

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

(Mark One)

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

For the quarterly period ended September 30, 2023

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.)



310 Seven Springs Way, Suite 500

Brentwood Tennessee

37027

(Address of principal executive offices)

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

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

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

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

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

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

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

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

Delek US Holdings, Inc.

Quarterly Report on Form 10-Q

For the Quarterly Period Ended September 30, 2023

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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)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 901.7	\$ 841.3
Accounts receivable, net	1,166.9	1,234.4
Inventories, net of inventory valuation reserves	1,179.2	1,518.5
Other current assets	85.6	122.7
Total current assets	<u>3,333.4</u>	<u>3,716.9</u>
Property, plant and equipment:		
Property, plant and equipment	4,603.1	4,349.0
Less: accumulated depreciation	(1,768.3)	(1,572.6)
Property, plant and equipment, net	<u>2,834.8</u>	<u>2,776.4</u>
Operating lease right-of-use assets	160.3	179.5
Goodwill	744.3	744.3
Other intangibles, net	300.4	315.6
Equity method investments	371.2	359.7
Other non-current assets	124.6	100.4
Total assets	<u>\$ 7,869.0</u>	<u>\$ 8,192.8</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,006.8	\$ 1,745.6
Current portion of long-term debt	29.5	74.5
Current portion of obligation under Inventory Intermediation Agreement	—	49.9
Current portion of operating lease liabilities	49.9	49.6
Accrued expenses and other current liabilities	916.5	1,166.8
Total current liabilities	<u>3,002.7</u>	<u>3,086.4</u>
Non-current liabilities:		
Long-term debt, net of current portion	2,608.5	2,979.2
Obligation under Inventory Intermediation Agreement	502.2	491.8
Environmental liabilities, net of current portion	111.6	111.5
Asset retirement obligations	42.9	41.8
Deferred tax liabilities	304.2	266.5
Operating lease liabilities, net of current portion	106.8	122.4
Other non-current liabilities	33.1	23.7
Total non-current liabilities	<u>3,709.3</u>	<u>4,036.9</u>
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, 82,241,519 shares and 84,509,517 shares issued at September 30, 2023 and December 31, 2022, respectively	0.8	0.9
Additional paid-in capital	1,116.4	1,134.1
Accumulated other comprehensive loss	(5.3)	(5.2)
Treasury stock, 17,575,527 shares, at cost, at September 30, 2023 and December 31, 2022, respectively	(694.1)	(694.1)
Retained earnings	619.9	507.9
Non-controlling interests in subsidiaries	119.3	125.9
Total stockholders' equity	<u>1,157.0</u>	<u>1,069.5</u>
Total liabilities and stockholders' equity	<u>\$ 7,869.0</u>	<u>\$ 8,192.8</u>

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenues	\$ 4,748.4	\$ 5,324.9	\$ 12,868.3	\$ 15,766.6
Cost of sales:				
Cost of materials and other	4,122.1	4,916.0	11,328.3	14,151.1
Operating expenses (excluding depreciation and amortization presented below)	217.7	201.3	577.2	536.4
Depreciation and amortization	83.7	66.5	243.1	192.0
Total cost of sales	<u>4,423.5</u>	<u>5,183.8</u>	<u>12,148.6</u>	<u>14,879.5</u>
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	22.7	28.2	80.8	89.6
General and administrative expenses	72.0	59.3	219.3	231.8
Depreciation and amortization	7.6	6.4	21.0	17.2
Other operating income, net	(2.1)	(5.8)	(19.0)	(44.5)
Total operating costs and expenses	<u>4,523.7</u>	<u>5,271.9</u>	<u>12,450.7</u>	<u>15,173.6</u>
Operating income	224.7	53.0	417.6	593.0
Interest expense, net	82.3	50.7	239.2	132.7
Income from equity method investments	(27.0)	(17.8)	(67.1)	(44.4)
Other expense (income), net	1.8	(0.7)	(4.8)	(3.0)
Total non-operating expense, net	<u>57.1</u>	<u>32.2</u>	<u>167.3</u>	<u>85.3</u>
Income before income tax expense	167.6	20.8	250.3	507.7
Income tax expense	31.5	4.0	43.5	107.5
Net income	136.1	16.8	206.8	400.2
Net income attributed to non-controlling interests	7.4	9.4	22.1	24.4
Net income attributable to Delek	<u>\$ 128.7</u>	<u>\$ 7.4</u>	<u>\$ 184.7</u>	<u>\$ 375.8</u>
Basic income per share	<u>\$ 1.98</u>	<u>\$ 0.11</u>	<u>\$ 2.80</u>	<u>\$ 5.26</u>
Diluted income per share	<u>\$ 1.97</u>	<u>\$ 0.10</u>	<u>\$ 2.78</u>	<u>\$ 5.21</u>
Weighted average common shares outstanding:				
Basic	64,889,504	70,471,645	65,864,141	71,494,332
Diluted	<u>65,464,970</u>	<u>71,109,364</u>	<u>66,372,335</u>	<u>72,148,638</u>

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 136.1	\$ 16.8	\$ 206.8	\$ 400.2
Other comprehensive loss:				
Other loss, net of taxes	—	(0.1)	(0.1)	(0.2)
Total other comprehensive loss	—	(0.1)	(0.1)	(0.2)
Comprehensive income	\$ 136.1	\$ 16.7	\$ 206.7	\$ 400.0
Comprehensive income attributable to non-controlling interest	7.4	9.4	22.1	24.4
Comprehensive income attributable to Delek	<u>\$ 128.7</u>	<u>\$ 7.3</u>	<u>\$ 184.6</u>	<u>\$ 375.6</u>

See accompanying notes to the 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 September 30, 2023

	Three Months Ended September 30, 2023								Non-Controlling Interest in Subsidiaries	Total Stockholders' Equity		
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock						
	Shares	Amount				Shares	Amount					
Balance at June 30, 2023	83,150,295	\$ 0.8	\$ 1,121.8	\$ (5.3)	\$ 518.1	(17,575,527)	\$ (694.1)	\$ 121.6	\$ 1,062.9			
Net income	—	—	—	—	128.7	—	—	7.4	7.4	136.1		
Common stock dividends (\$0.235 per share)	—	—	—	—	(15.2)	—	—	—	—	(15.2)		
Distributions to non-controlling interests	—	—	—	—	—	—	—	(9.7)	(9.7)			
Equity-based compensation expense	—	—	8.0	—	—	—	—	0.2	8.2			
Repurchase of common stock	(981,690)	—	(13.3)	—	(11.7)	—	—	—	—	(25.0)		
Taxes paid due to the net settlement of equity-based compensation	—	—	(0.7)	—	—	—	—	(0.3)	(0.3)	(1.0)		
Exercise of equity-based awards	48,154	—	—	—	—	—	—	—	—	—		
Other	24,760	—	0.6	—	—	—	—	0.1	0.1	0.7		
Balance at September 30, 2023	82,241,519	\$ 0.8	\$ 1,116.4	\$ (5.3)	\$ 619.9	(17,575,527)	\$ (694.1)	\$ 119.3	\$ 1,157.0			

Three Months Ended September 30, 2022

	Three Months Ended September 30, 2022								Non-Controlling Interest in Subsidiaries	Total Stockholders' Equity		
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock						
	Shares	Amount				Shares	Amount					
Balance at June 30, 2022	88,610,583	\$ 0.9	\$ 1,159.1	\$ (3.9)	\$ 753.0	(17,575,527)	\$ (694.1)	\$ 122.4	\$ 1,337.4			
Net income	—	—	—	—	7.4	—	—	9.4	9.4	16.8		
Common stock dividends (\$0.40 per share)	—	—	—	—	(28.3)	—	—	—	—	(28.3)		
Distributions to non-controlling interests	—	—	—	—	—	—	—	(9.2)	(9.2)			
Equity-based compensation expense	—	—	7.7	—	—	—	—	0.1	0.1	7.8		
Repurchase of common stock	(1,435,602)	—	(40.0)	—	—	—	—	—	—	(40.0)		
Taxes paid due to the net settlement of equity-based compensation	—	—	(1.1)	—	—	—	—	—	—	(1.1)		
Exercise of equity-based awards	53,522	—	—	—	—	—	—	—	—	—		
Other	—	—	—	(0.1)	(0.3)	—	—	—	—	(0.4)		
Balance at September 30, 2022	87,228,503	\$ 0.9	\$ 1,125.7	\$ (4.0)	\$ 731.8	(17,575,527)	\$ (694.1)	\$ 122.7	\$ 1,283.0			

Delek US Holdings, Inc.

