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Gains (losses) on derivatives not designated as hedging instruments recognized in cost of materials and other ⁽¹⁾	\$ 22.2	\$ (156.6)	\$ 79.6	\$ (91.0)
(Losses) gains on commodity derivatives not designated as hedging instruments recognized in other operating income, net ^{(1) (2)}	(4.4)	(3.7)	(5.5)	7.9
Realized gains reclassified out of accumulated other comprehensive income and into cost of materials and other on commodity derivatives designated as cash flow hedging instruments	—	2.2	0.2	2.9
Total gains (losses)	\$ 17.8	\$ (158.1)	\$ 74.3	\$ (80.2)

⁽¹⁾ Gains (losses) on commodity derivatives that are economic hedges but not designated as hedging instruments include unrealized gains (losses) of \$(21.2) million and \$(9.4) million for the three and six months ended June 30, 2021, respectively, and \$(23.4) million and \$28.6 million for the three and six months ended June 30, 2020, respectively.

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

The effect of cash flow hedge accounting on the condensed consolidated statements of income is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Gain (loss) on cash flow hedging relationships recognized in cost of materials and other:				
Commodity contracts:				
Hedged items	\$ —	\$ (2.2)	\$ (0.2)	\$ (2.9)
Derivative designated as hedging instruments	—	2.2	0.2	2.9
Total	\$ —	\$ —	\$ —	\$ —

For cash flow hedges, no component of the derivative instruments' gains or losses was excluded from the assessment of hedge effectiveness for the three and six months ended June 30, 2021 or 2020. There were no gains (losses), net of tax, on settled commodity contracts during the three months ended June 30, 2021, and \$0.2 million during the six months ended June 30, 2021, and \$1.7 million and \$2.3 million during the three and six months ended June 30, 2020, respectively, which were reclassified into cost of materials and other in the condensed consolidated statements of income. As of June 30, 2021, we estimate that no amount of deferred gains related to commodity cash flow hedges will be reclassified into cost of materials and other over the next 12 months as a result of hedged transactions that are forecasted to occur.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized gains (losses)	\$ 2.5	\$ (1.2)	\$ 2.1	\$ (2.9)
Unrealized gains (losses)	0.8	0.3	0.4	(0.7)
Total	\$ 3.3	\$ (0.9)	\$ 2.5	\$ (3.6)

Note 10 - Fair Value Measurements

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

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

Our RINs commitment contracts are future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our Consolidated Net RINs Obligation (as defined in our accounting policies in Note 1 to the audited consolidated financial statements included in Item. 8 Financial Statements and Supplementary Data, of our December 31, 2020 Annual Report on Form 10-K). These RINs commitment contracts (which are forward contracts accounted for as derivatives – see Note 9) are categorized as Level 2, and are measured at fair value based on quoted prices from an independent pricing service.

Our environmental credits obligation surplus or deficit includes the Consolidated Net RINs Obligation surplus or deficit, as well as other environmental credit obligation surplus or deficit positions subject to fair value accounting pursuant to our accounting policy (see Note 14). The environmental credits obligation surplus or deficit is categorized as Level 2 if measured at fair value either directly through observable inputs or indirectly through market-corroborated inputs.

As of and for the six months ended June 30, 2021 and 2020, we elected to account for our J. Aron step-out liability at fair value in accordance with ASC 825, as it pertains to the fair value option. This standard permits the election to carry financial instruments and certain other items similar to financial instruments at fair value on the balance sheet, with all changes in fair value reported in earnings. With respect to the amended and restated Supply and Offtake Agreements, such amendments being effective April 2020 for all the agreements, we apply fair value measurement as follows: (1) we determine fair value for our amended variable step-out liability based on changes in fair value related to market volatility based on a floating commodity-index price, and for our amended fixed step-out liability based on changes to interest rates and the timing and amount of expected future cash settlements where such obligation is categorized as Level 2 Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other, and changes in fair value due to interest rate risk are recorded as a component of interest expense in the condensed consolidated statements of income; and (2) we determine fair value of the commodity-indexed revolving over/short inventory financing liability based on the market prices for the consigned crude oil and refined products collateralizing the financing/funding where such obligation is categorized as Level 2 and is presented in the current portion of the Obligation under Supply and Offtake Agreements on our condensed consolidated balance sheets. Gains (losses) related to the change in fair value are recorded as a component of cost of materials and other in the condensed consolidated statements of income.

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

June 30, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 135.6	\$ —	\$ 135.6
RINs commitment contracts	—	42.6	—	42.6
Total assets	—	178.2	—	178.2
Liabilities				
Commodity derivatives	—	(140.7)	—	(140.7)
RINs commitment contracts	—	(2.0)	—	(2.0)
Environmental credits obligation deficit	—	(139.8)	—	(139.8)
J. Aron supply and offtake obligations	—	(496.3)	—	(496.3)
Total liabilities	—	(778.8)	—	(778.8)
Net assets (liabilities)	\$ —	\$ (600.6)	\$ —	\$ (600.6)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 1,397.7	\$ —	\$ 1,397.7
RINs commitment contracts	—	33.6	—	33.6
Total assets	—	1,431.3	—	1,431.3
Liabilities				
Commodity derivatives	—	(1,387.0)	—	(1,387.0)
RINs commitment contracts	—	(22.5)	—	(22.5)
Environmental credits obligation deficit	—	(59.6)	—	(59.6)
J. Aron supply and offtake obligations	—	(354.1)	—	(354.1)
Total liabilities	—	(1,823.2)	—	(1,823.2)
Net assets (liabilities)	\$ —	\$ (391.9)	\$ —	\$ (391.9)

The derivative values above are based on analysis of each contract as the fundamental unit of account as required by ASC 820. In the table above, derivative assets and liabilities with the same counterparty are not netted where the legal right of offset exists. This differs from the presentation in the financial statements which reflects our policy, wherein we have elected to offset the fair value amounts recognized for multiple derivative instruments executed with the same counterparty and where the legal right of offset exists. As of June 30, 2021 and December 31, 2020, \$8.0 million and \$14.8 million, respectively, of cash collateral was held by counterparty brokerage firms and has been netted with the net derivative positions with each counterparty. See Note 9 for further information regarding derivative instruments.

Note 11 - Commitments and Contingencies

Litigation

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

On April 8, 2021, an action titled CVR Energy Inc. v. Delek US Holdings, Inc., Case No. 2021-0297-JTL, was filed in the Court of Chancery of the State of Delaware. The complaint asserted claims arising out of the Company's response to the plaintiff's demand to inspect certain books and records of the Company purportedly pursuant to Section 220 of the Delaware General Corporation Law. The matter was dismissed on May 13, 2021 by the parties.

One of our Alon subsidiaries was the defendant in a legal action related to an easement dispute arising from a purchase of property that occurred in October 2013. In June 2019, the court found in favor of the plaintiffs and assessed damages against such subsidiary, which were reduced in the fourth quarter of 2019 to \$6.4 million. Such amount is included as of June 30, 2021 and December 31, 2020 in accrued expenses and other current liabilities on the accompanying condensed consolidated balance sheet. The matter is currently under appeal.

On June 19, 2017, the Arkansas Teacher Retirement System filed a lawsuit in the Delaware Court of Chancery (Arkansas Teacher Retirement System v. Alon USA Energy, Inc., et al., Case No. 2017-0453), asserting claims for breach of fiduciary duty in connection with the business combination of Delek US Holdings, Inc. and Alon USA Energy, Inc. Following a mediation, the parties to the litigation have agreed to a settlement and release of all claims of the plaintiff class in exchange for the defendants' agreement to pay \$44.8 million into a settlement fund, of which our insurance carriers agreed to fund approximately \$42.5 million under the applicable insurance policies and pursuant to varying limits and limitations. The settlement, in which the Company and other defendants expressly deny all assertions of wrongdoing or fault, is subject to approval by the court after notice and a fairness hearing, which is scheduled for October 29, 2021. In addition to the \$2.3 million of the settlement that is not covered by insurance, we have accrued \$4.2 million as estimated unpaid and remaining legal fees, for a total accrual of approximately \$6.5 million as of June 30, 2021. Such amount is included as of June 30, 2021 in accrued expenses and other current liabilities on the accompanying condensed consolidated balance sheet.

Self-insurance

With respect to workers' compensation claims, we are subject to claims losses up to a \$4.0 million deductible on a per accident basis, general liability claims up to \$4.0 million on a per occurrence basis and medical claims for eligible full-time employees up to \$0.3 million per covered individual per calendar year. We are also subject to auto liability claims losses up to a \$4.0 million deductible on a per accident basis.

We have umbrella liability insurance available to each of our segments in an amount determined reasonable by management.

Environmental, Health and Safety

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

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

As of June 30, 2021, we have recorded an environmental liability of approximately \$112.0 million, primarily related to the estimated probable costs of remediating or otherwise addressing certain environmental issues of a non-capital nature at our refineries, as well as terminals, some of which we no longer own. This liability includes estimated costs for ongoing investigation and remediation efforts for known contamination of soil and groundwater. Approximately \$2.6 million of the total liability is expected to be expended over the next 12 months, with most of the balance expended by 2032, although some costs may extend up to 30 years. In the future, we could be required to extend the expected remediation period or undertake additional investigations of our refineries, pipelines and terminal facilities, which could result in the recognition of additional remediation liabilities.

We are also subject to various regulatory requirements related to carbon emissions and the compliance requirements to remit environmental credit obligations due to the EPA or other regulatory agencies, the most significant of which relates to the RINs Obligation subject to the EPA's RFS-2 regulations (as defined in our accounting policies in Note 1 to the audited consolidated financial statements included in Item 8 Financial Statements and Supplementary Data, of our December 31, 2020 Annual Report on Form 10-K). The RFS-2 regulations are highly complex and evolving, requiring us to periodically update our compliance systems. As part of our on-going monitoring and compliance efforts, on an annual basis we engage a third party to perform procedures to review our RINs inventory, processes and compliance. The results of such procedures may include procedural findings but may also include findings regarding the usage of RINs to meet past obligations, the treatment of exported RINs, and the propriety of RINs on-hand and related adjustments to our RINs inventory, which (to the extent they are valued) offset our RINs Obligation. Such adjustments may also require communication with the EPA if they involve reportable non-compliance which could lead to the assessment of penalties. Based on management's review which was completed during the second quarter 2021, we recorded a RINs inventory true-up adjustment during the three and six months ended June 30, 2021 totaling \$(12.3) million which increased our recorded RINs Obligation. We have also self-reported our related instances of non-compliance to the EPA, and while we cannot yet estimate the extent of penalties that may be assessed, it is not expected to be material in relation to our total RINs Obligation.

Other Losses and Contingencies

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

El Dorado Refinery Fire

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit. Six employees were injured in the fire, which is currently being investigated by the Occupational Safety and Health Administration. Contrary to initial assessments, and despite occurring during the

early stages of turnaround activity, the facility did suffer operational disruptions as a result of the fire. During the six months ended June 30, 2021, we incurred workers' compensation losses of \$3.8 million associated with the fire, which is included in operating expenses in the accompanying condensed consolidated statements of income. Additionally, we recognized accelerated depreciation of \$1.0 million in the six months ended June 30, 2021 due to property damaged in the fire, and we continue to incur repair costs that may be recoverable under property and casualty insurance policies. Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries. The extent of any incremental losses is not yet determinable and may also be subject to insurance recoveries.

Winter Storm Uri

During February 2021, the Company experienced a severe weather event ("Winter Storm Uri") which temporarily impacted operations at all of our refineries. Due to the extreme freezing conditions, we experienced reduced throughputs at our refineries as there was a disruption in the crude supply, as well as damages to various units at our refineries requiring additional operating and capital expenditures. The majority of our losses related to Winter Storm Uri resulted from the operational disruptions and related lost profit which are not accruable under ASC 450, *Contingencies*, but which may be covered under our business interruption insurance policies. Work to determine the full extent of covered business interruption losses, as well as any property and casualty losses, and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries. The extent of any incremental losses is not yet determinable and may also be subject to insurance recoveries.

Crude Oil and Other Releases

We have experienced several crude oil and other releases involving our assets. There were no material releases that occurred during the six months ended June 30, 2021. For releases that occurred in prior years, we have received regulatory closure or a majority of the cleanup and remediation efforts are substantially complete. For the release sites that have not yet received regulatory closure, we expect to receive regulatory closure in 2021 and do not anticipate material costs associated with any fines or penalties or to complete activities that may be needed to achieve regulatory closure.

Expenses incurred for the remediation of these crude oil and other releases are included in operating expenses in our condensed consolidated statements of income.

Letters of Credit

As of June 30, 2021, we had in place letters of credit totaling approximately \$305.9 million with various financial institutions securing obligations primarily with respect to our commodity transactions for the refining segment and certain of our insurance programs. There were no amounts drawn by beneficiaries of these letters of credit at June 30, 2021.

Note 12 - Income Taxes

Under ASC 740 we used an estimated annual tax rate to record income taxes for the three and six months ended June 30, 2021 and June 30, 2020. Our effective tax rate was 38.8% and 26.3% for the three and six months ended June 30, 2021, respectively, and (57.3)% and 36.3% for the three and six months ended June 30, 2020, respectively. The difference between the effective tax rate and the statutory rate is generally attributable to permanent differences and discrete items. The change in our effective tax rate for the three and six months ended June 30, 2021 as compared to the three and six months ended June 30, 2020 was primarily due to reversal of a valuation allowance for deferred tax assets in partnership investments and federal net operating loss carryback to a prior 35% tax rate year recorded as discrete adjustments during the first and second quarters of 2020 coupled with the impact of changes in the second quarter estimated annual effective tax rate applied to year-to-date loss for the six months ended June 30, 2021 and June 30, 2020.

As of December 31, 2020, we recorded a current income tax receivable of \$135.6 million and a non-current tax receivable of \$20.6 million, related to the federal net operating loss carryback as allowed per the Coronavirus Aid Relief, and Economic Security Act (the "CARES Act") which was enacted in March 2020. The full amount of this federal income tax receivable, totaling \$156.2 million, was received in July and August of 2021.

Note 13 - Related Party Transactions

Our related party transactions consist primarily of transactions with our equity method investees (See Note 5). Transactions with our related parties were as follows for the periods presented:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues ⁽¹⁾	\$ 19.2	\$ 22.2	\$ 29.6	\$ 29.9
Cost of materials and other ⁽²⁾	\$ 9.9	\$ 11.4	\$ 25.0	\$ 20.5

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

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

Note 14 - Other Current Assets and Liabilities

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

Other Current Assets	June 30, 2021	December 31, 2020
Income and other tax receivables	\$ 146.7	\$ 142.0
Short-term derivative assets (see Note 9)	64.8	72.9
Prepaid expenses	24.8	21.8
Other	34.7	19.7
Total	\$ 271.0	\$ 256.4

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

Accrued Expenses and Other Current Liabilities	June 30, 2021	December 31, 2020
Product financing agreements	\$ 358.8	\$ 198.0
Consolidated Net RINs Obligation deficit (see Note 10)	139.8	59.6
Crude purchase liabilities	116.4	62.1
Income and other taxes payable	113.4	109.5
Deferred revenue	48.1	16.5
Employee costs	36.1	30.2
Short-term derivative liabilities (see Note 9)	21.1	35.8
Other	45.1	34.7
Total	\$ 878.8	\$ 546.4

Note 15 - Equity-Based Compensation**Delek US Holdings, Inc. 2006 and 2016 and Alon USA Energy, Inc. 2005 Long-Term Incentive Plans (collectively, the "Incentive Plans")**

On May 6, 2021, the Company's stockholders approved an amendment to the Delek US Holdings, Inc. 2016 Long-Term Incentive Plan that increased the number of shares of common stock available for issuance under this plan by 3,215,000 shares to 14,235,000 shares.

Compensation expense related to equity-based awards granted under the Incentive Plans amounted to \$5.7 million and \$10.1 million for the three and six months ended June 30, 2021, respectively, and \$5.0 million and \$10.9 million for the three and six months ended June 30, 2020, respectively. These amounts are included in general and administrative expenses in the accompanying condensed consolidated statements of income.

As of June 30, 2021, there was \$45.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.7 years.

We issued net shares of common stock of 186,937 and 280,793 as a result of exercised or vested equity-based awards during the three and six months ended June 30, 2021, respectively, and 143,044 and 246,463 for the three and six months ended June 30, 2020, respectively. These amounts are net of 88,478 and 147,329 shares withheld to satisfy employee tax obligations related to the exercises and vesting during the three and six months ended June 30, 2021, and 68,944 and 130,449 for the three and six months ended June 30, 2020, respectively.

Delek Logistics GP, LLC 2012 Long-Term Incentive Plan

The Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (the "LTIP") was adopted by the Delek Logistics GP, LLC board of directors in connection with the completion of Delek Logistics' initial public offering in November 2012. The LTIP is administered by the Conflicts Committee of the board of directors of Delek Logistics' general partner. On June 9, 2021, the Delek Logistics GP, LLC board of directors amended the LTIP and increased the number of common units representing limited partner interests in Delek Logistics (the "Common Units") authorized for issuance under this plan by 300,000 Common Units to 912,207 Common Units. The term of the LTIP was also extended to June 9, 2031.

Delek US Holdings, Inc. Employee Stock Purchase Plan

On June 2, 2021, the Company's board of directors adopted the Delek US Holdings, Inc. Employee Stock Purchase Plan (the "ESPP"). The ESPP is structured as a qualified employee stock purchase plan under Section 423 of the U.S. Internal Revenue Code of 1986. The Company authorized the issuance of 2,000,000 shares of common stock under the ESPP. On each purchase date, eligible employees (as defined in the ESPP) can purchase the Company's stock at a price per share equal to 85.0% of the closing price of the Company's common stock on the exercise date, but no less than par value. There are four offering periods of three months during each fiscal year, beginning each January 1st, April 1st, July 1st, and October 1st. No shares of common stock were issued under the ESPP as of June 30, 2021.