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

	Nine Months Ended September 30, 2023								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Shares		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount			Shares	Amount			
Balance at December 31, 2022	84,509,517	\$ 0.9	\$ 1,134.1	\$ (5.2)	\$ 507.9	(17,575,527)	\$ (694.1)	\$ 125.9	\$ 1,069.5
Net income	—	—	—	—	184.7	—	—	22.1	206.8
Common stock dividends (\$0.685 per share)	—	—	—	—	(44.9)	—	—	—	(44.9)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(28.8)	(28.8)
Equity-based compensation expense	—	—	20.0	—	—	—	—	0.5	20.5
Repurchase of common stock	(2,793,317)	(0.1)	(37.7)	—	(27.6)	—	—	—	(65.4)
Taxes paid due to the net settlement of equity-based compensation	—	—	(4.1)	—	—	—	—	(0.5)	(4.6)
Exercise of equity-based awards	409,993	—	—	—	—	—	—	—	—
Other	115,326	—	4.1	(0.1)	(0.2)	—	—	0.1	3.9
Balance at September 30, 2023	82,241,519	\$ 0.8	\$ 1,116.4	\$ (5.3)	\$ 619.9	(17,575,527)	\$ (694.1)	\$ 119.3	\$ 1,157.0
Nine Months Ended September 30, 2022									
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount			Shares	Amount			
Balance at December 31, 2021	91,772,080	\$ 0.9	\$ 1,206.5	\$ (3.8)	\$ 384.7	(17,575,527)	\$ (694.1)	\$ 119.8	\$ 1,014.0
Net income	—	—	—	—	375.8	—	—	24.4	400.2
Common stock dividends (\$0.40 per share)	—	—	—	—	(28.3)	—	—	—	(28.3)
Equity-based compensation expense	—	—	20.1	—	—	—	—	0.3	20.4
Distributions to non-controlling interests	—	—	—	—	—	—	—	(26.9)	(26.9)
Sale of Delek Logistics common limited partner units, net	—	—	8.5	—	—	—	—	5.1	13.6
Repurchase of common stock	(1,435,602)	—	(40.0)	—	—	—	—	—	(40.0)
Purchase of Delek common stock from IEP Energy Holding LLC	(3,497,268)	—	(64.0)	—	—	—	—	—	(64.0)
Taxes paid due to the net settlement of equity-based compensation	—	—	(5.4)	—	—	—	—	—	(5.4)
Exercise of equity-based awards	389,293	—	—	—	—	—	—	—	—
Other	—	—	—	(0.2)	(0.4)	—	—	—	(0.6)
Balance at September 30, 2022	87,228,503	\$ 0.9	\$ 1,125.7	\$ (4.0)	\$ 731.8	(17,575,527)	\$ (694.1)	\$ 122.7	\$ 1,283.0

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.

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

Cash flows from operating activities:

	Nine Months Ended September 30,	
	2023	2022
Net income	\$ 206.8	\$ 400.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	264.1	209.2
Non-cash lease expense	44.2	48.5
Deferred income taxes	24.9	95.6
Income from equity method investments	(67.1)	(44.4)
Dividends from equity method investments	35.8	26.3
Non-cash lower of cost or market/net realizable value adjustment	(6.2)	19.1
Equity-based compensation expense	20.5	20.4
Other	6.5	10.4
Changes in assets and liabilities:		
Accounts receivable	78.6	(230.0)
Inventories and other current assets	371.5	(419.8)
Fair value of derivatives	(8.6)	(56.2)
Accounts payable and other current liabilities	54.6	524.8
Obligation under Inventory Intermediation Agreements	(97.5)	108.7
Non-current assets and liabilities, net	(5.3)	3.3
Net cash provided by operating activities	922.8	716.1

Cash flows from investing activities:

Acquisition of 3 Bear	—	(625.4)
Equity method investment contributions	—	(0.1)
Distributions from equity method investments	10.5	1.7
Purchases of property, plant and equipment	(338.3)	(192.8)
Purchase of equity securities	(11.0)	—
Purchases of intangible assets	(2.6)	(4.5)
Proceeds from sale of property, plant and equipment	1.3	1.2
Insurance proceeds	1.5	—
Net cash used in investing activities	(338.6)	(819.9)

Cash flows from financing activities:

Proceeds from long-term revolvers	2,615.4	1,571.4
Payments on long-term revolvers	(3,019.4)	(1,022.5)
Payments on term debt	(18.4)	(38.9)
Proceeds from product financing agreements	908.2	744.6
Repayments of product financing agreements	(922.6)	(704.6)
Proceeds from Inventory Intermediation Agreement	32.2	—
Proceeds from termination of Supply & Offtake Obligation	25.8	—
Taxes paid due to the net settlement of equity-based compensation	(4.6)	(5.4)
Repurchase of common stock	(65.4)	(40.0)
Distribution to non-controlling interest	(28.8)	(26.9)
Proceeds from sale of Delek Logistics common limited partner units	—	16.4
Purchase of Delek common stock from IEP Energy Holding LLC	—	(64.0)
Dividends paid	(44.9)	(28.3)
Deferred financing costs paid	(1.3)	(0.7)
Net cash (used in) provided by financing activities	(523.8)	401.1
Net increase in cash and cash equivalents	60.4	297.3
Cash and cash equivalents at the beginning of the period	841.3	856.5
Cash and cash equivalents at the end of the period	\$ 901.7	\$ 1,153.8

Delek US Holdings, Inc.

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

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest, net of capitalized interest of \$3.2 million and \$1.5 million in the 2023 and 2022 periods, respectively

Income taxes

Non-cash investing activities:

Decrease in accrued capital expenditures

Non-cash financing activities:

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

	Nine Months Ended September 30,	
	2023	2022
\$ 232.3	\$ 113.5	\$ 113.5
\$ 8.3	\$ 26.5	\$ 26.5
\$ (36.7)	\$ (10.5)	\$ (10.5)
\$ 28.2	\$ 17.5	\$ 17.5

Delek US Holdings, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Organization and Basis of Presentation

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

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

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

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

Reclassifications

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

New Accounting Pronouncements Adopted During 2023

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

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

Accounting Pronouncements Not Yet Adopted

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

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

2. Acquisitions

Delek Delaware Gathering (formally 3 Bear)

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

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

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

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

Determination of Purchase Price

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

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

Purchase Price Allocation

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

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

Liabilities assumed:

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

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

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

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

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

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

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

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

Unaudited Pro Forma Financial Information

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

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
(in millions, except per share data)		
Net sales	\$ 5,324.9	\$ 15,865.2
Net income attributable to Delek	\$ 10.1	\$ 374.1
Net income per share:		
Basic income per share	\$ 0.14	\$ 5.23
Diluted income per share	\$ 0.14	\$ 5.19

3. Segment Data

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

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

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

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

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

Refining Segment

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

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

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

Logistics Segment

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

Retail Segment

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

Business Segment Operating Performance

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

(In millions)	Three Months Ended September 30, 2023				
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 4,392.4	\$ 119.5	\$ 236.5	\$ —	\$ 4,748.4
Inter-segment fees and revenues	232.1	156.4	—	(388.5)	—
Total revenues	<u><u>\$ 4,624.5</u></u>	<u><u>\$ 275.9</u></u>	<u><u>\$ 236.5</u></u>	<u><u>\$ (388.5)</u></u>	<u><u>\$ 4,748.4</u></u>
Segment EBITDA attributable to Delek	\$ 285.1	\$ 96.5	\$ 16.2	\$ (64.0)	\$ 333.8
Depreciation and amortization	(60.1)	(24.6)	(3.6)	(3.0)	(91.3)
Interest expense, net	(12.0)	(37.0)	0.1	(33.4)	(82.3)
Income tax expense					(31.5)
Net income attributable to Delek					\$ 128.7
Income from equity method investments	\$ 0.2	\$ 9.3	\$ —	\$ 17.5	\$ 27.0
Capital spending (excluding business combinations)	<u><u>\$ 20.2</u></u>	<u><u>\$ 13.1</u></u>	<u><u>\$ 8.0</u></u>	<u><u>\$ 7.0</u></u>	<u><u>\$ 48.3</u></u>

(In millions)	Three Months Ended September 30, 2022				
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 4,904.5	\$ 166.9	\$ 253.1	\$ 0.4	\$ 5,324.9
Inter-segment fees and revenues	262.9	127.2	—	(390.1)	—
Total revenues	\$ 5,167.4	\$ 294.1	\$ 253.1	\$ (389.7)	\$ 5,324.9
Segment EBITDA attributable to Delek	\$ 90.3	\$ 87.3	\$ 13.5	\$ (56.1)	\$ 135.0
Depreciation and amortization	(49.2)	(19.6)	(2.6)	(1.5)	(72.9)
Interest expense, net	(0.2)	(22.6)	—	(27.9)	(50.7)
Income tax expense					(4.0)
Net income attributable to Delek					\$ 7.4
Income from equity method investments	\$ 0.1	\$ 8.6	\$ —	\$ 9.1	\$ 17.8
Capital spending (excluding business combinations)	\$ 22.7	\$ 32.2	\$ 13.6	\$ 12.3	\$ 80.8

(In millions)	Nine Months Ended September 30, 2023				
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 11,842.2	\$ 351.9	\$ 674.2	\$ —	\$ 12,868.3
Inter-segment fees and revenues	629.3	414.4	—	(1,043.7)	—
Total revenues	\$ 12,471.5	\$ 766.3	\$ 674.2	\$ (1,043.7)	\$ 12,868.3
Segment EBITDA attributable to Delek	\$ 587.7	\$ 278.8	\$ 37.6	\$ (172.6)	\$ 731.5
Depreciation and amortization	(176.5)	(69.4)	(8.9)	(9.3)	(264.1)
Interest expense, net	(33.2)	(104.6)	(0.1)	(101.3)	(239.2)
Income tax expense					(43.5)
Net income attributable to Delek					\$ 184.7
Income from equity method investments	\$ 0.7	\$ 22.9	\$ —	\$ 43.5	\$ 67.1
Capital spending (excluding business combinations)	\$ 197.3	\$ 68.6	\$ 16.0	\$ 19.7	\$ 301.6

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

4. Earnings Per Share

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Numerator for EPS				
Net income	\$ 136.1	\$ 16.8	\$ 206.8	\$ 400.2
Less: Income attributed to non-controlling interest	7.4	9.4	22.1	24.4
Numerator for basic and diluted EPS attributable to Delek	<u>\$ 128.7</u>	<u>\$ 7.4</u>	<u>\$ 184.7</u>	<u>\$ 375.8</u>
Denominator:				
Weighted average common shares outstanding (denominator for basic EPS)	64,889,504	70,471,645	65,864,141	71,494,332
Dilutive effect of stock-based awards	575,466	637,719	508,194	654,306
Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	<u>65,464,970</u>	<u>71,109,364</u>	<u>66,372,335</u>	<u>72,148,638</u>
EPS:				
Basic income per share	\$ 1.98	\$ 0.11	\$ 2.80	\$ 5.26
Diluted income per share	<u>\$ 1.97</u>	<u>\$ 0.10</u>	<u>\$ 2.78</u>	<u>\$ 5.21</u>
The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be anti-dilutive:				
Antidilutive stock-based compensation (because average share price is less than exercise price)	1,254,610	2,138,130	1,756,314	2,380,376

5. Delek Logistics

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

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

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

	As of September 30, 2023	As of December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 4.2	\$ 8.0
Accounts receivable	41.2	53.3
Accounts receivable from related parties	67.1	—
Inventory	4.1	1.5
Other current assets	1.0	2.4
Property, plant and equipment, net	936.7	924.0
Equity method investments	241.9	257.0
Operating lease right-of-use assets	21.0	24.8
Goodwill	27.1	27.1
Intangible assets, net	347.9	364.8
Other non-current assets	17.3	16.4
Total assets	\$ 1,709.5	\$ 1,679.3
LIABILITIES AND DEFICIT		
Accounts payable	\$ 28.0	\$ 57.4
Accounts payable to related parties	—	6.1
Current portion of long-term debt	15.0	15.0
Current portion of operating lease liabilities	8.1	8.0
Accrued expenses and other current liabilities	34.3	19.7
Long-term debt	1,726.4	1,646.6
Asset retirement obligations	9.9	9.3
Operating lease liabilities, net of current portion	9.2	12.1
Other non-current liabilities	17.8	15.8
Deficit	(139.2)	(110.7)
Total liabilities and deficit	\$ 1,709.5	\$ 1,679.3

6. Equity Method Investments

Wink to Webster Pipeline

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

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

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

Delek Logistics Investments

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

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

Other Investments

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

Combined summarized financial information for our equity method investees on a 100% basis is shown below (in millions):

	As of September 30, 2023		As of December 31, 2022	
	2023	2022	2023	2022
Current assets			\$ 184.5	\$ 54.5
Non-current assets			\$ 1,344.4	\$ 1,275.1
Current liabilities			\$ 61.1	\$ 8.3
Non-current liabilities			\$ 552.3	\$ 548.5
Three Months Ended September 30,				
	2023	2022	2023	2022
Revenues	\$ 151.4	\$ 162.6	\$ 373.1	\$ 334.8
Gross profit	\$ 54.5	\$ 53.5	\$ 132.8	\$ 123.7
Operating income	\$ 47.9	\$ 46.6	\$ 114.5	\$ 107.9
Net income	\$ 61.9	\$ 40.1	\$ 148.6	\$ 97.3

7. Inventory

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

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

	Titled Inventory	Inventory Intermediation Agreement ⁽¹⁾	Total
September 30, 2023			
Feedstocks, raw materials and supplies	\$ 371.6	\$ 156.7	\$ 528.3
Refined products and blendstock	283.7	335.2	618.9
Merchandise inventory and other	32.0	—	32.0
Total	\$ 687.3	\$ 491.9	\$ 1,179.2
December 31, 2022			
Feedstocks, raw materials and supplies	\$ 479.7	\$ 163.8	\$ 643.5
Refined products and blendstock	490.8	354.8	845.6
Merchandise inventory and other	29.4	—	29.4
Total	\$ 999.9	\$ 518.6	\$ 1,518.5

⁽¹⁾ Refer to Note 8 - Inventory Intermediation Obligations for further information.