Note 16 - Shareholders' Equity

Dividends Suspension

We have elected to suspend dividends beginning in the fourth quarter of 2020 in order to conserve capital.

Stock Repurchase Program

On November 6, 2018, our Board of Directors authorized a share repurchase program for up to \$500.0 million of Delek common stock. Any share repurchases under the repurchase program may be implemented through open market transactions or in privately negotiated transactions, in accordance with applicable securities laws. The timing, price and size of repurchases are made at the discretion of management and will depend on prevailing market prices, general economic and market conditions and other considerations. The repurchase program does not obligate us to acquire any particular amount of stock and does not expire. In the second quarter of 2020, we elected to suspend the share repurchase program. During the six months ended June 30, 2020, 58,713 shares of our common stock were repurchased for a total of \$1.9 million; none of which were repurchased during the second quarter of 2020. No repurchases of our common stock were made in the three and six months ended June 30, 2021. As of June 30, 2021, there was \$229.7 million of authorization remaining under Delek's aggregate stock repurchase program.

Stockholder Rights Plan

On March 20, 2020, our Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Delek's common stock and adopted a stockholder rights plan (the "Rights Agreement"). The dividend was distributed in a non-cash transaction on March 30, 2020 to the stockholders of record on that date. The Rights traded with Delek's common stock.

The Rights expired in accordance with the terms of the Rights Agreement on March 19, 2021.

Note 17 - Leases

We lease certain retail stores, land, building and various equipment from others. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 15 years or more. The exercise of existing lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Some of our lease agreements include a rate based on equipment usage and others include a rate with fixed increases or inflationary indices based increase. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We

rent or sublease certain real estate and equipment to third parties. Our sublease portfolio consists primarily of operating leases within our retail stores and crude storage equipment.

As of June 30, 2021, \$25.5 million of our net property, plant, and equipment balance is subject to an operating lease. This agreement does not include options for the lessee to purchase our leasing equipment, nor does it include any material residual value guarantees or material restrictive covenants. The agreement includes a one-year renewal option and certain variable payment based on usage.

The following table presents additional information related to our operating leases in accordance ASC 842, Leases ("ASC 842"):

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Lease Cost				
Operating lease costs ⁽¹⁾	\$ 17.8	\$ 15.9	\$ 35.5	\$ 31.6
Short-term lease costs ⁽²⁾	11.0	6.1	20.5	13.7
Sublease income	(1.9)	(2.0)	(3.8)	(3.9)
Net lease costs	\$ 26.9	\$ 20.0	\$ 52.2	\$ 41.4
Other Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases ⁽¹⁾	\$ (17.9)	\$ (15.9)	\$ (36.2)	\$ (31.6)
Leased assets obtained in exchange for new operating lease liabilities	\$ 6.8	\$ 15.4	\$ 14.2	\$ 22.2
Leased assets obtained in exchange for new financing lease liabilities	\$ 0.2	\$ —	\$ 12.4	\$ —
			June 30, 2021	June 30, 2020
Weighted-average remaining lease term (years) operating leases			4.9	6.4
Weighted-average remaining lease term (years) financing leases			7.5	N/A
Weighted-average discount rate operating leases ⁽³⁾			6.4 %	6.0 %
Weighted-average discount rate financing leases ⁽³⁾			3.3 %	N/A

⁽¹⁾ Includes an immaterial amount of financing lease cost.

⁽²⁾ Includes an immaterial amount of variable lease cost.

⁽³⁾ Our discount rate is primarily based on our incremental borrowing rate in accordance with ASC 842.

Note 18 - Subsequent Events

In July and August 2021, we received a total of \$156.2 million in federal income tax refunds related to net operating loss carryback provisions which were enacted under the CARES Act. See Note 12 for additional information.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is management's analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2021 (the "Annual Report on Form 10-K"). Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain.

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

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, the outbreak of COVID-19, its development into a pandemic in March 2020, and any subsequent mutation of COVID-19 into one or more variants (the "COVID-19 Pandemic" or the "Pandemic") and the actions of members of the Organization of Petroleum Exporting Countries ("OPEC") and other leading oil producing countries (together with OPEC, "OPEC+"), with respect to oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning our planned capital expenditures by segment for 2021, possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

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

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products and the impact of the COVID-19 Pandemic on such demand;
- reliability of our operating assets;
- actions of our competitors and customers;
- changes in, or the failure to comply with, the extensive government regulations applicable to our industry segments, including current and future restrictions on commercial and economic activities in response to the COVID-19 Pandemic or future pandemics;
- our ability to execute our strategy of growth through acquisitions and capital projects and changes in the expected value of and benefits derived therefrom, including any ability to successfully integrate acquisitions, realize expected synergies or achieve operational efficiency and effectiveness;
- diminishment in value of long-lived assets may result in an impairment in the carrying value of the assets on our balance sheet and a resultant loss recognized in the statement of operations;
- the unprecedented market environment and economic effects of the COVID-19 Pandemic, including uncertainty

regarding the timing, pace and extent of economic recovery in the United States ("U.S.") due to the COVID-19 Pandemic;

- general economic and business conditions affecting the southern, southwestern and western U.S., particularly levels of spending related to travel and tourism and the ongoing and future impacts of the COVID-19 Pandemic;
- volatility under our derivative instruments;
- deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties);
- unanticipated increases in cost or scope of, or significant delays in the completion of, our capital improvement and periodic turnaround projects;
- risks and uncertainties with respect to the quantities and costs of refined petroleum products supplied to our pipelines and/or held in our terminals;
- operating hazards, natural disasters, weather related disruptions, casualty losses and other matters beyond our control;
- increases in our debt levels or costs;
- possibility of accelerated repayment on a portion of the J. Aron supply and offtake liability if the purchase price adjustment feature triggers a change on the re-pricing dates;

- changes in our ability to continue to access the credit markets;
- compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;
- the suspension of our quarterly dividend;
- seasonality;
- acts of terrorism (including cyber-terrorism) aimed at either our facilities or other facilities that could impair our ability to produce or transport refined products or receive feedstocks;
- future decisions by OPEC+ members regarding production and pricing and disputes between OPEC+ members regarding the same;
- disruption, failure, or cybersecurity breaches affecting or targeting our IT systems and controls, our infrastructure, or the infrastructure of our cloud-based IT service providers;
- changes in the cost or availability of transportation for feedstocks and refined products; and
- other factors discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and in our other filings with the SEC.

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

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Executive Summary

Business Overview

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

The Impact of the COVID-19 Pandemic

The COVID-19 Pandemic has resulted in significant economic disruption globally, including in the U.S. and specific geographic areas where we operate. Actions taken by various governmental authorities, individuals and companies around the world to prevent the spread of COVID-19 through both voluntary and mandated social distancing, curfews, shutdowns and expanded safety measures have restricted travel, many business operations, public gatherings and the overall level of individual movement and in-person interaction across the globe. This has in turn significantly reduced global economic activity which has had a significant impact on the nature and extent of travel. The COVID-19 Pandemic has had a devastating impact on the airline industry, dramatically reducing the number of domestic flights and, due to foreign travel bans and immigration restrictions abroad as well as traveler concerns over exposure, virtually eliminating international travel originating from the U.S. to many parts of the world. Additionally, the COVID-19 Pandemic has had a significant negative impact on motor vehicle activity. As a result, and particularly during 2020, we experienced a decline in the demand for, and thus also the market prices of, crude oil and certain of our products, particularly our refined petroleum products and most notably gasoline and jet fuel. Uncertainty about the duration of the COVID-19 Pandemic has caused periodic storage constraints in the U.S. resulting from over-supply

of produced oil. Additionally, significant environmental events, such as extreme weather conditions or natural disasters can impact pipeline accessibility and utilization, other supply sources, as well as demand. While in the last several months, we have seen successful domestic efforts to distribute the COVID-19 vaccine across the U.S., which has led to some improved stability in the capital markets as well as improved pricing in crude oil, refined products, and related forward curves, there continues to be general economic uncertainty, and, accordingly, demand for refined product and for our logistics assets has not yet returned to normal levels. Such uncertainty has been further aggravated by the mutation of the COVID-19 virus into one or more variants and plateauing demand for currently available vaccines. Based on these conditions and events, downward pressure on commodity prices, crack spreads and demand remains a significant risk and could continue for the foreseeable future.

We have previously identified the following known uncertainties resulting from the COVID-19 Pandemic. And while the risk surrounding these uncertainties appears to be lessening, they still represent risks that could impact our operations, financial condition and results of operations. They are as follows:

- Significant declines and/or volatility in prices of refined products we sell and the feedstocks we purchase as well as in crack spreads resulting from the COVID-19 Pandemic could have a significant impact on our revenues, cost of sales, operating income and liquidity, as well to the carrying value of our long-lived or indefinite-lived assets;
- A decline in the market prices of refined products and feedstocks below the carrying value in our inventory may result in the adjustment of the value of our inventories to the lower market price and a corresponding loss on the value of our inventories (see also Note 1 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion of specific financial statement risks);
- The decline in demand for refined products could significantly impact the demand for throughput at our refineries, unfavorably impacting operating results at our refineries, and could impact the demand for storage, which could impact our logistics segment;
- The decline in demand and margins impacting current results and forecasts could result in impairments in certain of our long-lived or indefinite-lived assets, including goodwill, or have other financial statement impacts that cannot currently be anticipated (see also Note 1 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion of specific financial statement risks);
- A significant reduction or suspension in U.S. crude oil production could adversely affect our suppliers and sources of crude oil;
- An outbreak in one of our refineries, exacerbated by a limited pool of qualified replacements as well as quarantine protocols, could cause significant disruption in our production or, worst case, temporary idling of the facility;
- The restrictions on travel and requirements for social distancing could significantly impact the traffic at our convenience stores, particularly the demand for fuel;
- Customers of the refining segment as well as third-party customers of the logistics segment may experience financial difficulties which could interrupt the volumes ordered by those customers and/or could impact the credit worthiness of such customers and the collectability of their outstanding receivables;
- The impact of COVID-19 or protocols implemented in response to COVID-19 by key or specialty suppliers may negatively affect our ability to obtain specialty equipment or services when needed;
- Equity method investees may be significantly impacted by the COVID-19 Pandemic which may increase the risk of impairment of those investments;
- Access to capital markets may be significantly impacted by the volatility and uncertainty in the oil and gas market specifically which could restrict our ability to raise funds; while our current liquidity needs are managed by existing facilities, sources of future liquidity needs may be impacted by the volatility in the debt market and the availability and pricing of such funds as a result of the COVID-19 Pandemic; and
- The U.S. Federal Government has enacted certain stimulus and relief measures and may consider additional relief legislation. Beyond the direct impact of existing legislation on Delek in the current or prior periods (as applicable), the extent to which the provisions of the existing or any future legislation will achieve its intention to stimulate or provide relief to the greater U.S. economy and/or consumer, as well as the impact and success of such efforts, remains unknown.

Other uncertainties related to the impact of the COVID-19 Pandemic as well as global geopolitical factors may exist that have not been identified or that are not specifically listed above, and could impact our future results of operations and financial position, the nature of which and the extent to which are currently unknown. The U.S. Federal Government's passage and/or enactment of additional stimulus and relief measures, as well as their future actions may impact the extent to which the risk underlying these uncertainties are realized. To the extent these uncertainties have been identified and are believed to have an impact on our current period results of operations or financial position based on the requirements for assessing such financial statement impact under U.S. Generally Accepted Accounting

Principles ("GAAP"), we have considered them in the preparation of our unaudited financial statements as of and for the six months ended June 30, 2021, which are included in Item 1, of this Quarterly Report on Form 10-Q.

In addition, management has actively responded to the continuing impact of the COVID-19 Pandemic on our business. Additionally, to the extent warranted, we continue to monitor the impact and implement measures to mitigate the risk. Such efforts include (but are not limited to) the following:

- Reviewing planned production throughputs at our refineries and planning for optimization of operations;
- Coordinating planned maintenance activities with possible downtime as a result of possible reductions in throughputs;
- Searching for additional storage capacity if needed to store potential builds in crude oil or refined product inventories;
- Finding additional suppliers for key or specialty items or securing inventory or priority status with existing vendors;
- Reducing discretionary capital expenditures;
- Suspending the share repurchase program and dividend distributions until our internal parameters are met for resuming such activities;
- Taking advantage of the income and payroll tax relief afforded to us by the Coronavirus Aid Relief, and Economic Security Act (the "CARES Act") or other Pandemic relief legislation;
- Implementing regular site cleaning and disinfecting procedures;
- Adopting remote working where possible, and where on-site operations are required, taking appropriate safety precautions;
- Identifying alternative financing solutions as needed to enhance our access to sources of liquidity; and
- Enacting cost reduction measures across the organization, including reducing contract services, reducing overtime and other employee related costs, and reducing or eliminating non-critical travel.

The most significant of these efforts to date as well as specifically identified measures that are anticipated in the near term, in terms of realized or anticipated impact, include the following:

- For the year ended December 31, 2020 pursuant to the provisions of the CARES Act, we recognized \$16.8 million of current federal income tax benefit attributable to anticipated tax refunds from net operating loss carryback to prior 35% tax rate years, and deferred \$10.9 million of payroll tax payments which will be payable in equal installments in December 2021 and December 2022. Additionally, we recorded a current income tax receivable of \$135.6 million and a non-current tax receivable of \$20.6 million as of December 31, 2020, related to the net operating loss carryback, all of which was received in the third quarter of 2021.
- We made significant efforts to reduce our capital spending, particularly on growth and non-critical sustaining maintenance projects. See the "Liquidity and Capital Resources" section of Item 2. MD&A for further information.
- In light of the weak macro-economic environment, we elected to pull forward turnaround work into the fourth quarter of 2020 on certain units at our Krotz Springs refinery that was conducted on a straight-time basis. This allowed us to continue running the more profitable units of the refinery and should help improve economics toward a break-even level. We completed this turnaround work late in the first quarter 2021 and have since returned to normalized production.
- Additionally, we developed a cost savings plan for 2021 designed to continue to reduce operating expenses and general and administrative expenses. The majority of the expected operating expenses reduction is attributable to the temporary unit optimization at the Krotz Springs refinery, while other efforts such as targeted budgeting around outside contractor expenses and deferral of certain non-critical, non-capitalizable maintenance activities are also expected to have a favorable impact. Furthermore, both operating and general and administrative expenses will be favorably impacted by a cumulative reduction in workforce. Reductions in workforce are made possible in large part by significant efforts to improve process efficiency and leverage technology where cost-effective.
- Finally, we elected to suspend share repurchases and dividends beginning in the second and fourth quarters of 2020, respectively, in order to conserve capital. We expect this will help us maintain our liquidity and manage our cost of capital impacted by the Pandemic, and we believe it will provide us with flexibility to pursue opportunities to provide value to investors with respect to our stock price, which we believe is undervalued.

The combination of these efforts are expected to continue to have a favorable impact on cash flows as well as our operations process effectiveness, which will improve our liquidity positioning and operational flexibility and response in anticipation of the continued economic impacts of the COVID-19 Pandemic. See the "Liquidity and Capital Resources" section of Item 2. MD&A for further information.

The extent to which our future results are affected by the COVID-19 Pandemic will depend on various factors and consequences beyond our control, such as the duration and scope of the Pandemic; additional actions by businesses and governments in response to the Pandemic, the speed and effectiveness of responses to combat the virus and any new variants and the challenges with the vaccination

rollout. The COVID-19 Pandemic, and the volatile regional and global economic conditions stemming from the Pandemic, could also exacerbate the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in this Form 10-Q, as applicable. The COVID-19 Pandemic may also materially adversely affect our results in a manner that is either not currently known or that we do not currently consider to be a significant risk to our business.

Other Significant Events

During February 2021, the Company experienced a severe weather event ("Winter Storm Uri") which temporarily impacted operations at all of our refineries. Due to the extreme freezing conditions, and despite the acceleration of planned and ongoing turnaround work at the El Dorado and Krotz Spring refineries (which provided some mitigation), we experienced reduced throughputs at our refineries as there was a disruption in the crude supply, increases in natural gas costs, as well as damages to various units at our refineries requiring additional operating and capital expenditures.

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit, in which six Delek employees were injured. Our on-site emergency response team, with the assistance of the El Dorado Fire Department, extinguished the fire, and we immediately began to monitor the air quality within the refinery and the community. The incident is currently being investigated by the Occupational Safety and Health Administration and Chemical Safety Board. Contrary to initial assessments, and despite occurring during the early stages of turnaround activity, the facility did suffer operational disruptions as a result of the fire.

Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and is expected to result in the future recognition of insurance recoveries. The extent of any incremental losses is not yet determinable and may also be subject to insurance recoveries. (See Note 11 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information about losses incurred and related insurance coverages).

Refining Overview

The refining segment (or "Refining") processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel and aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 barrels per day as of June 30, 2021. A high-level summary of the refinery activities is presented below:

	Tyler, Texas refinery (the "Tyler refinery")	El Dorado, Arkansas refinery (the "El Dorado refinery")	Big Spring, Texas refinery (the "Big Spring refinery")	Krotz Springs, Louisiana refinery (the "Krotz Springs refinery")
Total Nameplate Capacity (barrels per day ("bpd"))	75,000	80,000 ⁽¹⁾	73,000	74,000
Primary Products	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, petroleum coke and sulfur	Gasoline, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, asphalt and sulfur	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, aromatics and sulfur	Gasoline, jet fuel, high-sulfur diesel, light cycle oil, liquefied petroleum gases, propylene and ammonium thiosulfate
Relevant Crack Spread Benchmark	Gulf Coast 5-3-2	Gulf Coast 5-3-2 ⁽²⁾	Gulf Coast 3-2-1 ⁽³⁾	Gulf Coast 2-1-1 ⁽⁴⁾
Marketing and Distribution	The refining segment's petroleum-based products are marketed primarily in the south central, southwestern and western regions of the United States, and the refining segment also ships and sells gasoline into wholesale markets in the southern and eastern United States. Motor fuels are sold under the Alon or Delek brand through various terminals to supply Alon or Delek branded retail sites. In addition, we sell motor fuels through our wholesale distribution network on an unbranded basis.			