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

8. Inventory Intermediation Obligations

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

	As of September 30, 2023	As of December 31, 2022
Obligations under Inventory Intermediation Agreement		
Obligations related to Base Layer Volumes	\$ 502.2	\$ 491.8
Current portion	—	49.9
Total obligations under Inventory Intermediation Agreement	\$ 502.2	\$ 541.7
Other (receivable) payable for monthly activity true-up	\$ (11.7)	\$ 5.6
Obligations under Supply and Offtake Agreements		
Other (receivable) payable for monthly activity true-up	\$ —	\$ (34.9)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net fees and expenses:				
Inventory intermediation fees	\$ 58.3	\$ 16.4	\$ 71.8	\$ 54.1
Interest expense, net	\$ 16.5	\$ 5.9	\$ 46.1	\$ 16.1

Inventory Intermediation Agreement

On December 22, 2022, Delek entered into an inventory intermediation agreement ("Inventory Intermediation Agreement") with Citigroup Energy Inc. ("Citi") in connection with DK Trading & Supply, LLC ("DKTS"), an indirect subsidiary of Delek. Pursuant to the Inventory Intermediation Agreement, Citi will (i) purchase from and sell to DKTS crude oil and other petroleum feedstocks in connection with refining processing operations at El Dorado, Big Spring, and Krotz Springs, (ii) purchase from and sell to DKTS all refined products produced by such refineries other than certain excluded products and (iii) in connection with such purchases and sales, DKTS will enter into certain market risk hedges in each case, on the terms and subject to certain conditions. The Inventory Intermediation Agreement results in up to \$800 million of working capital capacity for DKTS. The Inventory Intermediation Agreement expires December 30, 2024, subject to an extension that can be executed by Citi for an additional twelve months. Prior to December 30, 2022, Delek had Supply and Offtake Agreements (the "Supply and Offtake Agreements" or the "J. Aron Agreements") with J. Aron & Company ("J. Aron"). The Inventory Intermediation Agreement replaced the Supply and Offtake Agreements that expired on December 30, 2022.

On September 18, 2023, DKTS entered into a letter agreement to the Inventory Intermediation Agreement with Citi to temporarily increase its letter of credit issued to Citi by \$180.0 million which allowed DKTS to defer payments of certain obligations under the Inventory Intermediation Agreement until October 2023. These deferred obligations were subject to applicable interest charges. As of September 30, 2023, we had letters of credit outstanding of \$260.0 million supporting the Inventory Intermediation Agreement.

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

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

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

Supply & Offtake Agreements

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

9. Long-Term Obligations

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

	September 30, 2023	December 31, 2022
Delek Revolving Credit Facility	\$ 0.3	\$ 450.0
Delek Term Loan Credit Facility	942.9	950.0
Delek Logistics Revolving Facility	811.2	720.5
Delek Logistics Term Loan Facility	288.7	300.0
Delek Logistics 2025 Notes	250.0	250.0
Delek Logistics 2028 Notes	400.0	400.0
United Community Bank Revolver	5.0	50.0
Principle amount of long-term debt	2,698.1	3,120.5
Less: Unamortized discount and deferred financing costs	(60.1)	(66.8)
Total debt, net of unamortized discount and deferred financing costs	2,638.0	3,053.7
Less: Current portion of long-term debt	29.5	74.5
Long-term debt, net of current portion	\$ 2,608.5	\$ 2,979.2

Delek Term Loan Credit Facility

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

Delek Logistics Term Loan Facility

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

Revolving Credit Facilities

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

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

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

⁽²⁾ The Delek Logistics Revolving Facility's maturity date will accelerate to 180 days prior to the stated maturity date of the Delek Logistics 2025 Notes if any of the Delek Logistics 2025 Notes remain outstanding on that date. Total capacity includes letters of credit up to \$115.0 million and \$25.0 million for swing line loans. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.50% per annum. Interest is measured at either the U.S. dollar prime rate plus an applicable margin of 1.00% to 2.00% depending on Delek Logistics' leverage ratio, or a SOFR rate plus a credit spread adjustment of 0.10% to 0.25% and an applicable margin ranging from 2.00% to 3.00% depending on the leverage ratio. As of September 30, 2023 and December 31, 2022, the weighted average interest rate was 8.45% and 7.55%, respectively.

⁽³⁾ Requires a quarterly fee of 0.50% per year on the average unused revolving commitment. The weighted average borrowing rate as of September 30, 2023 and December 31, 2022 was 7.75% and 6.75%, respectively.

Delek Logistics Revolving Credit Facility

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

United Community Bank Revolver

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

Delek Logistics 2025 Notes

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

Delek Logistics 2028 Notes

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

Guarantees Under Revolver and Term Facilities

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

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

Restrictive Terms and Covenants

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

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

10. Derivative Instruments

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

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

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

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

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

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 September 30, 2023, we do not believe there is any material credit risk with respect to the counterparties to any of our derivative contracts.

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

Derivative Type	Balance Sheet Location	September 30, 2023		December 31, 2022	
		Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments:					
Commodity derivatives ⁽¹⁾	Other current assets	\$ 116.9	\$ (126.6)	\$ 217.1	\$ (204.4)
Commodity derivatives ⁽¹⁾	Other current liabilities	19.5	(20.4)	101.0	(129.5)
Commodity derivatives ⁽¹⁾	Other long-term assets	0.6	(0.6)	1.1	(0.8)
RINs commitment contracts ⁽²⁾	Other current assets	2.1	—	9.7	—
RINs commitment contracts ⁽²⁾	Other current liabilities	—	(3.3)	—	(6.6)
Total gross fair value of derivatives		139.1	(150.9)	328.9	(341.3)
Less: Counterparty netting and cash collateral ⁽³⁾		124.8	(146.6)	306.2	(320.0)
Total net fair value of derivatives		\$ 14.3	\$ (4.3)	\$ 22.7	\$ (21.3)

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Gains (losses) on hedging derivatives not designated as hedging instruments recognized in cost of materials and other ⁽¹⁾	\$ (97.1)	\$ 78.0	\$ (86.4)	\$ (27.7)
Gains (losses) on non-trading physical forward contract commodity derivatives in cost of materials and other	—	0.3	(2.4)	5.1
Losses on hedging derivatives not designated as hedging instruments recognized in operating expenses	—	—	—	(1.7)
Total gains (losses)	\$ (97.1)	\$ 78.3	\$ (88.8)	\$ (24.3)

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Trading Physical Forward Contract Commodity Derivatives				
Realized (losses) gains	\$ 0.8	\$ 1.2	\$ 8.0	\$ 19.7
Unrealized gains (losses)	—	—	0.1	(0.3)
Total	\$ 0.8	\$ 1.2	\$ 8.1	\$ 19.4
Trading Hedging Commodity Derivatives				
Realized (losses) gains	\$ (0.4)	\$ (0.3)	\$ (2.1)	\$ 11.6
Unrealized gains (losses)	0.2	0.7	2.5	(15.8)
Total	\$ (0.2)	\$ 0.4	\$ 0.4	\$ (4.2)

11. Fair Value Measurements

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

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

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

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

As of and for the three and nine months ended September 30, 2023 and 2022, we elected to account for our Inventory Intermediation step-out liability and our J. Aron step-out liability at fair value in accordance with ASC 825, as it pertains to the fair value option. This standard permits the election to carry financial instruments and certain other items similar to financial instruments at fair value on the balance sheet, with all changes in fair value reported in earnings. With respect to the Inventory Intermediation Agreement and the amended and restated Supply and Oftake Agreements, we apply fair value measurement as follows: (1) we determine fair value for our amended variable step-out liability based on changes in fair value related to market volatility based on a floating commodity-index price, and for our amended fixed step-out liability based on changes to interest rates and the timing and amount of expected future cash settlements where such obligation is categorized as Level 2. Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other, and changes in fair value due to interest rate risk are recorded as a component of interest expense in the condensed consolidated statements of income; and (2) we determine fair value of the commodity-indexed revolving over/short inventory financing liability based on the market prices for the consigned crude oil and refined products collateralizing the financing/funding where such obligation is categorized as Level 2 and is presented in the current portion of the Obligation under Inventory Intermediation Agreement on our condensed consolidated balance sheets. Gains (losses) related to the change in fair value are recorded as a component of cost of materials and other in the consolidated statements of income. See Note 8 for discussion of gains and losses recognized from changes in fair value.

The fair value of the Delek Logistics 2028 Notes is measured based on quoted market prices in an active market, defined as Level 1 in the fair value hierarchy. The carrying value (excluding unamortized debt issuance costs) and estimated fair value of these notes was \$400.0 million and \$365.5 million, respectively, as of September 30, 2023, and \$400.0 million and \$359.7 million, respectively, at December 31, 2022.

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

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 137.0	\$ —	\$ 137.0
RINs commitment contracts	—	2.1	—	2.1
Total assets	—	139.1	—	139.1
Liabilities				
Commodity derivatives	—	(147.6)	—	(147.6)
RINs commitment contracts	—	(3.3)	—	(3.3)
Environmental credits obligation deficit	—	(38.8)	—	(38.8)
Inventory Intermediation Agreement obligation	—	(502.2)	—	(502.2)
Total liabilities	—	(691.9)	—	(691.9)
Net liabilities	\$ —	\$ (552.8)	\$ —	\$ (552.8)

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 319.2	\$ —	\$ 319.2
RINs commitment contracts	—	9.7	—	9.7
Total assets	—	328.9	—	328.9
Liabilities				
Commodity derivatives	—	(334.7)	—	(334.7)
RINs commitment contracts	—	(6.6)	—	(6.6)
Environmental credits obligation deficit	—	(295.5)	—	(295.5)
Inventory Intermediation Agreement obligation	—	(541.7)	—	(541.7)
Total liabilities	—	(1,178.5)	—	(1,178.5)
Net liabilities	\$ —	\$ (849.6)	\$ —	\$ (849.6)

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

Non-Recurring Fair Value Measurements

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

12. Commitments and Contingencies

Litigation

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

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

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

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

Included in our environmental liabilities as of both September 30, 2023 and December 31, 2022 is a liability totaling \$78.5 million related to a property that we have historically operated as an asphalt and marine fuel terminal both as an owner and, subsequently, as a lessee under an in-substance lease agreement (the "License Agreement"). The License Agreement, which provided us the license to continue operating our asphalt and marine fuel terminal operations on the property for a term of ten years and expired in June 2020, also ascribed a contractual noncontingent indemnification guarantee to certain of our wholly-owned subsidiaries related to certain incremental environmental remediation activities, predicated on the completion of certain property development activities ascribed to the lessor. Our combined liability, comprised of our environmental liability plus the estimated fair value of the noncontingent guarantee liability, was recorded in connection with the Delek/Alon Merger, effective July 1, 2017. While the License Agreement expired in June 2020, it is currently being disputed in litigation where we have determined that no loss accrual is necessary and that the amount of incremental loss that is reasonably possible is immaterial as of September 30, 2023. Such ongoing dispute causes sufficient uncertainty around the release of risk and the appropriate joint and several liability allocations thereunder that we cannot currently determine a more reasonable estimate of the potential total contingent liability that is probable, nor do we have sufficient information to better estimate the fair value of any remaining noncontingent guarantee liability. As such, as of September 30, 2023 and December 31, 2022, except for accretion and expenditures, our combined environmental liability related to the terminal and property remained unchanged.

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

Other Losses and Contingencies

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

El Dorado Refinery Fire

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

Big Spring Refinery Fire

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

Winter Storm Uri

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

13. Income Taxes

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

14. Related Party Transactions

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

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

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

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

15. Other Current Assets and Liabilities

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

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

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

Accrued Expenses and Other Current Liabilities	September 30, 2023	December 31, 2022
Product financing agreements	\$ 260.8	\$ 258.0
El Dorado refinery fire settlement ⁽¹⁾	177.5	2.0
Crude purchase liabilities	146.9	268.7
Income and other taxes payable	145.2	120.4
Employee costs	57.1	89.2
Consolidated Net RINs Obligation deficit (see Note 11)	38.8	295.5
Deferred revenue	13.8	44.6
Short-term derivative liabilities (see Note 10)	4.2	21.3
Other	72.2	67.1
Total	\$ 916.5	\$ 1,166.8

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

16. Equity-Based Compensation

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

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

We issued net shares of common stock of 48,154 and 409,993 as a result of exercised or vested equity-based awards during the three and nine months ended September 30, 2023, respectively, and 53,522 and 389,293 for the three and nine months ended September 30, 2022, respectively. These amounts are net of 59,836 and 205,944 shares withheld to satisfy employee tax obligations related to the exercises and vesting during the three and nine months ended September 30, 2023, respectively, and 50,521 and 318,684 shares during the three and nine months ended September 30, 2022, respectively.

17. Shareholders' Equity

Dividends

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

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

Stock Repurchase Program

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

Stock Purchase and Cooperation Agreement

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

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

18. Subsequent Events

Stock Repurchases

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

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

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

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

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

Forward-Looking Statements

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

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

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

- oil, and other feedstocks, critical supplies, refined petroleum products and ethanol;
- increases in costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements;
- societal, legislative and regulatory measures to address climate change and greenhouse gases emissions ("GHG");
- our ability to execute our sustainability improvement plans, including greenhouse gas reduction targets;
- acts of terrorism (including cyber-terrorism) aimed at either our facilities or other facilities;
- impacts of global conflicts such as the war between Israel and Hamas (the "Israel-Hamas War") and the Russia-Ukraine War;

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.

- future decisions by the Organization of Petroleum Exporting Countries ("OPEC") and the members of other leading oil producing countries (together with OPEC, "OPEC+") regarding production and pricing and disputes between OPEC+ members regarding the same;
- disruption, failure, or cybersecurity breaches affecting or targeting our IT systems and controls, our infrastructure, or the infrastructure of our cloud-based IT service providers;
- changes in the cost or availability of transportation for feedstocks and refined products; and
- other factors discussed under Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in our other filings with the SEC.

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

Management's View of Our Business

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

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

Business and Economic Environment Overview

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

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

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

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

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

Refining Overview

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

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

⁽¹⁾ 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.

⁽²⁾ 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 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.