⁽¹⁾ While the El Dorado refinery has a total nameplate capacity of 80,000 bpd, in order to qualify for the small refinery exemption under the EPA's Renewable Fuel Standards regulations total output cannot exceed 75,000 bpd. We currently expect that the El Dorado refinery's output will remain under the 75,000 bpd threshold in the current economic environment.

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

⁽³⁾ Our Big Spring refinery is capable of processing substantial volumes of sour crude oil, which has historically cost less than intermediate, and/or substantial volumes of sweet crude oil, and therefore the West Texas Intermediate ("WTI") Cushing/ West Texas Sour ("WTS") price differential, taking into account differences in production yield, is an important measure for helping us make strategic, market-respondent production decisions.

⁽⁴⁾ The Krotz Springs refinery has the capability to process substantial volumes of light sweet crude oil to produce a high percentage of refined light products.

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

Logistics Overview

Our logistics segment (or "Logistics") gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and West Texas for our refining segment and third parties. It is comprised of the consolidated balance sheet and results of operations of Delek Logistics Partners, LP ("Delek Logistics", NYSE:DKL), where we owned an 80.0% interest in Delek Logistics at June 30, 2021. Delek Logistics was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are currently integral to our refining and marketing operations. The logistics segment's pipelines and transportation business owns or leases capacity on approximately 400 miles of crude oil transportation pipelines, approximately 450 miles of refined product pipelines, and an approximately 900-mile crude oil gathering system and associated crude oil storage tanks with an aggregate of approximately 10.2 million barrels of active shell capacity. It also owns and operates nine light product terminals and markets light products using third-party terminals. Logistics has strategic investments in pipeline joint ventures that provide access to pipeline capacity as well as the potential for earnings from joint venture operations. The logistics segment owns or leases approximately 264 tractors and 353 trailers used to haul primarily crude oil and other products for related and third parties.

Retail Overview

Our retail segment (or "Retail") at June 30, 2021 includes the operations of 252 owned and leased convenience store sites located primarily in Central and West Texas and New Mexico. Our convenience stores typically offer various grades of gasoline and diesel under the DK or Alon brand name and food products, food service, tobacco products, non-alcoholic and alcoholic beverages, general merchandise as well as money grams to the public, primarily under the 7-Eleven and DK or Alon brand names pursuant to a license agreement with 7-Eleven, Inc. In November 2018, we terminated the license agreement with 7-Eleven, Inc. and the terms of such termination and subsequent amendment require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023. Merchandise sales at our convenience store sites will continue to be sold under the 7-Eleven brand name until 7-Eleven branding is removed pursuant to the termination. As of June 30, 2021, we have removed the 7-Eleven brand name at 57 of our store locations. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery, which is transferred to the retail segment at prices substantially determined by reference to published commodity pricing information. In connection with our Retail strategic initiatives, we closed or sold 46 under-performing or non-strategic store locations since the fourth quarter of 2018.

The cost to acquire the refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Our retail merchandise sales are driven by convenience, customer service, competitive pricing and branding. Motor fuel margin is sales less the delivered cost of fuel and motor fuel taxes, measured on a cents per gallon basis. Our motor fuel margins are impacted by local supply, demand, weather, competitor pricing and product brand.

Corporate and Other Overview

Our corporate activities, results of certain immaterial operating segments, our asphalt terminal operations, our recently commenced wholesale crude operations, and intercompany eliminations are reported in corporate, other and eliminations in our segment disclosures. Additionally, our corporate activities include certain of our commodity and other hedging activities.

Strategic Overview

The Company's overall strategy has been to take a disciplined approach that looks to balance returning cash to our shareholders and prudently investing in the business to support safe and reliable operations, while exploring opportunities for growth. Our goal has been to balance the different aspects of this program based on evaluations of each opportunity and how it matches our strategic goals for the Company, while factoring in market conditions and expected cash flows.

Having taken into account the significance of the economic impact of the COVID-19 Pandemic and the OPEC production disputes in early 2020, our strategy continued to focus on the following objectives during the first six months of 2021:

- I. **Safety and wellness.**
- II. **Reliability and integrity.**
- III. **Systems and processes.**
- IV. **Risk-based decision making.**
- V. **Positioning for growth.**

As we look to the remainder of the year and the economic environment that is emerging, and while our core values continue to be the bedrock of the Company's operations and focus, we are actively reviewing our strategies and related operational objectives and will consider the need for changes in order to address the evolving industry and market, while ensuring that we continue to appropriately consider and capitalize on our operational strengths and strategic positioning.

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

2021 Developments

Our principle focus during 2021 has been to execute on the following initiatives, consistent with those discussed above in the context of the COVID-19 Pandemic:

- effectively implementing and executing on our operating cost savings initiatives;
- continuing to be focused on controlling capital expenditures;
- focusing on operating efficiently;
- continuing to position ourselves to manage our supply chain risk, our customer risk and our liquidity sources;
- continuing to maintain a strong retail business; and
- with our sights also set on recovery from the Pandemic and the future, continuing to explore and investigate potential growth opportunities for midstream or other lines of business.

While, as previously noted above, COVID-19 conditions seem to be improving, we were faced with some unprecedented challenges which required our focus during the first half of 2021, including the effects of Winter Storm Uri as well as the El Dorado fire (described above). These events continue to be a significant area of focus as we continue to work on identifying and estimating losses (both realized and incurred and unrealized lost profit) in order to aggressively pursue insurance recoveries under our existing policies. We believe that managing the efforts listed above, plus managing through the disruption caused by these two unexpected events, were critical to managing our results in this continued challenging environment.

Our RINs cost and RINs Obligation have been negatively impacted during 2021 and as of June 30, 2021 by rapidly escalating RINs prices which resulted from an unfavorable ruling against companies previously granted the EPA's Small Refinery Exemptions (or "SREs") under

the Renewable Fuel Standard (the "RFS") which governs RINs volume obligations for U.S. hydrocarbon refining companies. Additionally, the industry has been faced with worsening environmental regulatory sentiment in Washington, D.C. following the change in the presidential administration in January 2021 has continued to put upward pressure on RIN prices. The 10th Circuit Court of Appeals ruling, which was subsequently appealed and (for the majority of the period) was waiting to be heard by the U.S. Supreme Court, stalled the approval of 2019 SRE applications already submitted (inclusive of SRE applications for each of our four refineries) and led to the postponement of 2020 SRE applications. Because of these delays and uncertainties, the EPA issued, by Final Rule, extensions on the compliance deadline under the RFS as well as the deadline for submission of the obligated party attestation reports, as follows: the 2019 compliance deadline was extended to November 30, 2021, and the submission deadline for the related report was extended to June 1, 2022, for small refineries; and the 2020 compliance deadline was extended to January 31, 2021, and the submission deadline for the related report was extended to June 1, 2022, for small refineries. While the uncertainty regarding the likelihood of SREs persisted, the RINs prices increased significantly, leaving our outlook regarding our ability to capture crack spreads, as well as those of many other downstream companies, also very uncertain. In late June 2021, the U.S. Supreme Court overturned the previous appeals court's ruling regarding RINs, resulting in market optimism that the stalled SRE applications from 2019, as well as new applications for 2020, may be granted, based on the published criteria. Immediately following this ruling, we undertook efforts to prepare 2020 SRE applications for our refineries and we submitted them in August 2021.

While we cannot know the outcome of our SRE applications, we have a history of being granted the waivers for all four refineries, but most often the Krotz Springs and El Dorado refineries. In 2018, we were granted SREs for our Tyler, Krotz Springs and El Dorado refineries. Additionally, while our current Net RINs Obligation reflects current RINs market prices as of June 30, 2021, the financial statement impact, including both the income statement and net cash impact, of any future receipt of SRE(s) is not determinable because of the complexity of the Net RINs Obligation and related transactions, where such financial statement impact is dependent upon the following: (1) which refineries receive exemptions; (2) the composition of those specific Net RINs Obligation (in terms of the vintages of RINs we currently own versus the waived RINs Obligation) and the related market prices at the date each exemption is granted; (3) the composition of our RINs forward commitment contracts that may be settled or positions closed as a result of any exemption and the related gains or losses; (4) the settlement requirements of related RINs product financing arrangements; and (5) the quantity of and dates at which excess RINs can be sold and the sales price (see also Note 9, Note 10 and Note 14 to the condensed consolidated financial statements included as well as our related accounting policies related to RINs included in Note 2 to the audited consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of our December 31, 2020 Annual Report on Form 10-K). We note that our total gross RINs Obligation for 2020, for all four refineries, was approximately 340 million RINs, across several RIN categories, and that receipt of any SREs could result in significant benefit, both in terms of income statement effect and cash flows.

Regardless of whether we expect to be granted SREs, we continue to actively manage our RINs inventory portfolio as well as monitor prices and positions on existing and expected RINs Obligations to mitigate our income statement and cash flow exposure. See additional discussion of the effect of RINs prices and volatility on our refining margins in the "Market Trends" section below.

In addition to these management efforts, we successfully executed on several strategic opportunities as described below.

Delek US Holdings, Inc. Employee Stock Purchase Plan

In June 2021, the Company's board of directors adopted the Delek US Holdings, Inc. Employee Stock Purchase Plan (the "ESPP"). The ESPP is structured as a qualified employee stock purchase plan. The Company authorized the issuance of 2,000,000 shares of common stock under the ESPP. On each purchase date, eligible employees (as defined in the ESPP) can purchase the Company's stock at a price per share equal to 85.0% of the closing price of the Company's common stock on the exercise date, but no less than par value. There are four offering periods of three months during each fiscal year, beginning each January 1st, April 1st, July 1st, and October 1st. (See further discussion in Note 15 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q).

Delek Logistics 2028 Notes

On May 24, 2021, Delek Logistics and its wholly owned subsidiary Delek Logistics Finance Corp. ("Finance Corp." and together with Delek Logistics, the "Co-issuers"), sold \$400.0 million in aggregate principal amount of the Co-issuers 7.125% Senior Notes due 2028 (the "Delek Logistic 2028 Notes") at par, pursuant to an indenture with U.S. Bank, National Association as trustee. The Delek Logistics 2028 Notes are general unsecured senior obligations of the Co-issuers and are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Guarantors and will be unconditionally guaranteed on the same basis by certain of the Delek Logistics' future subsidiaries. The Delek Logistic 2028 Notes rank equal in right of payment with all existing and future senior indebtedness of the Co-issuers, and senior in right of payment to any future subordinated indebtedness of the Co-issuers. The Delek Logistic 2028 Notes will mature on June 1, 2028, and interest is payable semi-annually in arrears on each June 1 and December 1, commencing December 1, 2021. (See further discussion in Note 8 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q).

Exclusive Supply Agreement

In May 2021, we executed an exclusive supply and strategic relationship agreement with Baker Petrolite LLC (an affiliate of Baker Hughes Company) ("Baker"). The agreement provides that, under certain circumstances, Baker will supply certain chemicals exclusively to us within a defined territory. Those chemicals allow us, through blending competencies utilizing proprietary intellectual property, to clarify slurry which can then be used in International Maritime Organization-compliant products. The agreement has a 5-year initial term and a 5-year extension option.

Market Trends

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

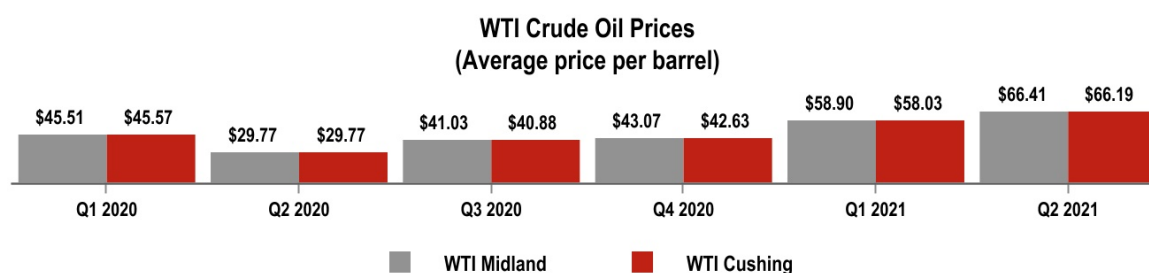
During the first half of 2021, despite improved consumer demand resulting from stabilization in cases during much of the period and across much of the country, and corresponding to the availability of vaccines, improvements in domestic refining margins have been slow. This is largely attributable to the increasing supply from international markets where consumer demand improvement has lagged behind the U.S. and, similarly, the closing of much of the U.S. export arbitrage. The U.S. market for transportation fuels has attracted higher infusion of international supply due in part to supply disruptions in the U.S. that occurred during the first six months of 2021. In February 2021, the operations of many U.S. refineries, including ours, were temporarily disrupted due to the negative effects arising out of Winter Storm Uri. This contributed to a significant depletion of transportation fuel inventories throughout much of the country. Additionally, in May 2021, there was a cybersecurity incident with the Colonial Pipeline which resulted in pipeline shutdowns that interrupted supply to much of the eastern U.S. for six days, and which caused disruption for Delek primarily at our Krotz Springs refinery. As a result of both of these events, the U.S. market attracted higher levels of supply from international markets, which diluted price increases and associated refining margins.

Furthermore, while there have been improving crack spreads during 2021, driven largely by the improvement in domestic consumer demand and the modest economic improvement and outlook associated with stabilizing Pandemic uncertainties, the ability of U.S. refiners to capture those improvements were significantly dampened by sharply increasing RIN prices. As previously discussed, the RINs market was impacted by last year's judicial rulings imposing limitations on smaller refinery's abilities to qualify for the EPA's SREs under the RFS, combined with worsening environmental regulatory sentiment coming out of Washington, D.C.. These conditions were pervasive for the majority of the first half of 2021. Following the June 2021 U.S. Supreme Court reversal of the lower court's ruling, however, there was a notable improvement in market optimism that existing SRE applications from 2019, as well as new applications for 2020, may be granted. While it is possible that SREs may be granted before the extended compliance deadlines, refining companies in the U.S. likely will not see much impact to RINs prices and, accordingly, refining margins until the EPA actually begins granting SREs on a relatively widespread basis.

See below for further discussion on how certain key market trends impact our refining margins.

Crude Prices

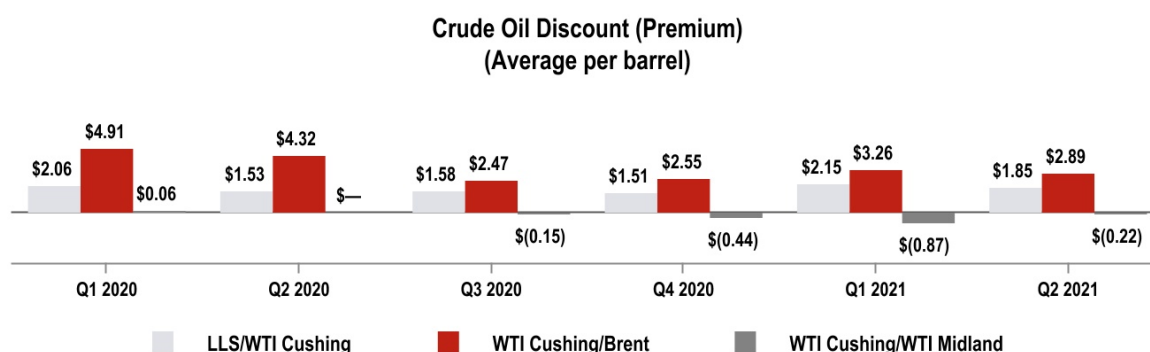
WTI crude oil represents the largest component of our crude slate at all of our refineries, and can be sourced through our gathering channels or optimization efforts from Midland, Texas or Cushing, Oklahoma. The table below reflects the quarterly average prices of WTI Midland and WTI Cushing crude oil for each of the quarterly periods in 2020 and for the two quarterly periods in 2021. As shown in the historical graph, WTI Midland crude prices can be favorable or unfavorable as compared to WTI Cushing.



Crude Pricing Differentials

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

The chart below illustrates the differentials of both Brent crude oil and WTI Midland crude oil as compared to WTI Cushing crude oil as well as WTI Cushing as compared to Louisiana Light Sweet crude oil ("LLS") for each of the quarterly periods in 2020 and for the two quarterly periods in 2021.