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

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

Logistics Overview

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

Retail Overview

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

Corporate and Other Overview

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

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

Strategic Overview

A New Framework: Long-Term Sustainability

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

Long-Term Sustainability Framework: Overarching Objectives

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

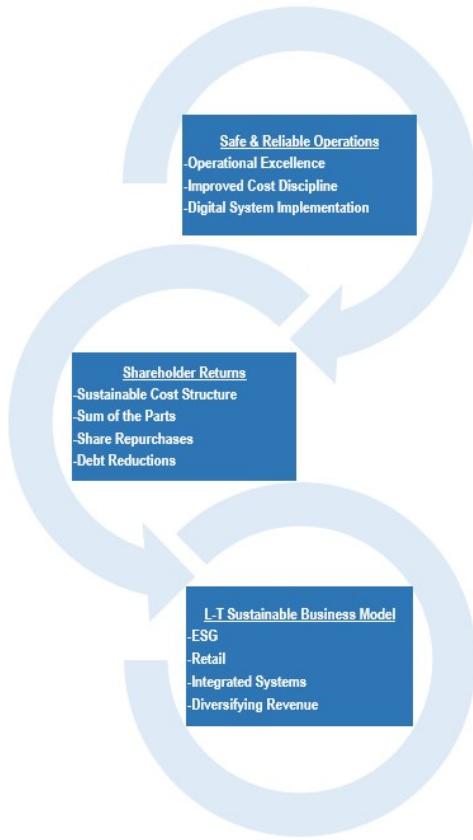
- I. Redirect Corporate Culture towards Innovation, Excellence, and Operating Discipline.
- II. Focus on Operational Optimization and Improved Margin Capture.
- III. Implement Digital Transformation Strategy.
- IV. Identify ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.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

Long-Term Sustainability Framework: Key Initiatives

Safe and Reliable Operations

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

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



Financial Flexibility & Shareholder Returns

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

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

Long-Term Sustainable Business Model

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

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

2023 Strategic Developments

The following table highlights our 2023 Strategic Developments:

2023 Strategic Developments	2023 Key Initiatives		
	Safe & Reliable Operations	Financial Flexibility & Shareholder Returns	Long Term Sustainable Business Model
Improving Discipline Around Outage Spend and Optimizing Downtime: Successfully completed the Tyler refinery turnaround in the first quarter of 2023 with zero process or safety incidents. The turnaround was completed substantially on time and on budget and positions us to capture market opportunities.	Ü		
Implementing Phase 1 of Our Zero-Based Budget: We have taken steps to improve the efficiency of our cost structure and to align with our strategic priorities to drive cost efficiencies, which include cost reductions in general and administrative expenses. We are targeting \$100 million run-rate cost reduction in 2024.		Ü	
Reducing Debt to Provide Shareholder Value: During the nine months ended September 30, 2023, we reduced our long-term obligations by approximately \$422.4 million.		Ü	
Focus on Leadership: In March 2023, Joseph Israel was named Executive Vice President, Operations and will be responsible for refining operations at Delek and for logistics operations at Delek Logistics. Mr. Israel has 25 years of energy experience and a proven track record of driving operational excellence. Also in March 2023, Patrick Reilly was appointed Executive Vice President and Chief Commercial Officer. Mr. Reilly will work closely with Delek's management team to lead the Company's strategies to achieve its short and long-term objectives. Mr. Reilly has over 20-years of energy oil refining and trading experience. In April 2023, Tommy Chavez who has over three decades of refining experience was named Senior Vice President, Refining Operations.	Ü	Ü	Ü
Improving Safety Through a Safety Action Plan: As part of an ongoing review of safety practices across our refining system, we have developed a Safety Action Plan which will require previously un-budgeted capital expenditures and additional labor resources and subject matter experts. The execution of the Safety Action Plan will address a broad range of items, some of which were delayed in implementation due to the pandemic, or for other reasons.	Ü		
Increasing Shareholder Value through Payment of Dividends: We increased our quarterly cash dividend to \$0.240 per share of our common stock which was declared by our Board of Directors on November 1, 2023 and payable on November 20, 2023. In addition, a cash dividend of \$0.230 per share of our common stock was paid on May 22, 2023 and a cash dividend of \$0.235 per share of our common stock was paid on August 21, 2023.		Ü	
Increasing Shareholder Value through Share Repurchases: During the three and nine months ended September 30, 2023, 981,690 and 2,793,317 shares of our common stock were repurchased for a total of \$25.0 million and \$65.4 million, respectively. Subsequent to September 30, 2023, 769,450 shares of our common stock were repurchased for a total of \$20.0 million.		Ü	
Executing Retail Growth Plans: In September 2023, we opened a new-to-industry retail location in Tyler, TX. Our first store in this market, which features expanded food serviced and leading digital technology.			Ü

Market Trends

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

Market Outlook for the Remainder of 2023

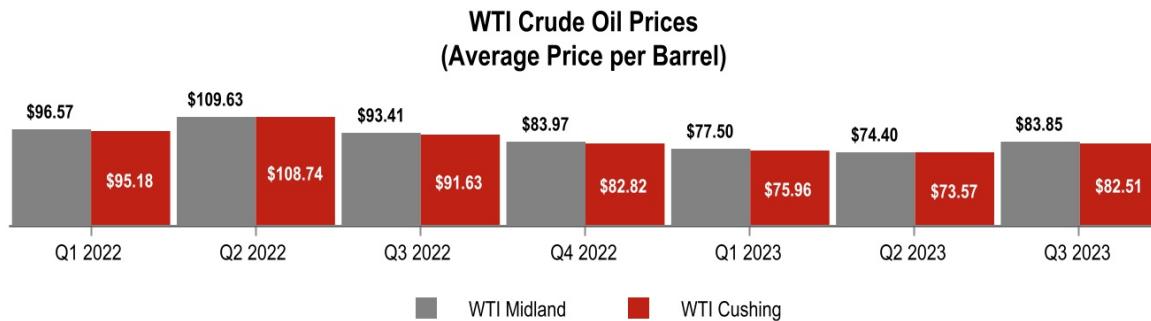
We have positioned the Company to continue to run safely, reliably and environmentally responsibly at near or above nameplate capacity while leveraging our new Delek Delaware Gathering lines of business with an eye towards the One Delek vision. Many uncertainties remain with respect to the global supply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

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

Crude Prices

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

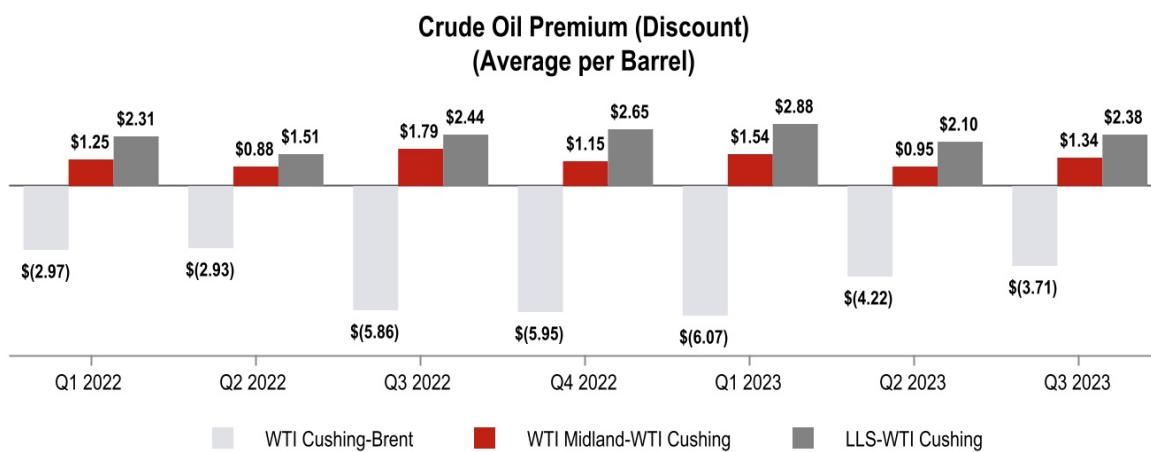
The table below reflects the quarterly average prices of WTI Midland and WTI Cushing crude oil for each of the quarterly periods in 2022 and for the three quarterly periods in 2023.



Crude Pricing Differentials

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

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



Refined Product Prices

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

Our refineries produce the following products:

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

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

**Gulf Coast Refined Product Prices
(Average price per gallon)**

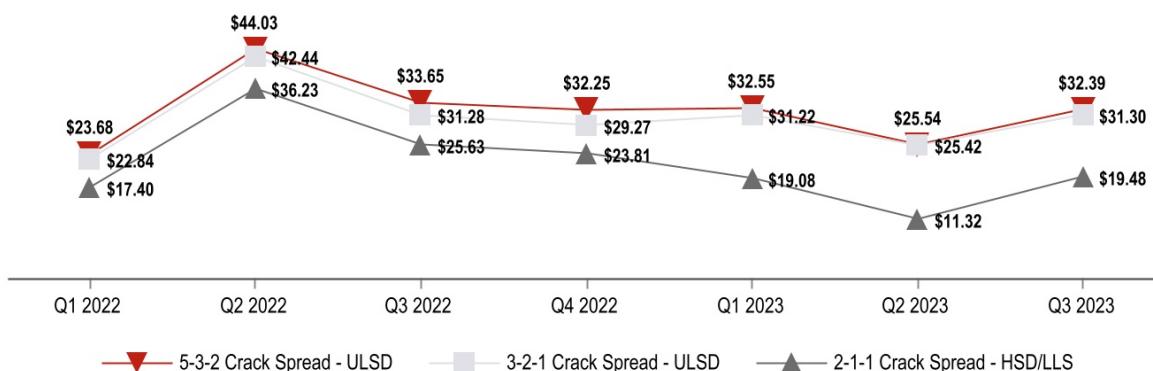


Crack Spreads

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

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

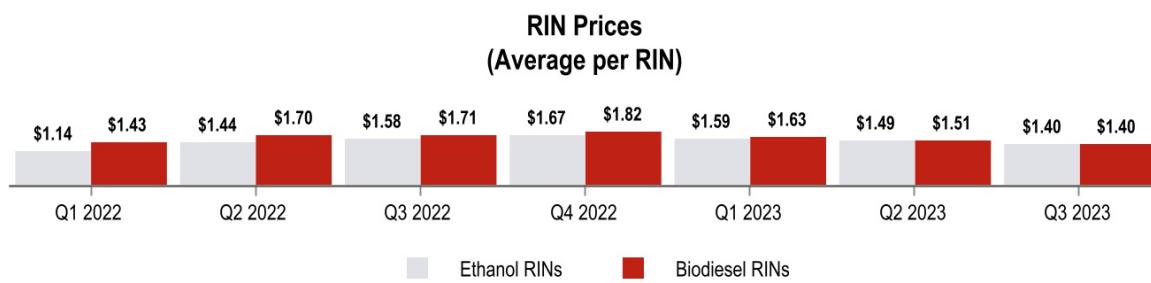
**Gulf Coast Crack Spread
(Average per barrel)**



RIN Volatility

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

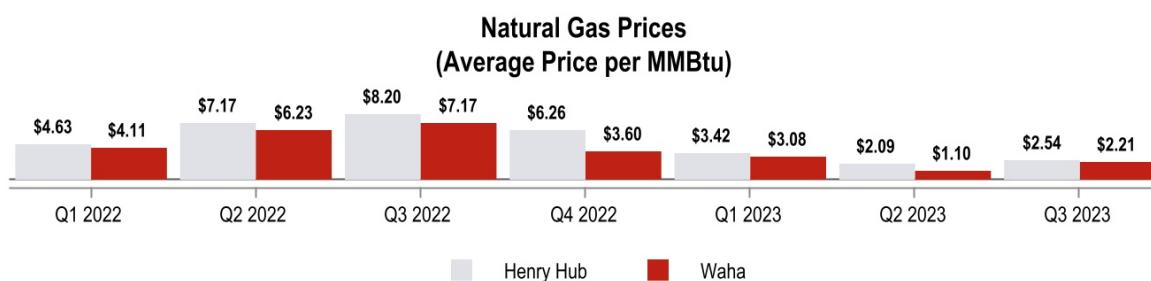
The chart below illustrates the volatility in RINs for each of the quarterly periods in 2022 and for the three quarterly periods in 2023.



Energy Costs

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

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



Non-GAAP Measures

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

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

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

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

Non-GAAP Reconciliations

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Refining segment EBITDA	\$ 285.1	\$ 90.3	\$ 587.7	\$ 758.2
Logistics segment EBITDA	96.5	87.3	278.8	214.1
Retail segment EBITDA	16.2	13.5	37.6	36.3
Corporate, Other and Eliminations EBITDA	(64.0)	(56.1)	(172.6)	(183.4)
EBITDA attributable to Delek	\$ 333.8	\$ 135.0	\$ 731.5	\$ 825.2
Interest expense, net	(82.3)	(50.7)	(239.2)	(132.7)
Income tax expense	(31.5)	(4.0)	(43.5)	(107.5)
Depreciation and amortization	(91.3)	(72.9)	(264.1)	(209.2)
Net income attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8

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

Reconciliation of refining margin to gross margin (in millions)

	Refining Segment			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total revenues	\$ 4,624.5	\$ 5,167.4	\$ 12,471.5	\$ 15,434.6
Cost of sales	4,394.4	5,138.0	12,045.8	14,819.5
Gross margin	\$ 230.1	\$ 29.4	\$ 425.7	\$ 615.1
Add back (items included in cost of sales):				
Operating expenses (excluding depreciation and amortization)	166.5	175.4	459.4	467.5
Depreciation and amortization	60.1	48.9	176.5	151.6
Refining margin	\$ 456.7	\$ 253.7	\$ 1,061.6	\$ 1,234.2

Summary Financial and Other Information

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

<u>Summary Statement of Operations Data</u> ⁽¹⁾	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022 ⁽²⁾	2023	2022 ⁽²⁾
Net revenues	\$ 4,748.4	\$ 5,324.9	\$ 12,868.3	\$ 15,766.6
Cost of sales:				
Cost of materials and other	4,122.1	4,916.0	11,328.3	14,151.1
Operating expenses (excluding depreciation and amortization presented below)	217.7	201.3	577.2	536.4
Depreciation and amortization	83.7	66.5	243.1	192.0
Total cost of sales	4,423.5	5,183.8	12,148.6	14,879.5
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	22.7	28.2	80.8	89.6
General and administrative expenses	72.0	59.3	219.3	231.8
Depreciation and amortization	7.6	6.4	21.0	17.2
Other operating income, net	(2.1)	(5.8)	(19.0)	(44.5)
Total operating costs and expenses	4,523.7	5,271.9	12,450.7	15,173.6
Operating income	224.7	53.0	417.6	593.0
Interest expense, net	82.3	50.7	239.2	132.7
Income from equity method investments	(27.0)	(17.8)	(67.1)	(44.4)
Other expense (income), net	1.8	(0.7)	(4.8)	(3.0)
Total non-operating expenses, net	57.1	32.2	167.3	85.3
Income before income tax expense	167.6	20.8	250.3	507.7
Income tax expense	31.5	4.0	43.5	107.5
Net income	136.1	16.8	206.8	400.2
Net income attributed to non-controlling interests	7.4	9.4	22.1	24.4
Net income attributable to Delek	\$ 128.7	\$ 7.4	\$ 184.7	\$ 375.8

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

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

We report operating results in three reportable segments:

- Refining
- Logistics
- Retail

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

Results of Operations

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

Net Income

Q3 2023 vs. Q3 2022

Consolidated net income for the third quarter of 2023 was \$136.1 million compared to net income of \$16.8 million for the third quarter of 2022. Consolidated net income attributable to Delek for the third quarter of September 30, 2023 was \$128.7 million, or \$1.98 per basic share, compared to a net income of \$7.4 million, or \$0.11 per basic share, for the third quarter 2022. Explanations for significant drivers impacting net income as compared to the comparable period of the prior year are discussed in the sections below.