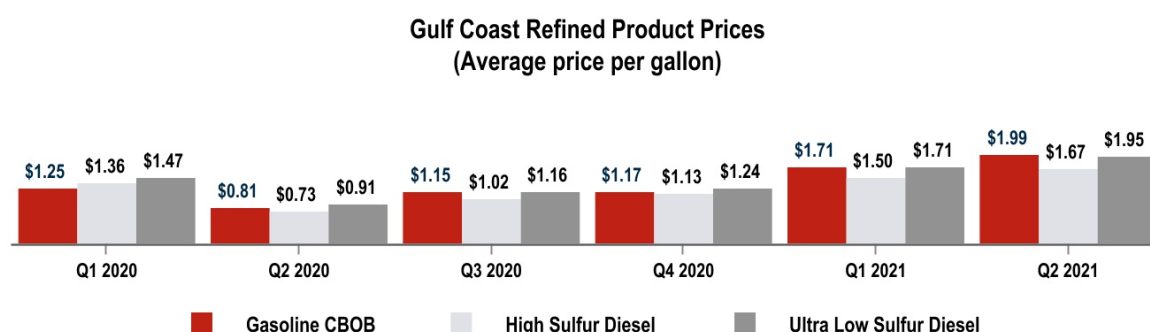


Refined Product Prices

Our refineries produce the following products:

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

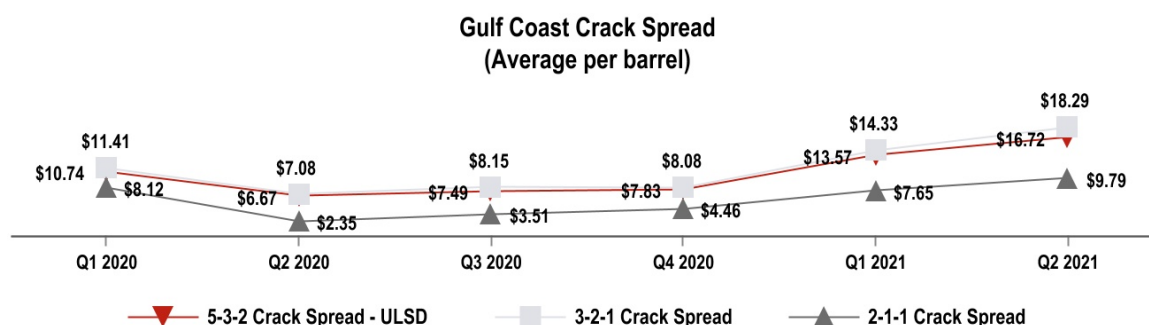
The charts below illustrate the quarterly average prices of Gulf Coast Gasoline (CBOB), U.S. High Sulfur Diesel ("HSD") and U.S. Ultra Low Sulfur Diesel ("ULSD") for each of the quarterly periods in 2020 and for the two quarterly periods in 2021.



Crack Spreads

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

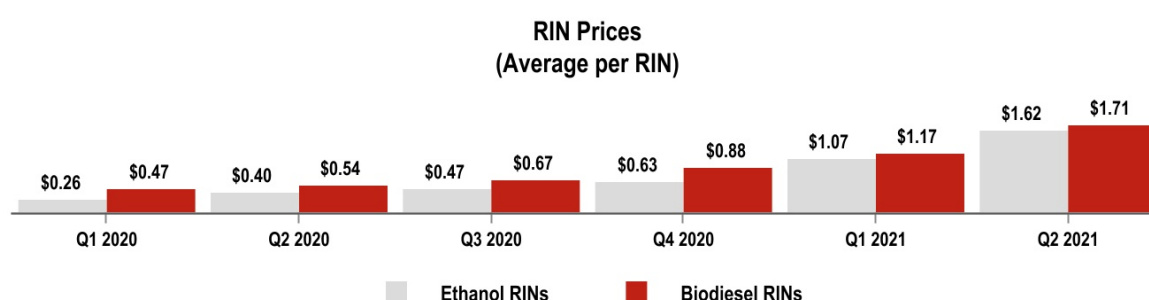
The table below reflects the quarterly average Gulf Coast 5-3-2 ULSD, 3-2-1 and 2-1-1 crack spreads for each of the quarterly periods in 2020 and for the two quarterly periods in 2021. As the chart illustrates, the 3-2-1 crack spread has consistently outperformed the 5-3-2 and the 2-1-1 crack spreads. When market conditions consist of near-capacity throughputs and no significant outages, our Big Spring refinery, whose benchmark is the 3-2-1 crack spread, should outperform our other refineries in terms of refining margin, which are benchmarked against either the 5-3-2 or the 2-1-1 crack spreads.



RIN Volatility

Environmental regulations and the political environment continue to affect our refining margins in the form of volatility in the cost of RINs. On a consolidated basis, we work to balance our RINs Obligation in order to minimize the effect of RINs on our results. While we generate RINs in both our refining and logistics segments through our ethanol blending and biodiesel production and blending, our refining segment still needs to purchase additional RINs to satisfy its obligations. The cost to purchase these additional RINs is a significant cash outflow for our business. Additionally, increases in the market prices of RINs generally adversely affect our results of operations through changes in fair value to our existing RINs Obligation, to the extent we do not have offsetting RINs inventory on hand or effective economic hedges through net forward purchase commitments. The volatility of RINs prices is highly sensitive to regulatory and political influence and conditions, and therefore often does not correlate to movements in crude oil prices, refined product prices or crack spreads. Additionally, the pricing of RINs and the resulting impact on a refiner's margins is dependent on the type of refined product produced. Furthermore, RIN prices are impacted by market expectations regarding whether the EPA may grant certain SREs. The 2020 unfavorable SRE judicial rulings, as well as the recent changes in regulatory sentiment following the presidential administration change, have caused significant increases in RINs prices to levels not seen in many years. Because of the volatility in RINs prices, it is not possible to predict future RINs cost with certainty, and movements in RIN prices can have significant and unanticipated adverse effects on our refining margins that are outside of our control.

The chart below illustrates the volatility in RINs beginning with the first quarter of 2020 through the second quarter of 2021.



Contractual Obligations

Information regarding our known contractual obligations and commercial commitments of the types described below as of June 30, 2021, is set forth in the following table (in millions):

	Payments Due by Period				
	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long term debt and notes payable obligations	\$ 46.4	\$ 353.8	\$ 1,477.5	\$ 400.0	\$ 2,277.7
Interest ⁽¹⁾	94.4	176.0	101.8	57.0	429.2
Operating lease commitments ⁽²⁾⁽⁶⁾	127.4	385.5	172.3	149.4	834.6
Product financing commitments ⁽³⁾	358.8	—	—	—	358.8
Transportation agreements ⁽⁴⁾	138.4	222.4	189.0	80.8	630.6
J. Aron supply and offtake obligations ⁽⁵⁾	15.5	336.8	—	—	352.3
Total	\$ 780.9	\$ 1,474.5	\$ 1,940.6	\$ 687.2	\$ 4,883.2

⁽¹⁾ Expected interest payments on debt outstanding at June 30, 2021. Floating interest rate debt is calculated using June 30, 2021 rates. For additional information, see Note 8 of our condensed consolidated financial statements included in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

⁽²⁾ Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2021.

⁽³⁾ Balances consist of contractual obligations under RINs product financing arrangements.

⁽⁴⁾ Balances consist of obligations under agreements with third parties (not including Delek Logistics) for the transportation of crude oil to our refineries.

⁽⁵⁾ Balances consists of contractual obligations under the J. Aron Supply and Offtake Agreements, including annual fees and principal obligation for the Baseline Volume Step-Out Liability. For additional information, see Note 7 of our condensed consolidated financial statements included in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

⁽⁶⁾ Includes an immaterial amount of financing lease cost.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results of operations, and require our most difficult, subjective or complex judgments or estimates. Based on this definition and as further described in our 2020 Annual Report on Form 10-K, we believe our critical accounting policies include the following: (i) estimating our quarterly inventory adjustments using the last-in, first-out valuation method for the Tyler refinery, (ii) evaluating impairment for property, plant and equipment and definite life intangibles, (iii) evaluating potential impairment of goodwill, (iv) estimating environmental expenditures, and (v) estimating asset retirement obligations. Additionally, we have identified the following critical accounting policy that impacts the six months ended June 30, 2021:

Under Accounting Standards Codification ("ASC") 740, *Income Taxes* ("ASC 740"), we use an estimated annual effective tax rate ("AETR") to record income taxes. The development of the estimated AETR involves significant judgment, particularly early in the year and in times of economic uncertainty. As of and during the six months ended June 30, 2021, our estimates of the expected AETR reflected inputs which are subject to judgment including (but not necessarily limited to) the following:

- Forecasted pre-tax GAAP income or loss for the year
- Estimates of expected permanent differences in GAAP income or loss and taxable income or loss for the year
- Forecasted capital expenditures for the year and future years (where such activities were significantly impacted by the recent weather event and can likewise be impacted by unanticipated events)
- Expected applicable jurisdictional tax rates
- Estimated impact of possible deduction and tax credit limitations
- Estimates regarding net operating losses, carryback and carryforward provisions (and limitations) and valuation allowances

All of these inputs are subject to significant judgment and assumptions about future events impacting 2021, some of which are based on historical trends and results, operational plans, and projections regarding future pricing and profitability (where we utilize third party forward curves and pricing sources, where possible, but where expectations regarding capture rates and other factors involve judgment). We also note that, while economic conditions affecting our industry and industry outlooks related to COVID-19 are stabilizing and improving, there remains a level of uncertainty related to COVID-19 and the expectations for recovery that increases the level of judgment involved with some of these assumptions. Accordingly, where appropriate, we may consider the probability of certain components in determining what

we believe to be a reasonable estimate based on conditions and events that were in existence as of our reporting date, which may also involve the use of significant management judgment. Furthermore, many of our assumptions are inter-relational, where changing one assumption can impact other assumptions (e.g., in terms of the applicability of or limitations under various tax code provisions).

The nature of the AETR estimation approach for recording income taxes requires continuous review and adjustment during the year based on actual results, and as better information regarding forecasted results and assumptions becomes available. Significant changes in any of these assumptions or in actual results compared to our forecasts and assumptions could cause material changes in our AETR, which could result in cumulative adjustments to reflect the new estimates in future periods.

We have developed and utilized methodologies and rationales for the development of our assumptions, subject to internal controls and sensitivity or probability assessments, as appropriate, and we believe our process provides a reasonable basis for our estimated AETR as well as the income taxes as of and for the six months ended June 30, 2021.

Non-GAAP Measures

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

- Refining margin - calculated as the difference between net refining revenues and total cost of materials and other;
- Refined product margin - calculated as the difference between net revenues attributable to refined products (produced and purchased) and related cost of materials and other (which is applicable to both the refining segment and the West Texas wholesale marketing activities within our logistics segment); and
- Refining margin per barrels sold - calculated as refining margin divided by our average refining sales in barrels per day (excluding purchased barrels) multiplied by 1,000 and multiplied by the number of days in the period.

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

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

Non-GAAP Reconciliations

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

Reconciliation of refining margin to gross margin

Refining Segment				
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	\$ 2,415.7	\$ 1,077.0	\$ 4,155.8	\$ 2,804.9
Cost of sales	2,486.6	1,062.1	4,300.0	3,117.6
Gross margin	(70.9)	14.9	(144.2)	(312.7)
Add back (items included in cost of sales):				
Operating expenses (excluding depreciation and amortization)	113.8	88.7	227.4	200.4
Depreciation and amortization	51.0	44.8	103.1	82.0
Refining margin	<u>\$ 93.9</u>	<u>\$ 148.4</u>	<u>\$ 186.3</u>	<u>\$ (30.3)</u>

Summary Financial and Other Information

The following table provides summary financial data for Delek:

Summary Statement of Operations Data (in millions)⁽¹⁾

	Consolidated			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net revenues	\$ 2,191.5	\$ 1,535.5	\$ 4,583.7	\$ 3,356.7
Total operating costs and expenses	2,276.9	1,512.7	4,749.2	3,695.4
Operating (loss) income	(85.4)	22.8	(165.5)	(338.7)
Total non-operating expense (income), net	33.1	(39.8)	56.7	(11.2)
(Loss) income before income tax benefit	(118.5)	62.6	(222.2)	(327.5)
Income tax benefit	(46.0)	(35.9)	(58.4)	(119.0)
Net (loss) income	(72.5)	98.5	(163.8)	(208.5)
Net income attributed to non-controlling interests	8.6	10.8	15.9	18.2
Net (loss) income attributable to Delek	<u>\$ (81.1)</u>	<u>\$ 87.7</u>	<u>\$ (179.7)</u>	<u>\$ (226.7)</u>

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

We report operating results in three reportable segments:

- Refining
- Logistics
- Retail

Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on the segment contribution margin which is defined as net revenues less costs of materials and other and operating expenses, excluding depreciation and amortization.

Results of Operations

Consolidated Results of Operations — Comparison of the Three and Six Months Ended June 30, 2021 versus the Three and Six Months Ended June 30, 2020

Net Loss

Q2 2021 vs. Q2 2020

Consolidated net loss for the second quarter of 2021 was \$72.5 million compared to net income of \$98.5 million for the second quarter of 2020. Consolidated net loss attributable to Delek for the second quarter of June 30, 2021 was \$81.1 million, or \$(1.10) per basic share, compared to net income of \$87.7 million, or \$1.19 per basic share, for the second quarter 2020. Explanations for significant drivers impacting net income as compared to the comparable period of the prior year are discussed in the sections below.

YTD 2021 vs. YTD 2020

Consolidated net loss for the six months ended June 30, 2021 was \$163.8 million compared to net loss of \$208.5 million for the six months ended June 30, 2020. Consolidated net loss attributable to Delek for the six months ended June 30, 2021 was \$179.7 million, or \$(2.43) per basic share, compared to a net loss of \$226.7 million, or \$(3.08) per basic share, for the six months ended June 30, 2020. Explanations for significant drivers impacting net loss as compared to the comparable period of the prior year are discussed in the sections below.

Net Revenues

Q2 2021 vs. Q2 2020

In the second quarters of 2021 and 2020, we generated net revenues of \$2,191.5 million and \$1,535.5 million, respectively, an increase of \$656.0 million, or 42.7%. The increase in net revenues was primarily driven by the following factors:

- in our refining segment, increases in the average price of U.S. Gulf Coast gasoline of 145.4%, ULSD of 114.7%, and HSD of 128.2%;
- in our logistics segment, increases in the average volumes of gasoline and diesel sold and in the average sales prices per gallon of gasoline and diesel sold in our West Texas marketing operations; and
- in our retail segment, increases in fuel sales primarily attributable to a 61.8% increase in average price charged per gallon sold.

YTD 2021 vs. YTD 2020

For the six months ended June 30, 2021 and 2020, we generated net revenues of \$4,583.7 million and \$3,356.7 million, respectively, an increase of \$1,227.0 million, or 36.6%. The increase in net revenues was primarily driven by the following factors:

- in our refining segment, increases in the average price of U.S. Gulf Coast gasoline of 81.3%, ultra-low sulfur diesel of 54.0%, and high-sulfur diesel of 52.2%;
- in our logistics segment, increases in the average sales prices per gallon of gasoline and diesel sold in our West Texas marketing operations, as well increased revenues associated with agreements executed in six months ended June 30, 2020, partially offset by decreased throughputs due to the impact of Winter Storm Uri; and
- in our retail segment, increases in fuel sales primarily attributable to a 34.1% increase in average price charged per gallon sold.

Total Operating Costs and Expenses

Cost of Materials and Other

Q2 2021 vs. Q2 2020

Cost of materials and other was \$1,995.8 million for the second quarter of 2021 compared to \$1,277.8 million for the second quarter of 2020, an increase of \$718.0 million, or 56.2%. The net increase in cost of materials and other was primarily driven by the following:

- increases in cost of crude oil feedstocks at the refineries, including a 122.3% increase in the average cost of WTI Cushing crude oil and a 123.1% increase in the average cost of WTI Midland crude oil;
- increases in average RINs costs during the second quarter of 2021 compared to the second quarter of 2020;
- the benefit of \$9.7 million related to the change in pre-tax inventory valuation recognized during the second quarter of 2021 compared to \$203.1 million recognized during the second quarter of 2020;
- increases in the average volumes and average cost per gallon of gasoline and diesel sold in our West Texas marketing operations; and
- an increase in retail cost of materials and other due to 86.5% increase in average cost per gallon sold applied to higher fuel sales volumes.

Such increases were partially offset by the following:

- a decrease in commodity hedging losses to a loss of \$22.9 million recognized during the second quarter of 2021 from a loss of \$153.7 million recognized during the second quarter of 2020.

YTD 2021 vs. YTD 2020

Cost of materials and other was \$4,201.3 million for the six months ended June 30, 2021 compared to \$3,188.4 million for the six months ended June 30, 2020, an increase of \$1,012.9 million, or 31.8%. The net increase in cost of materials and other was primarily driven by the following:

- increases in cost of crude oil feedstocks at the refineries, including a 64.0% increase in the average cost of WTI Cushing crude oil and a 65.5% increase in the average cost of WTI Midland crude oil;
- increases in average RINs costs during the six months ended June 30, 2021 compared to the six months ended June 30, 2020;
- an increase in hedging gains to a loss of \$28.2 million recognized during the six months ended June 30, 2021 from a loss of \$89.2 million recognized during the six months ended June 30, 2020;
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations; and
- an increase in retail fuel cost of materials and other primarily attributable to a 41.9% increase in average cost per gallon sold.

Such increases were partially offset by the following:

- the benefit (expense) of \$30.1 million related to the change in pre-tax inventory valuation recognized during the six months ended June 30, 2021 compared to \$(75.1) million recognized during the six months ended June 30, 2020.

Operating Expenses

Q2 2021 vs. Q2 2020

Operating expenses were \$161.1 million for the second quarter of 2021 compared to \$127.8 million for the second quarter of 2020, an increase of \$33.3 million, or 26.1%. The increase in operating expenses was primarily driven by the following:

- an increase in variable costs partially due to higher natural gas and electric costs at our refineries as well as higher chemical and catalyst costs driven by lower comparable year period at our Krotz Springs refinery; and
- increases in maintenance, outside services and lease costs due to continued costs associated with Winter Storm Uri as well as unit outages at certain of our refineries.

YTD 2021 vs. YTD 2020

Operating expenses were \$310.4 million for the six months ended June 30, 2021 compared to \$282.3 million for the six months ended June 30, 2020, a increase of \$28.1 million, or 10.0%. The increase in operating expenses was primarily driven by the following:

- an increase in variable expenses primarily associated with higher natural gas costs during the February 2021 severe freezing conditions that affected most of the regions where we operate; and
- increases in maintenance, outside services and lease costs due to continued costs associated with Winter Storm Uri as well as unit outages at certain of our refineries.

Such increases were partially offset by the following:

- a decrease in expenses at our El Dorado refinery due to current year turnaround activities; and
- decreases related to certain cost-cutting measures.

General and Administrative Expenses

Q2 2021 vs. Q2 2020

General and administrative expenses were \$58.6 million for the second quarter of 2021 compared to \$61.7 million for the second quarter of 2020, a decrease of \$3.1 million, or 5.0%. The decrease in general and administrative expense was primarily driven by the following:

- a decrease in contract services due to additional legal and consulting services associated with the drop downs in prior year and cost reduction measures.

YTD 2021 vs. YTD 2020

General and administrative expenses were \$105.7 million and \$127.4 million for the six months ended June 30, 2021 and 2020, respectively, a decrease of \$21.7 million, or 17.0%. The decrease in general and administrative expense was primarily driven by the following:

- a decrease in employee expenses partially due to additional severance costs incurred in prior year and suspension of matching contributions to our 401(k) plan for the six months ended June 30, 2021 while the plan was still in place during the six months ended June 30, 2020;
- a decrease in contract services due to additional legal and consulting services associated with the drop downs in prior year and cost reduction measures; and
- a decrease in travel related expense due to travel restrictions in place as a result of the COVID-19 Pandemic.

Depreciation and Amortization

Q2 2021 vs. Q2 2020

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$66.3 million for the second quarter of 2021 compared to \$59.6 million for the second quarter of 2020, an increase of \$6.7 million, or 11.2%. This increase was primarily due to depreciation associated with assets added during the El Dorado refinery turnaround in the first quarter of 2021, as well as other refining assets placed in service.

YTD 2021 vs. YTD 2020

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$134.8 million compared to \$112.2 million for the six months ended June 30, 2021 and 2020, respectively, an increase of \$22.6 million, or 20.1%, primarily due to depreciation associated with assets added during the Big Spring refinery turnaround in the first quarter of 2020 and the El Dorado refinery turnaround in 2021, as well as other refining assets placed in service.

Other Operating Income, Net**Q2 2021 vs. Q2 2020**

Other operating income, net decreased by \$9.3 million in the second quarter of 2021 to \$4.9 million compared to \$14.2 million in the second quarter of 2020.

YTD 2021 vs. YTD 2020

Other operating income, net decreased by \$11.9 million during the six months ended June 30, 2021 to \$3.0 million compared to \$14.9 million during the six months ended June 30, 2020.

Non-operating Expenses, Net**Interest Expense****Q2 2021 vs. Q2 2020**

Interest expense increased by \$3.4 million, or 11.4%, to \$33.2 million in the second quarter of 2021 compared to \$29.8 million in the second quarter of 2020, primarily driven by the following:

- an increase in the average effective interest rate of 0.28% in the second quarter of 2021 compared to the second quarter of 2020 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding); and
- an increase in net average borrowings outstanding (including the obligations under the Supply and Offtake Agreements which have an associated interest charge) of approximately \$128.7 million in the second quarter of 2021 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the second quarter of 2020.

YTD 2021 vs. YTD 2020

Interest expense decreased by \$3.3 million, or 5.0%, to \$62.8 million during the six months ended June 30, 2021 compared to \$66.1 million during the six months ended June 30, 2020, primarily driven by the following:

- a decrease in the average effective interest rate of 0.36% during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding), partially offset by an increase in net average borrowings outstanding (including the obligations under the supply and offtake agreements which have an associated interest charge) of approximately \$64.9 million during the six months ended June 30, 2021 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the six months ended June 30, 2020.

Results from Equity Method Investments**Q2 2021 vs. Q2 2020**

We recognized income of \$6.8 million from equity method investments during the second quarter of 2021, compared to \$10.7 million for the second quarter of 2020, a decrease of \$3.9 million. This decrease was primarily driven by the following:

- a decrease in income from our investment in W2W Holdings LLC to a loss of \$3.9 million in the second quarter of 2021 from a loss of \$0.9 million in the second quarter of 2020.

YTD 2021 vs. YTD 2020

During the six months ended June 30, 2021, we recognized income of \$11.6 million from equity method investments, compared to \$15.8 million for the six months ended June 30, 2020, an decrease of \$4.2 million. This decrease was primarily driven by the following:

- decrease in income from our logistics' equity method investments due to lower volumes as the impact of the February 2021 Winter Storm Uri was pervasive across all of our equity method investments' pipeline systems; and
- a decrease in income from our investment in W2W Holdings LLC to a loss of \$4.1 million in the second quarter of 2021 from a loss of \$2.0 million in the second quarter of 2020.

Other

During the three and six months ended June 30, 2020, we recognized a gain of \$56.9 million on the sale of our non-operating refinery located in Bakersfield, California. See Note 2 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information.

Income Taxes

Q2 2021 vs. Q2 2020

Income tax benefit increased by \$10.1 million in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- a pre-tax loss of \$118.5 million in the second quarter of 2021, as compared to income of \$62.6 million for the second quarter of 2020; and
- an increase in our effective tax rate which was 38.8% for the second quarter of 2021, compared to (57.3)% for the second quarter of 2020 primarily due to the following:
 - 2020 federal net operating loss carryback to a prior 35% tax rate year creating a 14% rate benefit reported as a discrete adjustment in the second quarter of 2020; and
 - changes in the second quarter estimated AETR applied to year-to-date loss for the second quarter of 2020 exceeded changes in AETR applied to year-to-date loss for the second quarter of 2021.

YTD 2021 vs. YTD 2020

Income tax benefit decreased by \$60.6 million during the six months ended June 30, 2021 compared to the same period for 2020, primarily driven by the following:

- pre-tax loss of \$222.2 million in the six months ended June 30, 2021, as compared to pre-tax loss of \$327.5 million for the six months ended June 30, 2020; and
- a decrease in our effective tax rate which was 26.3% for the six months ended June 30, 2021, compared to 36.3% for the six months ended June 30, 2020 primarily due to the following:
 - 2020 federal net operating loss carryback to a prior 35% tax rate year creating a 14% rate benefit reported as a discrete adjustment in the second quarter of 2020; and
 - the reversal of a valuation allowance attributable to book-tax basis differences in partnership investments reported as a discrete benefit in the first quarter of 2020.

Refining Segment

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

	Refining Segment Margins			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net revenues	\$ 2,415.7	\$ 1,077.0	\$ 4,155.8	\$ 2,804.9
Cost of materials and other	2,321.8	928.6	3,969.5	2,835.2
Refining margin	93.9	148.4	186.3	(30.3)
Operating expenses (excluding depreciation and amortization)	113.8	88.7	227.4	200.4
Contribution margin	\$ (19.9)	\$ 59.7	\$ (41.1)	\$ (230.7)

Factors Impacting Refining Profitability

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

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

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

The cost to acquire the refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Our retail merchandise sales are driven by convenience, customer service, competitive pricing and branding. Motor fuel margin is sales less the delivered cost of fuel and motor fuel taxes, measured on a cents per gallon basis. Our motor fuel margins are impacted by local supply, demand, weather, competitor pricing and product brand.

In addition to the above, it continues to be a strategic and operational objective to manage price and supply risk related to crude oil that is used in refinery production, and to develop strategic sourcing relationships. For that purpose, from a pricing perspective, we enter into

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

Finally, as part of our overall business strategy, we regularly evaluate opportunities to expand our portfolio of businesses and may at any time be discussing or negotiating a transaction that, if consummated, could have a material effect on our business, financial condition, liquidity or results of operations.

Refinery Statistics

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Tyler, TX Refinery				
Days in period	91	91	181	182
Total sales volume - refined product (average barrels per day) ⁽¹⁾	77,529	69,746	75,389	72,364
Products manufactured (average barrels per day):				
Gasoline	37,495	37,225	38,522	38,633
Diesel/Jet	30,449	27,897	29,102	27,650
Petrochemicals, LPG, natural gas liquids ("NGLs")	2,079	3,216	1,903	2,604
Other	1,633	1,319	1,552	1,281
Total production	71,656	69,657	71,079	70,168
Throughput (average barrels per day):				
Crude Oil	72,639	64,408	68,718	65,187
Other feedstocks	(384)	5,848	2,779	5,648
Total throughput	72,255	70,256	71,497	70,835
Total refining revenue (\$ in millions)	\$ 625.0	\$ 251.8	\$ 1,115.0	\$ 671.4
Cost of materials and other (\$ in millions)	588.3	44.1	1,029.5	610.6
Total refining margin (\$ in millions)	\$ 36.7	\$ 207.7	\$ 85.5	\$ 60.8
Per barrel of refined product sales:				
Tyler refining margin ⁽²⁾	\$ 5.20	\$ 32.72	6.26	\$ 4.62
Direct operating expenses	\$ 3.51	\$ 3.00	3.54	\$ 3.38
Crude Slate: (% based on amount received in period)				
WTI crude oil	86.7 %	94.2 %	90.6 %	93.3 %
East Texas crude oil	13.3 %	5.8 %	9.0 %	6.7 %
Other	— %	— %	0.4 %	— %
El Dorado, AR Refinery				
Days in period	91	91	181	182
Total sales volume - refined product (average barrels per day) ⁽¹⁾	55,381	76,059	52,561	76,805
Products manufactured (average barrels per day):				
Gasoline	26,143	34,346	21,872	35,376
Diesel	20,534	30,060	17,271	28,849
Petrochemicals, LPG, NGLs	808	2,063	780	2,062
Asphalt	5,997	6,049	4,840	6,345
Other	603	605	521	788
Total production	54,085	73,123	45,284	73,420
Throughput (average barrels per day):				
Crude Oil	54,086	71,406	44,479	71,514
Other feedstocks	1,451	2,369	1,558	2,506
Total throughput	55,537	73,775	46,037	74,020
Total refining revenue (\$ in millions)	\$ 489.5	\$ 343.3	\$ 926.2	\$ 955.2
Cost of materials and other (\$ in millions)	479.1	322.0	930.0	993.5
Total refining margin (\$ in millions)	\$ 10.4	\$ 21.3	\$ (3.8)	\$ (38.3)
Per barrel of refined product sales:				
El Dorado refining margin	\$ 2.06	\$ 3.08	\$ (0.39)	\$ (2.74)
Direct operating expenses	\$ 5.14	\$ 3.53	\$ 5.71	\$ 3.98
Crude Slate: (% based on amount received in period)				
WTI crude oil	48.9 %	51.4 %	46.9 %	42.9 %
Local Arkansas crude oil	20.4 %	14.7 %	25.1 %	17.0 %
Other	30.7 %	33.9 %	28.0 %	40.1 %

Refinery Statistics (continued)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Big Spring, TX Refinery				
Days in period	91	91	181	182
Total sales volume - refined product (average barrels per day) ⁽¹⁾	69,191	70,679	68,947	54,382
Products manufactured (average barrels per day):				
Gasoline	33,501	35,789	33,159	25,198
Diesel/Jet	25,492	27,924	23,226	18,860
Petrochemicals, LPG, NGLs	4,335	3,563	3,745	2,472
Asphalt	1,012	2,055	1,400	1,452
Other	1,491	1,208	1,448	844
Total production	65,831	70,539	62,977	48,826
Throughput (average barrels per day):				
Crude oil	69,731	70,327	64,772	50,116
Other feedstocks	(1,704)	1,483	(395)	78
Total throughput	68,027	71,810	64,377	50,194
Total refining revenue (\$ in millions)	\$ 615.1	\$ 292.6	\$ 1,117.1	\$ 702.4
Cost of materials and other (\$ in millions)	572.0	\$ 241.9	1,033.2	695.4
Total refining margin (\$ in millions)	\$ 43.1	\$ 50.7	\$ 83.9	\$ 7.0
Per barrel of refined product sales:				
Big Spring refining margin	\$ 6.84	\$ 7.88	\$ 6.72	\$ 0.71
Direct operating expenses	\$ 5.34	\$ 3.55	\$ 5.88	\$ 4.89
Crude Slate: (% based on amount received in period)				
WTI crude oil	66.4 %	83.9 %	64.7 %	75.1 %
WTS crude oil	33.6 %	16.1 %	35.3 %	24.9 %
Krotz Springs, LA Refinery				
Days in period	91	91	181	182
Total sales volume - refined product (average barrels per day) ⁽¹⁾	77,318	61,441	51,286	71,229
Products manufactured (average barrels per day):				
Gasoline	33,056	17,461	19,661	24,135
Diesel/Jet	26,611	21,742	15,370	26,337
Heavy Oils	868	215	527	473
Petrochemicals, LPG, NGLs	6,601	840	3,948	1,923
Other	6,705	18,871	8,948	14,704
Total production	73,841	59,129	48,454	67,572
Throughput (average barrels per day):				
Crude Oil	70,883	59,468	42,377	65,975
Other feedstocks	2,240	1,114	6,786	2,104
Total throughput	73,123	60,582	49,163	68,079
Total refining revenue (\$ in millions)	\$ 687.4	\$ 219.6	\$ 1,007.1	\$ 663.2
Cost of materials and other (\$ in millions)	668.4	223.1	974.0	677.7
Total refining margin (\$ in millions)	\$ 19.0	\$ (3.5)	\$ 33.1	\$ (14.5)
Per barrel of refined product sales:				
Krotz Springs refining margin	\$ 2.71	\$ (0.64)	\$ 3.56	\$ (1.12)
Direct operating expenses	\$ 3.96	\$ 3.53	\$ 5.19	\$ 3.47
Crude Slate: (% based on amount received in period)				
WTI Crude	65.0 %	69.7 %	67.9 %	67.7 %
Gulf Coast Sweet Crude	33.5 %	30.3 %	30.9 %	32.3 %
Other	1.5 %	— %	1.2 %	— %

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

⁽²⁾ Tyler's refining margin per barrel and the adjusted refining margin per barrel for the second quarter 2020 both reflect the \$111.0 million margin benefit of favorable fixed price crude cost transactions during the quarter, but exclude the offsetting realized hedging losses of approximately \$(111.0) million. Giving effect to the related hedging losses, the refining margin per barrel would have decreased by \$(17.49). Such margin impact was unusually large because of the historic volatility in the crude commodities market during the period.

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

Inter-refinery Sales				
(in barrels per day)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Tyler refined product sales to other Delek refineries	1,797	2,190	1,945	1,477
El Dorado refined product sales to other Delek refineries	961	1,074	704	446
Big Spring refined product sales to other Delek refineries	874	1,269	801	1,147
Krotz Springs refined product sales to other Delek refineries	590	197	297	245

Refinery Sales to Other Segments				
(in barrels per day)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Tyler refined product sales to other Delek segments	897	1,592	909	2,400
El Dorado refined product sales to other Delek segments	11	11	9	169
Big Spring refined product sales to other Delek segments	22,179	20,570	22,145	22,841
Krotz Springs refined product sales to other Delek segments	2,069	—	2,038	—

Pricing Statistics (average for the period presented)				
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
WTI — Cushing crude oil (per barrel)	\$ 66.19	\$ 29.77	\$ 62.21	\$ 37.93
WTI — Midland crude oil (per barrel)	\$ 66.41	\$ 29.77	\$ 62.74	\$ 37.90
WTS -- Midland crude oil (per barrel)	\$ 66.57	\$ 29.61	\$ 62.73	\$ 37.69
LLS (per barrel)	\$ 68.04	\$ 31.30	\$ 64.21	\$ 39.73
Brent crude oil (per barrel)	\$ 69.08	\$ 33.35	\$ 65.22	\$ 42.16
U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing HSD	\$ 11.89	\$ 3.66	\$ 11.04	\$ 6.28
U.S. Gulf Coast 5-3-2 crack spread (per barrel) ⁽¹⁾	\$ 16.72	\$ 6.67	\$ 15.20	\$ 8.74
U.S. Gulf Coast 3-2-1 crack spread (per barrel) ⁽¹⁾	\$ 18.29	\$ 7.08	\$ 16.38	\$ 9.32
U.S. Gulf Coast 2-1-1 crack spread (per barrel) ⁽¹⁾	\$ 9.79	\$ 2.35	\$ 8.75	\$ 5.35
U.S. Gulf Coast Unleaded Gasoline (per gallon)	\$ 1.99	\$ 0.81	\$ 1.85	\$ 1.02
Gulf Coast Ultra low sulfur diesel (per gallon)	\$ 1.95	\$ 0.91	\$ 1.83	\$ 1.19
U.S. Gulf Coast high sulfur diesel (per gallon)	\$ 1.67	\$ 0.73	\$ 1.58	\$ 1.04
Natural gas (per MMBTU) ⁽²⁾	\$ 2.98	\$ 1.75	\$ 2.85	\$ 1.81

⁽¹⁾ For our Tyler and El Dorado refineries, we compare our per barrel refining product margin to the Gulf Coast 5-3-2 crack spread consisting of WTI Cushing crude, U.S. Gulf Coast (CBOB) and U.S. Gulf Coast Pipeline No. 2 heating oil (ultra low sulfur diesel). For our Big Spring refinery, we compare our refined product margin to the Gulf Coast 3-2-1 crack spread consisting of WTI Cushing crude, Gulf Coast 87 Conventional gasoline and Gulf Coast ultra low sulfur diesel, and for our Krotz Springs refinery, we compare our per barrel refined product margin to the Gulf Coast 2-1-1 crack spread consisting of LLS crude oil, Gulf Coast 87 Conventional gasoline and U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel). The Tyler refinery's crude oil input is primarily WTI Midland and East Texas, while the El Dorado refinery's crude input is primarily a combination of WTI Midland, local Arkansas and other domestic inland crude oil. The Big Spring refinery's crude oil input is primarily comprised of WTS and WTI Midland. The Krotz Springs refinery's crude oil input is primarily comprised of LLS and WTI Midland.

⁽²⁾ One Million British Thermal Units ("MMBTU").

Refining Segment Operational Comparison of the Three and Six Months Ended June 30, 2021 versus the Three and Six Months Ended June 30, 2020

Net Revenues

Q2 2021 vs. Q2 2020

Net revenues for the refining segment increased by \$1,338.7 million, or 124.3%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- increases in the average price of U.S. Gulf Coast gasoline of 145.41%, ULSD of 114.67%, and HSD of 128.18%; and
- an increase in sales volumes of refined and purchased product of 0.3 million barrels and 1.0 million barrels, respectively.

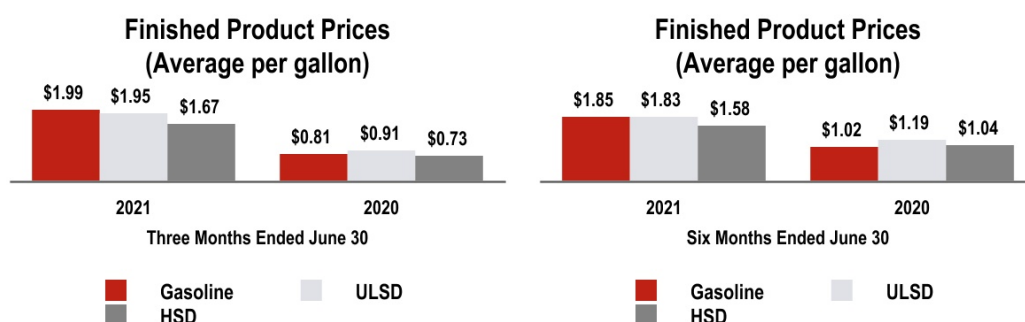
Net revenues included sales to our retail segment of \$91.8 million and \$40.4 million, sales to our logistics segment of \$74.1 million and \$29.7 million, and sales to our other segment of \$22.9 million and \$5.0 million for the three months ended June 30, 2021 and June 30, 2020, respectively. We eliminate this intercompany revenue in consolidation.

YTD 2021 vs. YTD 2020

Net revenues for the refining segment increased by \$1,350.9 million, or 48.2%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- increases in the average price of U.S. Gulf Coast gasoline of 81.3%, ULSD of 54.0%, and HSD of 52.2%; and
- decreases in sales volume of refined product totaling 5.0 million barrels, partially due to the temporary suspension of crude refining unit production at our Krotz Springs refinery from November 2020 through February 2021 and related turnaround activities, severe weather impacting our refineries in February 2021, and turnaround at our El Dorado refinery, partially offset by a 2.2 million barrel increase in purchased product sales and increased sales volumes at our Big Spring refinery which was in a turnaround in the prior year period.

Net revenues included sales to our retail segment of \$161.5 million and \$109.0 million, sales to our logistics segment of \$139.9 million and \$110.5 million and sales to our other segment of \$43.0 million and \$14.3 million for the six months ended June 30, 2021 and 2020, respectively. We eliminate this intercompany revenue in consolidation.



Cost of Materials and Other

Q2 2021 vs. Q2 2020

Cost of materials and other increased by \$1,393.2 million, or 150.0%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- increases in the cost of WTI Cushing crude oil, from an average of \$29.77 per barrel to an average of \$66.19, or 122.3%;
- increases in the cost of WTI Midland crude oil, from an average of \$29.77 per barrel to an average of \$66.41, or 123.1%;
- an increase attributable to the \$9.6 million change in pre-tax inventory valuation benefit recognized during the second quarter of 2021 compared to \$193.7 million recognized during the prior year period;
- increase in RINs costs from an average cost per RIN of \$0.40 and \$0.54 for ethanol and biodiesel RINs, respectively during the second quarter of 2020 to an average of \$1.62 and \$1.71 during the second quarter of 2021; and

- a 31% increase purchased product volumes sold.

These increases were partially offset by the following:

- a decrease in hedging losses to a loss \$22.6 million recognized during the second quarter of 2021 from a loss of \$146.8 million recognized during the second quarter of 2020.

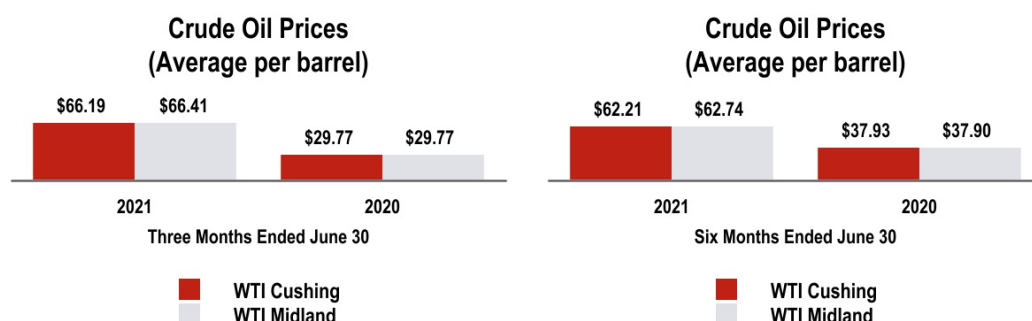
YTD 2021 vs. YTD 2020

Cost of materials and other increased by \$1,134.3 million, or 40.0%, during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- increases in the cost of WTI Cushing crude oil, from an average of \$37.93 per barrel to an average of \$62.21, or 64.0%;
- increases in the cost of WTI Midland crude oil, from an average of \$37.90 per barrel to an average of \$62.74, or 65.5%;
- increases in RINs costs from an average cost per RIN of \$0.34 and \$0.51 for ethanol and biodiesel RINs, respectively during the six months ended June 30, 2020 to an average of \$1.34 and \$1.44 during the six months ended June 30, 2021; and
- a 31% increase purchased product volumes sold.

These increases were partially offset by the following:

- the benefit (expense) of \$30.2 million related to the change in pre-tax inventory valuation recognized during the six months ended June 30, 2021 compared to \$(75.3) million recognized during the six months ended June 30, 2020; and
- a decrease in hedging losses to \$27.6 million recognized during the six months ended June 30, 2021 as compared to \$66.4 million recognized during the six months ended June 30, 2020.



Our refining segment purchases finished product from our logistics segment and has multiple service agreements with our logistics segment which, among other things, require the refining segment to pay terminalling and storage fees based on the throughput volume of crude and finished product in the logistics segment pipelines and the volume of crude and finished product stored in the logistics segment storage tanks, subject to minimum volume commitments. These costs and fees were \$101.9 million and \$90.0 million during the second quarters of 2021 and 2020, respectively, and \$197.7 million and \$195.7 million during the six months ended June 30, 2021 and 2020, respectively. We eliminate these intercompany fees in consolidation.

Refining Margin

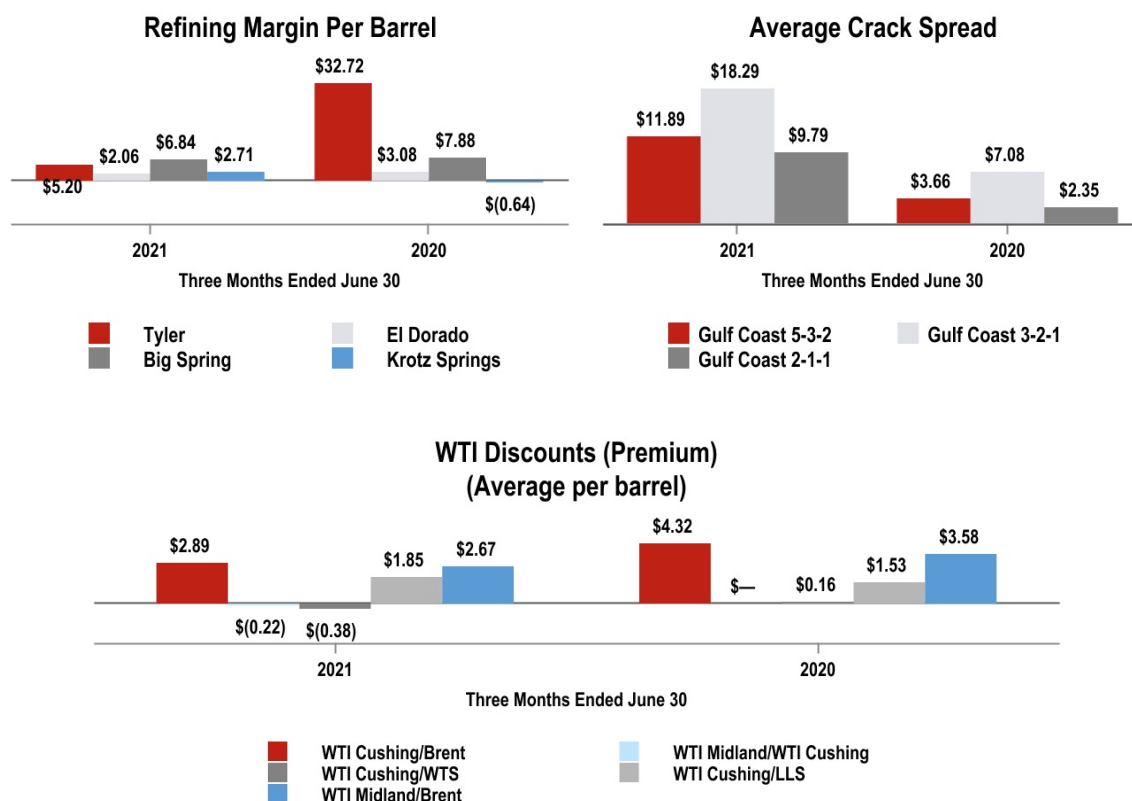
Q2 2021 vs. Q2 2020

Refining margin decreased by \$54.5 million, or 36.7%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- increases in average RINs costs in the second quarter of 2021 compared to the second quarter of 2020;
- a decrease attributable to the \$9.6 million change in pre-tax inventory valuation benefit recognized during the second quarter of 2021 compared to \$193.7 million recognized during the prior year period; and
- a 31% increase purchased product volumes sold, while overall sales increased only 4%.

Such decrease was partially offset by the following:

- a 224.9% improvement in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 158.3% improvement in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery), and a 316.6% improvement in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery); and
- a \$124.2 million decrease in hedging losses.



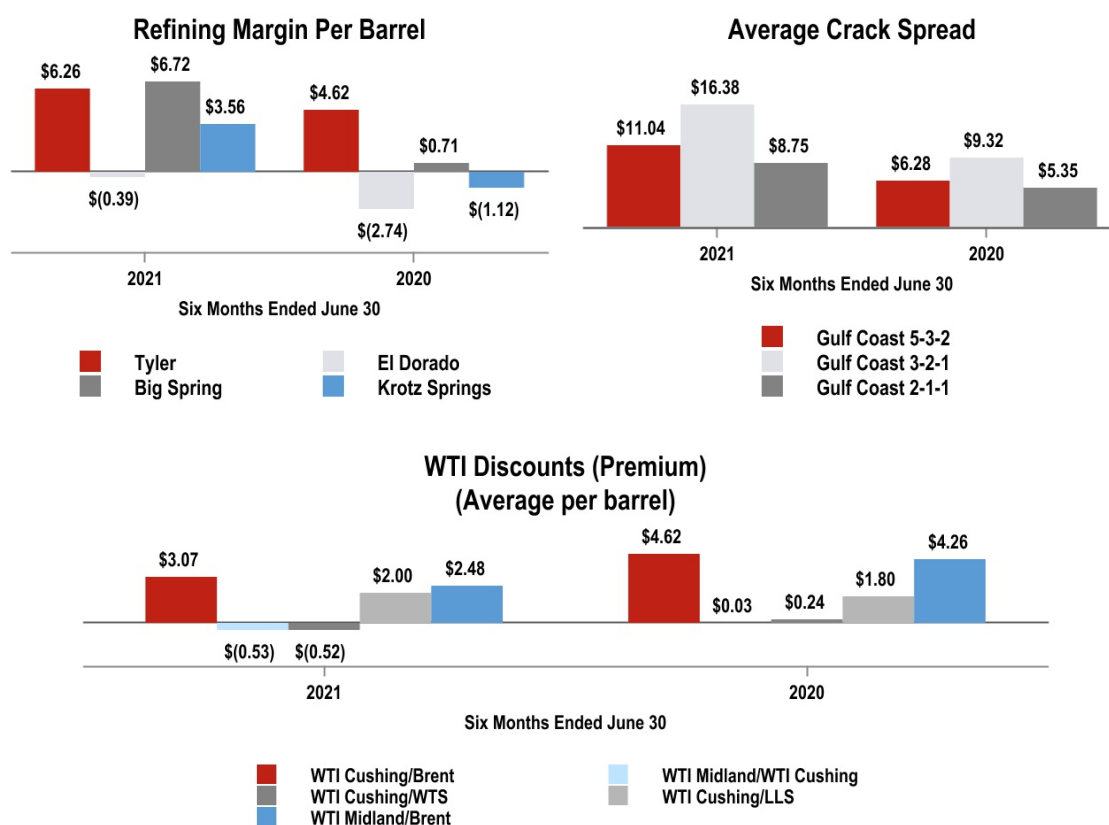
YTD 2021 vs. YTD 2020

Refining margin increased by \$216.6 million, or 714.9%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- a 75.8% improvement in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 75.8% decline in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery), and a 63.6% decline in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery);
- a \$38.8 million decrease in hedging losses; and
- an increase in reversal benefit of inventory valuation reserve of during the six months of 2021 compared to the prior year period.

These increases were partially offset by the following:

- increases in average RINs costs during the six months ended June 30, 2021 compared to the six months ended June 30, 2020; and
- a 31% increase purchased product volumes sold, while overall sales volumes decreased.



Operating Expenses

Q2 2021 vs. Q2 2020

Operating expenses increased by \$25.1 million, or 28.3%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- an increase outside services, maintenance and lease costs primarily due to continued repairs and equipment rentals related to Winter Storm Uri, unplanned unit outage at our Tyler refinery, and additional repairs at our Big Spring and Krotz Springs refineries; and
- an increase in variable cost primarily due to increased catalyst cost incurred at our Krotz Springs refinery and higher natural gas costs.

YTD 2021 vs. YTD 2020

Operating expenses increased by \$27.0 million, or 13.5%, during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- an increase outside services, maintenance and lease costs primarily due to continued repairs and equipment rentals related to Winter Storm Uri;
- an increase in utilities costs primarily associated with higher natural gas costs during the February 2021 related to Winter Storm Uri.

Such increases were offset by the following:

- a decrease in variable costs at our El Dorado refinery due to turnaround activities during the six months ended June 30, 2020

Contribution Margin**Q2 2021 vs. Q2 2020**

Contribution margin decreased by \$79.6 million, or a 6.4% decline in contribution margin percentage, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- a decrease in refining margin primarily driven by higher average RINs costs, a decrease in reversal benefit related to inventory valuation reserve and higher percentage of purchased product sold, partially offset by improved crack spreads and decrease in hedging losses; and
- an increase in operating expenses of \$25.1 million, or 28.3%.

YTD 2021 vs. YTD 2020

Contribution margin increased by \$189.6 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- an increase in refining margin primarily driven by an overall increase in the average crack spreads, an increase in reversal benefit related to inventory valuation reserves and decrease in hedging losses, partially offset by higher percentage of purchased product sold and increase in average RINs cost.

Such increase was offset by the following:

- an increase in operating expenses of \$27.0 million, or 13.5%

Logistics Segment

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

Logistics Contribution Margin and Operating Information				
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	\$ 168.5	\$ 117.7	\$ 321.4	\$ 281.1
Cost of materials and other	88.8	43.9	169.9	145.2
Operating expenses (excluding depreciation and amortization)	15.5	12.4	29.6	27.2
Contribution margin	\$ 64.2	\$ 61.4	\$ 121.9	\$ 108.7
Operating Information:				
East Texas - Tyler Refinery sales volumes (average bpd) ⁽¹⁾	74,565	65,028	73,271	68,839
Big Spring wholesale marketing throughputs (average bpd)	75,136	76,004	74,038	71,195
West Texas wholesale marketing throughputs (average bpd)	9,395	9,143	9,765	12,612
West Texas wholesale marketing margin per barrel	\$ 4.24	\$ 0.64	\$ 3.81	\$ 1.96
Terminalling throughputs (average bpd) ⁽²⁾	139,987	138,593	142,250	136,961
Throughputs (average bpd):				
<i>Lion Pipeline System:</i>				
Crude pipelines (non-gathered)	53,316	79,066	48,743	75,995
Refined products pipelines to Enterprise Systems	39,193	56,093	32,806	55,110
SALA Gathering System	17,430	9,447	14,670	13,449
East Texas Crude Logistics System	27,497	10,275	26,790	12,224
Big Spring Gathering Assets ⁽³⁾	79,589	105,162	76,672	105,162
Plains Connection System	122,529	—	115,484	—

⁽¹⁾ Excludes jet fuel and petroleum coke.

⁽²⁾ Consists of terminalling throughputs at our Tyler, Big Spring, Big Sandy and Mount Pleasant, Texas terminals, El Dorado and North Little Rock, Arkansas terminals and Memphis and Nashville, Tennessee terminals.

⁽³⁾ Prior-year period throughputs for the Big Spring Gathering Assets are for the 91 days we owned the assets following the Big Spring Gathering Assets Acquisition effective March 31, 2020.

Logistics Segment Operational Comparison of the Three and Six Months Ended June 30, 2021 versus the Three and Six Months Ended June 30, 2020

Net Revenues

Q2 2021 vs. Q2 2020

Net revenues increased by \$50.8 million, or 43.2%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- an increase in revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions, which were effective March 31, 2020 and May 1, 2020, respectively. Refer to Note 4 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information.
- increases in the average volumes of gasoline and diesel sold and in the average sales prices per gallon of gasoline and diesel sold in our West Texas marketing operations:
 - the average volumes of gasoline and diesel sold decreased by 0.3 million gallons and 0.7 million gallons, respectively.
 - the average sales prices of gasoline and diesel sold increased by \$1.14 per gallon and \$1.08 per gallon, respectively.

Net revenues included sales to our refining segment of \$101.9 million and \$90.0 million for the three months ended June 30, 2021 and June 30, 2020, respectively, and sales to our other segment of \$0.5 million and \$0.4 million for the three months ended June 30, 2021 and 2020, respectively. We eliminate this intercompany revenue in consolidation.

YTD 2021 vs. YTD 2020

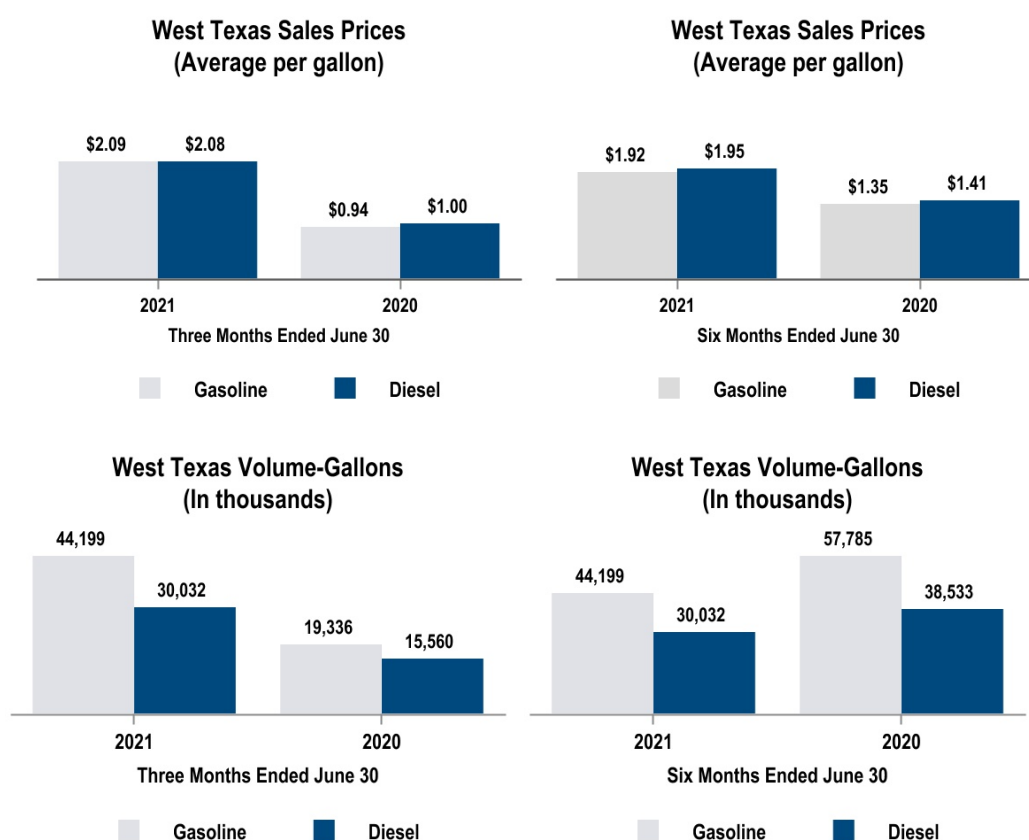
Net revenues increased by \$40.3 million, or 14.3%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- increased revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions, which were effective March 31, 2020 and May 1, 2020, respectively. Refer to Note 4 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information.
- increased revenues at our Big Spring Refinery Crude Pipeline (the "BSR Crude Pipeline"), as a result of new contracts executed in the second quarter of 2020, during the six months ended June 30, 2021 when compared to the six months ended June 30, 2020.
- increases in the average sales prices per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased \$0.57 per gallon and \$0.55 per gallon, respectively.
 - the average volumes of gasoline sold increased 13.6 million gallons, partially offset by a 8.5 million decrease of diesel gallons sold.

Such increases were partially offset by the following:

- decreases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate resulting in lower volumes outside of contractual minimum volume commitments during the six months ended June 30, 2021 when compared to the six months ended June 30, 2020.
- decreases in throughputs at the Paline pipeline due to scheduled pipeline maintenance.

Net revenues included sales to our refining segment of \$197.7 million and \$195.7 million for the six months ended June 30, 2021 and 2020, respectively, and sales to our other segment of \$0.9 million and \$1.2 million for the six months ended June 30, 2021 and 2020, respectively. We eliminate this intercompany revenue in consolidation.



Cost of Materials and Other

Q2 2021 vs. Q2 2020

Cost of materials and other for the logistics segment increased \$44.9 million, or 102.3%, in the second quarter of 2021 compared to the second quarter of 2020 primarily driven by the following:

- increases in the average cost per gallon of gasoline and diesel sold, and increases in the volume of diesel and gasoline sold in our West Texas marketing operations:
 - the average volumes of gasoline and diesel sold increased by 0.3 million gallons and 0.7 million gallons, respectively.
 - the average cost per gallon of gasoline and diesel sold increased \$1.21 per gallon and \$1.04 per gallon, respectively.

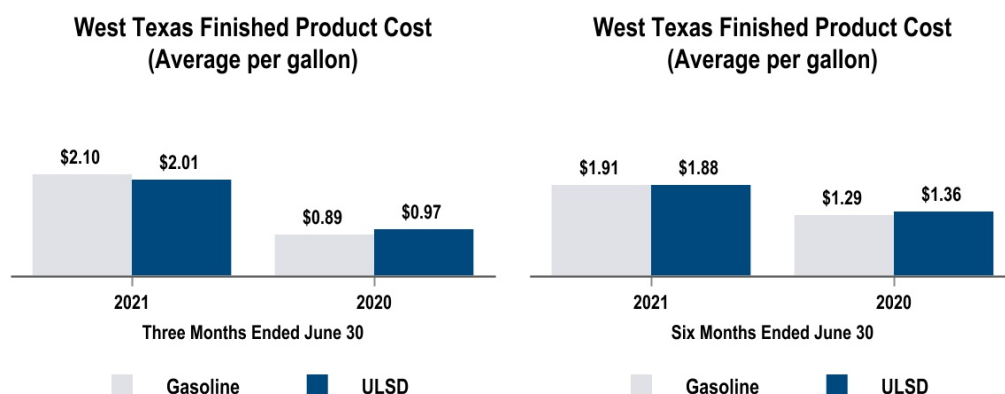
Our logistics segment purchased product from our refining segment of \$74.1 million and \$29.7 million for the three months ended June 30, 2021 and June 30, 2020, respectively. We eliminate these intercompany costs in consolidation.

YTD 2021 vs. YTD 2020

Cost of materials and other for the logistics segment increased \$24.7 million, or 17.0%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily driven by the following:

- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased \$0.62 per gallon and \$0.52 per gallon, respectively.
 - the average volumes of gasoline sold increased 13.6 million gallons, partially offset by a 8.5 million decrease of diesel gallons sold.

Our logistics segment purchased product from our refining segment of \$139.9 million and \$110.5 million for the six months ended June 30, 2021 and June 30, 2020, respectively. We eliminate these intercompany costs in consolidation.



Operating Expenses

Q2 2021 vs. Q2 2020

Operating expenses increased by \$3.1 million, or 25.0%, in the second quarter of 2021 compared to the second quarter of 2020, driven by the following:

- increases in employee and outside service costs due to reduction of cost cutting measures were implemented to respond to the COVID-19 Pandemic such as delaying non-essential projects; and
- increases in utilities and other variable expenses due to higher throughput.

YTD 2021 vs. YTD 2020

Operating expenses increased by \$2.4 million, or 8.8%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, driven by the following:

- increases in employee and outside service costs due to the reduction of cost cutting measures were implemented to respond to the COVID-19 Pandemic such as delaying non-essential projects;

- increases in variable expenses such as maintenance and materials costs due to higher throughput; and
- increases in utility costs as a result of significantly higher energy costs during the February 2021 severe freezing conditions that affected most of the regions where we operate.

Contribution Margin

Q2 2021 vs. Q2 2020

Contribution margin increased by \$2.8 million, or 4.6%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- an increase in volumes sold and increase in gross margin of \$3.60 per barrel in our West Texas marketing operations; and
- increases in revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions.

Such increases were partially offset by the following:

- an increase in operating expenses.

YTD 2021 vs. YTD 2020

Contribution margin increased by \$13.2 million, or 12.1%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- an increase in gross margin of \$1.85 per barrel in our West Texas marketing operations; and
- increases in revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions.

Such increases were partially offset by the following:

- a decrease in gasoline and diesel volumes sold in our West Texas marketing operations; and
- an increase in operating expenses.

Retail Segment

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

Retail Contribution Margins				
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	\$ 209.0	\$ 165.4	\$ 383.8	\$ 344.0
Cost of materials and other	164.7	119.6	301.2	263.7
Operating expenses (excluding depreciation and amortization)	22.4	21.5	43.8	43.7
Contribution margin	\$ 21.9	\$ 24.3	\$ 38.8	\$ 36.6

Operating Information				
Number of stores (end of period)	252	253	252	253
Average number of stores	252	253	252	253
Average number of fuel stores	247	248	247	248
Retail fuel sales	\$ 124.5	\$ 75.9	\$ 224.6	\$ 182.9
Retail fuel sales (thousands of gallons)	42,978	42,436	82,744	90,376
Average retail gallons sold per average number of fuel stores (in thousands)	174	171	336	365
Average retail sales price per gallon sold	\$ 2.90	\$ 1.79	\$ 2.71	\$ 2.02
Retail fuel margin (\$ per gallon) ⁽¹⁾	\$ 0.389	\$ 0.445	\$ 0.370	\$ 0.372
Merchandise sales (in millions)	\$ 84.5	\$ 89.4	\$ 159.2	\$ 161.1
Merchandise sales per average number of stores (in millions)	\$ 0.3	\$ 0.4	\$ 0.6	\$ 0.6
Merchandise margin %	32.7 %	30.8 %	32.7 %	31.1 %

Same-Store Comparison ⁽²⁾				
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Change in same-store fuel gallons sold	1.3 %	(19.7)%	(10.7)%	(13.9)%
Change in same-store merchandise sales	(5.4)%	13.1 %	(1.9)%	7.6 %

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

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

Retail Segment Operational Comparison of the Three and Six Months Ended June 30, 2021 versus the Three and Six Months Ended June 30, 2020

Net Revenue

Q2 2021 vs. Q2 2020

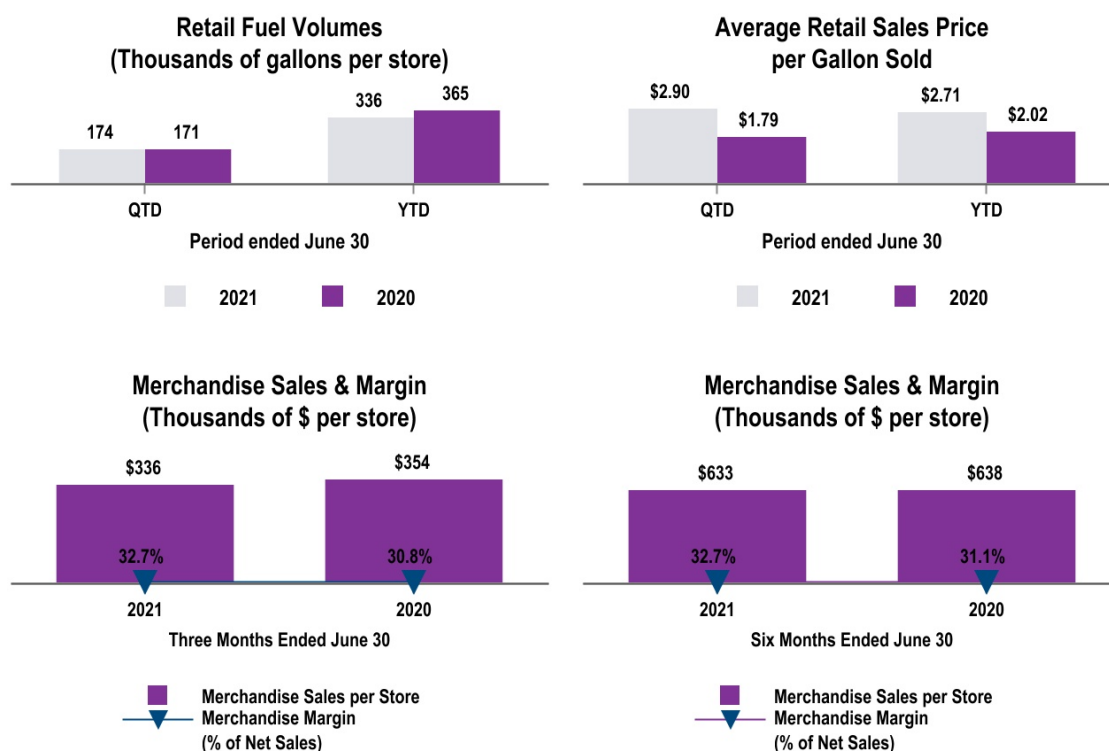
Net revenues for the retail segment increased by \$43.6 million, or 26.4%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- an increase in total fuel sales which were \$124.5 million in the second quarter of 2021 compared to \$75.9 million in the second quarter of 2020, primarily attributable to an increase of \$1.11 in average price charged per gallon sold; and
- slightly offset by a decrease in merchandise sales to \$84.5 million in the second quarter of 2021 compared to \$89.4 million in the second quarter of 2020 attributable to a same-store sales decrease of 5.4%.

YTD 2021 vs. YTD 2020

Net revenues for the retail segment increased by \$39.8 million, or 11.6%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- an increase in total fuel sales which were \$224.6 million in the six months of 2021 compared to \$182.9 million in the six months of 2020, primarily attributable to a \$0.69 increase in average price charged per gallon sold, slightly offset by a decrease in total retail fuel gallons sold; and
- slightly offset by a decrease in merchandise sales to \$159.2 million in the six months of 2021 compared to \$161.1 million in the six months of 2020, primarily driven by the same-store sales decrease of 1.9%

**Cost of Materials and Other****Q2 2021 vs. Q2 2020**

Cost of materials and other for the retail segment increased by \$45.1 million, or 37.7%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- an increase in average cost per gallon of \$1.16 or 86.5% applied to fuel sales volumes that increased period over period.

Our retail segment purchased finished product from our refining segment of \$91.8 million and \$40.4 million for the three months ended June 30, 2021 and June 30, 2020, respectively. We eliminate this intercompany cost in consolidation.

YTD 2021 vs. YTD 2020

Cost of materials and other for the retail segment increased by \$37.5 million, or 14.2%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily driven by the following:

- an increase in average cost per gallon of \$0.69 or 41.9% applied to fuel sales volumes that decreased slightly period over period.

Our retail segment purchased finished product from our refining segment of \$161.5 million and \$109.0 million for the six months ended June 30, 2021 and June 30, 2020, respectively. We eliminate this intercompany cost in consolidation.

Operating Expenses

Q2 2021 vs. Q2 2020

Operating expenses for the retail segment increased by \$0.9 million, or 4.2% in the second quarter of 2021 compared to the second quarter of 2020.

YTD 2021 vs. YTD 2020

Operating expenses for the retail segment increased by \$0.1 million, or 0.2% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Contribution Margin

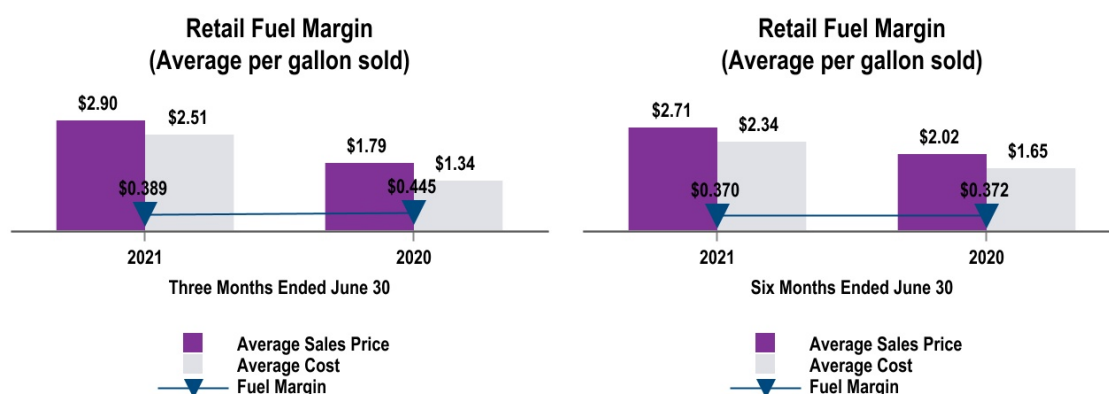
Q2 2021 vs. Q2 2020

Contribution margin for the retail segment decreased by \$2.4 million, or 9.9%, in the second quarter of 2021 compared to the second quarter of 2020, primarily driven by the following:

- a decrease in average fuel margin of \$0.0570 per gallon;
- a 5.5% decrease in merchandise sales, offset by an improvement in merchandise margin percentage of 2.0%;
- and a 4.2% increase in operating expenses.

YTD 2021 vs. YTD 2020

Contribution margin for the retail segment increased by \$2.2 million, or 6.0%, in the six months ended June 30, 2021, compared to the six months ended June 30, 2020, primarily driven by a 1.6% increase in merchandise margin.



Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are

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

At June 30, 2021 our total liquidity amounted to \$2.1 billion comprised primarily of \$694.1 million in unused credit commitments under the Delek Revolving Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements), \$561.2 million in unused credit commitments under the Delek Logistics Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements) and \$833.0 million in cash and cash equivalents. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash dividends and operational capital expenditures. In response to the COVID-19 Pandemic and the decline in oil prices, on November 5, 2020, we announced that we have elected to suspend dividends in order to conserve capital. Other funding sources including borrowings under existing credit agreements and issuance of equity and debt securities have been utilized to meet our funding requirements and support our growth capital projects and

acquisitions. In addition we have historically been able to source funding at terms that reflect market conditions, our financial position and our credit ratings. We continue to monitor market conditions, our financial position and our credit ratings and expect future funding sources to be at terms that are sustainable and profitable for the Company. However, there can be no assurances regarding the availability of any future debt or equity financings or whether such financings can be made available on terms that are acceptable to us; any execution of such financing activities will be dependent on the contemporaneous availability of functioning debt or equity markets. Additionally, new debt financing activities will be subject to the satisfaction of any debt incurrence limitation covenants in our existing financing agreements. Our debt limitation covenants in our existing financing documents are usual and customary for credit agreements of our type and reflective of market conditions at the time of their execution. Additionally, our ability to satisfy working capital requirements, to service our debt obligations, to fund planned capital expenditures, or to pay dividends will depend upon future operating performance, which will be affected by prevailing economic conditions in the oil industry and other financial and business factors, including the current COVID-19 Pandemic and oil prices, some of which are beyond our control.

If market conditions were to change, for instance due to the significant decline in oil prices or uncertainty created by the COVID-19 Pandemic, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be unfavorably impacted.

As of June 30, 2021, we believe we were in compliance with all of our debt maintenance covenants, where the most significant long-term obligation subject to such covenants was the Delek Logistics Credit Facility (see Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements). After considering the current effect of the uncertainty created by the COVID-19 Pandemic on our operations, we currently expect to remain in compliance with our existing debt maintenance covenants, though we can provide no assurances, particularly if conditions significantly worsen beyond our ability to predict. Additionally, we were in compliance with incurrence covenants during the quarter ended June 30, 2021 to the extent that any of our activities triggered these covenants. However, given the uncertainty around economic conditions arising from the COVID-19 Pandemic, it is at least reasonably possible that conditions could change significantly, and that such changes could adversely impact our ability to meet some of these incurrence covenants. Failure to meet the incurrence covenants could impose certain incremental restrictions on our ability to incur new debt and also may limit whether and the extent to which we may resume paying dividends, as well as impose additional restrictions on our ability to repurchase our stock, make new investments and incur new liens (among others). Such restrictions would generally remain in place until such quarter that we return to compliance under the applicable incurrence based covenants. In the event that we are subject to these incremental restrictions, we believe that we have sufficient current and alternative sources of liquidity, including (but not limited to) the following: available borrowings under our existing Wells Fargo Revolving Credit Facility, and for Delek Logistics, under its Delek Logistics Credit Facility (each as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements); the allowance to incur an additional \$200 million of secured debt under the Term Loan Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements); as well as the possibility of obtaining other secured and unsecured debt, raising capital through equity issuance, or taking advantage of transactional financing opportunities such as sale-leasebacks, each as otherwise contemplated and allowed under our incurrence covenants.

Cash Flows

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

	Consolidated	
	Six Months Ended June 30,	
	2021	2020
Cash Flow Data:		
Operating activities	\$ 134.9	\$ (323.1)
Investing activities	(118.7)	(155.9)
Financing activities	29.3	372.7
Net increase (decrease)	\$ 45.5	\$ (106.3)

Cash Flows from Operating Activities

Net cash provided by operating activities was \$134.9 million for the six months ended June 30, 2021, compared to net cash used of \$323.1 million for the comparable period of 2020. Cash receipts from customers and cash payments to suppliers and for salaries increased resulting in a net \$455.1 million increase in cash provided by operating activities. Additionally, cash paid for debt interest decreased by \$10.4 million. Partially offsetting these increases in cash provided were an increase in income taxes paid of \$3.8 million and a decrease in dividends received of \$3.7 million.

Cash Flows from Investing Activities

Net cash used in investing activities was \$118.7 million for the first six months of 2021, compared to \$155.9 million in the comparable period of 2020. The decrease in cash flows used in investing activities was primarily due to a decrease in cash purchases of property, plant and equipment which decreased from \$235.4 million in 2020, to \$132.7 million in 2021, partially attributable to delaying non-essential projects in light of the COVID-19 Pandemic. Additionally, equity method investment contributions decreased \$27.9 million primarily due to contributions made related to our Red River Pipeline Joint Venture and WWP Project Financing JV (each as defined in Note 5 of the condensed consolidated financial statements in Item 1. Financial Statements) for \$10.5 million and \$18.9 million, respectively, during the six months ended June 30, 2020. During the six months ended June 30, 2021, we contributed \$1.4 million related to our Red River Pipeline Joint Venture and \$0.1 million related to our WWP Project Financing JV.

These decreases in cash used in investing activities were partially offset by distributions received in the prior year from our WWP Project Financing JV to return excess capital contributions made in the amount of \$69.3 million and proceeds of \$39.9 million from the sale of the Bakersfield refinery in the prior year for which there was no comparable activity in the current year period.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$29.3 million for the six months ended June 30, 2021, compared to \$372.7 million in the comparable 2020 period. This decrease in cash provided was predominantly due to net payments on long-term revolvers and term debt of \$101.5 million during the six months ended June 30, 2021, compared to net proceeds of \$385.4 million in the comparable 2020 period.

Such decreases were partially offset by an increase in net proceeds from inventory financing arrangements to \$156.0 million for the six months ended June 30, 2021 compared to \$59.9 million in the comparable 2020 period. Additionally, cash provided increased \$46.0 million due to suspension of dividends in the fourth quarter of 2020.

Cash Position, Indebtedness and Other Financing Arrangements

As of June 30, 2021, our total cash and cash equivalents were \$833.0 million and we had total long-term indebtedness of approximately \$2,244.3 million. The total long-term indebtedness is net of deferred financing costs and debt discount of \$11.8 million and \$21.6 million, respectively. Additionally, we had letters of credit issued of approximately \$305.9 million. Total unused credit commitments or borrowing base availability, as applicable, under our revolving credit facilities was approximately \$1,272.3 million. Our total long-term indebtedness consisted of the following:

- an aggregate principal amount of \$1,266.5 million under the Term Loan Credit Facility, due on March 30, 2025, with effective interest rate of 3.53%;
- an aggregate principal amount of \$39.4 million in outstanding borrowings under the Delek Hapoalim Term Loan, due on December 31, 2022, with effective interest rate of 3.53%;
- an aggregate principal amount of \$288.8 million under the Delek Logistics Credit Facility, due on September 28, 2023, with average borrowing rate of 2.50%;
- an aggregate principal amount of \$250.0 million under the Delek Logistics 2025 Notes, due in 2025, with effective interest rate of 7.21%;
- an aggregate principal amount of \$400.0 million under the Delek Logistics 2028 Notes, due in 2028, with effective interest rate of 7.41%;
- an aggregate principal amount of \$33.0 million under the Reliant Bank Revolver, due on June 30, 2022, with fixed interest rate of 4.50%; and
- the Revolving Credit Facility, due on March 30, 2023, with average borrowing rate of 3.50%, no principal amount outstanding.

See Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information about our separate credit facilities included in long-term indebtedness.

Additionally, we also utilize other financing arrangements to finance operating assets and/or, from time to time, to monetize other assets that may not be needed in the near term, when internal cost of capital and other criteria are met. Such arrangements include our supply and offtake arrangements, which finance a significant portion of our first-in, first-out inventory at the refineries and, from time to time, RINs or other non-inventory product financing liabilities. Our supply and offtake obligation with J. Aron amounted to \$496.3 million at June 30, 2021, \$329.0 million of which is due on December 30, 2022, except that a portion (not to exceed \$28.6 million) of this otherwise long-term component is subject to potential earlier payment under the Periodic Price Adjustment provision. See Note 7 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information about our supply and offtake facilities. Our product financing liabilities consisted primarily of RIN financings as of June 30, 2021, and totaled \$358.8 million, all of which is due by December 31, 2021. See further description of these types of arrangements in the Environmental Credits and Related Regulatory Obligations accounting policy disclosed in Note 2 to our audited consolidated financial statements included Item 8. Financial Statements and Supplementary Data, of our December 31, 2020 Annual Report on Form 10-K. For both arrangements and the related commitments, see also our "Contractual Obligations" section included in Item 2. Management's Discussion and Analysis.

Capital Spending

A key component of our long-term strategy is our capital expenditure program. Our capital expenditures for the six months ended June 30, 2021 were \$132.7 million, of which approximately \$118.5 million was spent in our refining segment, \$10.4 million in our logistics segment, \$1.3 million in our retail segment and \$2.5 million at the holding company level. The following table summarizes our actual capital expenditures for the six months ended June 30, 2021 and planned capital expenditures for the full year 2021 by operating segment and major category (in millions):

	Full Year 2021 Forecast	Six Months Ended June 30, 2021
Refining		
Sustaining maintenance, including turnaround activities ⁽¹⁾	\$ 133.4	\$ 117.4
Regulatory	2.6	1.0
Discretionary projects	0.1	0.1
Refining segment total	136.1	118.5
Logistics		
Regulatory	7.3	1.1
Sustaining maintenance	3.8	0.5
Discretionary projects	18.4	8.8
Logistics segment total	29.5	10.4
Retail		
Regulatory	—	—
Sustaining maintenance	2.8	0.9
Discretionary projects	1.8	0.4
Retail segment total	4.6	1.3
Other		
Regulatory	3.4	0.9
Sustaining maintenance	3.8	1.1
Discretionary projects	3.2	0.5
Other total	10.4	2.5
Total capital spending	\$ 180.6	\$ 132.7

⁽¹⁾ Excludes potential additional capital expenditures associated with the effects of Winter Storm Uri and/or the El Dorado fire that are not yet determinable and/or which we reasonably expect to be covered under our applicable insurance policies and likewise reimbursable by insurance recoveries.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects or scheduled maintenance activities. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could exceed our projections. Our capital expenditure budget may also be revised as management continues to evaluate projects for reliability or profitability.

We have no material off-balance sheet arrangements through the date of the filing of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

These disclosures should be read in conjunction with the condensed consolidated financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other information presented herein, as well as in the "Quantitative and Qualitative Disclosures About Market Risk" section contained in our Annual Report on Form 10-K, filed on March 1, 2021.

Price Risk Management Activities

At times, we enter into the following instruments/transactions in order to manage our market-indexed pricing risk: commodity derivative contracts which we use to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of

refined products or to fix margins on future production; and future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs obligations and meet the definition of derivative instruments under ASC 815, *Derivatives and Hedging* ("ASC 815"). In accordance with ASC 815, all of these commodity contracts and future purchase commitments are recorded at fair value, and any change in fair value between periods has historically been recorded in the profit and loss section of our condensed consolidated financial statements. Occasionally, at inception, the Company will elect to designate the commodity derivative contracts as cash flow hedges under ASC 815. Gains or losses on commodity derivative contracts accounted for as cash flow hedges are recognized in other comprehensive income on the condensed consolidated balance sheets and, ultimately, when the forecasted transactions are completed, in net revenues or cost of materials and other in the condensed consolidated statements of income.

The following table sets forth information relating to our open commodity derivative contracts as of June 30, 2021 (\$ in millions):

Contract Description	Total Outstanding		Notional Contract Volume by Year of Maturity		
	Fair Value	Notional Contract Volume	2021	2022	2023
Contracts not designated as hedging instruments:					
Crude oil price swaps - long ⁽¹⁾	\$ 35.4	15,924,000	14,994,000	930,000	—
Crude oil price swaps - short ⁽¹⁾	(35.5)	13,989,000	13,989,000	—	—
Inventory, refined product and crack spread swaps - long ⁽¹⁾	42.2	89,425,000	30,225,000	44,400,000	14,800,000
Inventory, refined product and crack spread swaps - short ⁽¹⁾	(61.0)	90,394,000	31,194,000	44,400,000	14,800,000
Natural gas swaps - long ⁽²⁾	—	—	—	—	—
Natural gas swaps - short ⁽²⁾	—	—	—	—	—
RIN commitment contracts - long ⁽³⁾	40.7	81,960,000	81,960,000	—	—
RIN commitment contracts - short ⁽³⁾	0.1	1,500,000	1,500,000	—	—
Total	\$ 21.9	293,192,000	173,862,000	89,730,000	29,600,000

⁽¹⁾ Volume in barrels

⁽²⁾ Volume in MMBTU

⁽³⁾ Volume in RINs

Interest Risk Management Activities

We have market exposure to changes in interest rates relating to our outstanding floating rate borrowings, which totaled approximately \$1,594.7 million as of June 30, 2021. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt as of June 30, 2021 would be to change interest expense by approximately \$15.9 million.

Commodity Derivatives Trading Activities

We enter into active trading positions in a variety of commodity derivatives, which include forward physical contracts, swap contracts, and futures contracts. These trading activities are undertaken by using a range of contract types in combination to create incremental gains by capitalizing on crude oil supply and pricing seasonality. These contracts all had remaining durations of less than one year as of June 30, 2021, and are classified as held for trading and are recognized at fair value with changes in fair value recognized in the income statement.

The following table sets forth information relating to commodity derivative contracts held for trading purposes as of June 30, 2021:

Contract Description	Less than 1 year
Over the counter forward sales contracts (crude)	
Notional contract volume ⁽¹⁾	1,701,878
Weighted-average market price (per barrel)	\$ 58.69
Contractual volume at fair value (in millions)	\$ 99.9
Over the counter forward purchase contracts (crude)	
Notional contract volume ⁽¹⁾	1,100,112
Weighted-average market price (per barrel)	\$ 59.46
Contractual volume at fair value (in millions)	\$ 65.4

⁽¹⁾ Volume in barrels

ITEM 4. CONTROLS AND PROCEDURES

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

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the second quarter of 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Although we have a flexible work schedule that allows both on-site and remote work arrangements for employees, we have not experienced a material impact to our internal control over financial reporting. We are continually monitoring and assessing the COVID-19 Pandemic to minimize the impact on the design and operating effectiveness of our internal controls.

Part II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 11 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information. Aside from the disclosure in Note 11, there have been no material developments to the proceedings previously reported in our Annual Report on Form 10-K filed on March 1, 2021.

ITEM 1A. RISK FACTORS

There were no material changes during the six months ended June 30, 2021 to the risk factors identified in the Company's fiscal 2020 Annual Report on Form 10-K, except as described below.

Stockholder activism may negatively impact the price of our common stock.

Our stockholders may from time to time engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes or acquire control over us. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming, disrupting our operations and diverting the attention of our Board of Directors and senior management from the pursuit of business strategies. If individuals are elected or appointed to our Board of Directors who do not agree with our strategic plans, it may adversely affect the ability of our Board of Directors to function effectively and our ability to effectively and timely implement our strategic plans and create additional value for our stockholders. As a result, stockholder campaigns could adversely affect our results of operations, financial condition and cash flows.

In January 2021, CVR Energy, Inc. ("CVR Energy"), the owner (at that time) of approximately 15% of our outstanding common stock, proposed three director candidates to be considered at our 2021 Annual Meeting. CVR Energy also proposed a series of operational and strategic changes to our business. On May 6, 2021, our stockholders rejected CVR Energy's director candidates and voted to elect all eight of Delek's nominees. As a result of the contested director election, we incurred significant costs during 2021.

Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team arising from future proposals from stockholders could lead to the perception of a change in the direction of our business or instability which may be exploited by our competitors, result in the loss of potential business opportunities, and make it more difficult to pursue our strategic initiatives or attract and retain qualified personnel and business partners, any of which could have an adverse effect, which may be material, on our business and operating results.

In addition, actions such as those described above could cause significant fluctuations in the trading prices of our common stock based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Likewise, to the extent that we implement any proposals made by any of our shareholders, the resulting changes in our business, assets, results of operations and financial condition could be material and could have an impact, which may be material, on the market price of our common stock.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
<u>4.1</u>	<u>Indenture, dated as of May 24, 2021, among Delek Logistics, Delek Logistics Finance Corp., the Guarantors named therein and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of Delek Logistics' Form 8-K filed on May 26, 2021).</u>
<u>4.2</u>	<u>Form of 7.125% Senior Note due 2028 (incorporated by reference to Exhibit 4.2 of the Partnership's Form 8-K filed on May 26, 2021).</u>
<u>10.1</u>	<u>Third Amendment to the Delek US Holdings, Inc. 2016 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.4 of the Company's Form S-8 filed on June 10, 2021).</u>
<u>31.1</u>	<u># Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</u>
<u>31.2</u>	<u># Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</u>
<u>32.1</u>	<u>### Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2</u>	<u>### Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three and six months ended June 30, 2021 and 2020 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2021 and 2020 (Unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and six months ended June 30, 2021 and 2020 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020 (Unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	The cover page from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, has been formatted in Inline XBRL.
#	Filed herewith
###	Furnished herewith

SIGNATURES

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

Delek US Holdings, Inc.

By: /s/ Ezra Uzi Yemin
Ezra Uzi Yemin
Director (Chairman), President and Chief Executive Officer
(Principal Executive Officer)

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

Dated: August 5, 2021

**Certification by Chief Executive Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Ezra Uzi Yemin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ezra Uzi Yemin

Ezra Uzi Yemin,

President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 5, 2021

**Certification by Chief Financial Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Reuven Spiegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Dated: August 5, 2021

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ezra Uzi Yemin, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

By: /s/ Ezra Uzi Yemin

Ezra Uzi Yemin,

President and Chief Executive Officer

(Principal Executive Officer)

Dated: August 5, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Reuven Spiegel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

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

Dated: August 5, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.