YTD 2023 vs. YTD 2022

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

Net Revenues

Q3 2023 vs. Q3 2022

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

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

YTD 2023 vs. YTD 2022

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

- in our refining segment, decreases in the average price of U.S. Gulf Coast gasoline of 16.4%, ULSD of 21.5%, and HSD of 39.6% and decreases in wholesale activity, partially offset by an increase in sales volume (including purchased product);
- in our retail segment, a decrease in total fuel sales primarily attributable to a \$0.53 decrease in average price charged per gallon sold, partially offset by an increase in merchandise sales primarily driven by the same-store sales increase of 1.1%; and
- in our logistics segment, increased volumes from the Midland Gathering operations and incremental revenues from the Delaware Gathering Acquisition, partially offset by decreases in the average volumes of diesel sold and in the average sales price per gallon of diesel and gasoline sold in our West Texas marketing operations.

Total Operating Costs and Expenses

Cost of Materials and Other

Q3 2023 vs. Q3 2022

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

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

YTD 2023 vs. YTD 2022

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

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

Operating Expenses

Q3 2023 vs. Q3 2022

Operating expenses (included in both cost of sales and other operating expenses) were \$240.4 million for the third quarter of 2023 compared to \$229.5 million for the third quarter of 2022, an increase of \$10.9 million, or 4.7%. The increase in operating expenses was primarily driven by the following:

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

These increases were partially offset by the following:

- lower natural gas prices in 2023.

YTD 2023 vs. YTD 2022

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

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

These increases were partially offset by the following:

- lower natural gas prices in 2023.

General and Administrative Expenses

Q3 2023 vs. Q3 2022

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

YTD 2023 vs. YTD 2022

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

Depreciation and Amortization

Q3 2023 vs. Q3 2022

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

YTD 2023 vs. YTD 2022

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

Other Operating Income, Net

Q3 2023 vs. Q3 2022

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

YTD 2023 vs. YTD 2022

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

Non-Operating Expenses, Net**Interest Expense, Net****Q3 2023 vs. Q3 2022**

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

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

YTD 2023 vs. YTD 2022

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

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

Results from Equity Method Investments**Q3 2023 vs. Q3 2022**

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

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

YTD 2023 vs. YTD 2022

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

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

Income Taxes**Q3 2023 vs. Q3 2022**

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

- an increase in pre-tax net income of \$146.8 million; and

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

YTD 2023 vs. YTD 2022

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

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

Refining Segment

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

Selected Refining Financial Information

	Selected Refining Financial Information			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 4,624.5	\$ 5,167.4	\$ 12,471.5	\$ 15,434.6
Cost of materials and other	4,167.8	4,913.7	11,409.9	14,200.4
Refining Margin	\$ 456.7	\$ 253.7	\$ 1,061.6	\$ 1,234.2
Operating expenses (excluding depreciation and amortization)	\$ 166.5	\$ 175.4	\$ 459.4	\$ 467.5
Refining segment EBITDA	\$ 285.1	\$ 90.3	\$ 587.7	\$ 758.2

Factors Impacting Refining Profitability

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

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

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

Finally, Refining EBITDA is impacted by regulatory costs associated with the cost of RINs as well as energy costs, including the cost of natural gas. In periods of unfavorable regulatory sentiment, RINs prices can increase at higher rates than crack spreads, or even when crack spreads are declining. This can be particularly impactful on smaller refineries, where the operating cost structure does not have as much scalability as larger refineries. Additionally, volatility in energy costs, which are captured in our operating expenses and impact our Refining EBITDA, can significantly impact our ability to capture crack spreads, with natural gas representing the most significant component. Within Delek's geographic footprint, we source the majority of our natural gas from the Gulf Coast, and secondarily from the Permian, and we do not currently have the capability at our refineries to switch our energy consumption to utilize alternative sources of fuel. For this reason, unfavorable Gulf Coast (Henry Hub) differentials can impact our crack spread capture.

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

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.

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

	Refinery Statistics			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total Refining Segment				
Days in period	92	92	273	273
Total sales volume - refined product (average bpd) ⁽¹⁾	307,626	312,877	295,141	307,380
Total production (average bpd)	303,399	300,235	287,375	293,970
Crude oil	294,726	299,973	275,310	289,046
Other feedstocks	11,222	2,276	14,815	6,537
Total throughput (average bpd):	305,948	302,249	290,125	295,583
Crude Slate: (% based on amount received in period)				
WTI crude oil	73.4 %	75.2 %	73.3 %	67.1 %
Gulf Coast Sweet Crude	3.3 %	5.3 %	4.0 %	8.4 %
Local Arkansas crude oil	4.0 %	3.5 %	4.1 %	4.1 %
Other	19.3 %	16.0 %	18.6 %	20.4 %
Crude utilization (% based on nameplate capacity)	97.6 %	99.3 %	91.2 %	95.7 %

Refinery Statistics (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Tyler, TX Refinery				
Days in period	92	92	273	273
Products manufactured (average bpd):				
Gasoline	35,615	35,210	30,750	35,021
Diesel/Jet	34,620	33,844	26,976	31,060
Petrochemicals, LPG, natural gas liquids ("NGLs")	3,429	2,246	2,409	2,160
Other	1,959	2,032	1,856	1,844
Total production	<u>75,623</u>	<u>73,332</u>	<u>61,991</u>	<u>70,085</u>
Throughput (average bpd):				
Crude Oil	74,877	74,796	59,379	69,335
Other feedstocks	1,118	(1,123)	3,243	1,032
Total throughput	<u>75,995</u>	<u>73,673</u>	<u>62,622</u>	<u>70,367</u>
Per barrel of throughput:				
Operating expenses ⁽²⁾	\$ 4.74	\$ 7.06	\$ 5.06	\$ 5.99
Crude Slate: (% based on amount received in period)				
WTI crude oil	76.8 %	86.4 %	78.1 %	85.9 %
East Texas crude oil	23.2 %	13.6 %	21.9 %	14.1 %
El Dorado, AR Refinery				
Days in period	92	92	273	273
Products manufactured (average bpd):				
Gasoline	39,361	40,577	37,213	38,946
Diesel	31,927	31,372	29,211	31,143
Petrochemicals, LPG, NGLs	1,875	1,347	1,564	1,306
Asphalt	7,893	8,503	7,418	7,941
Other	1,168	848	1,034	813
Total production	<u>82,224</u>	<u>82,647</u>	<u>76,440</u>	<u>80,149</u>
Throughput (average bpd):				
Crude Oil	81,671	80,711	75,286	78,136
Other feedstocks	2,611	3,301	3,053	3,154
Total throughput	<u>84,282</u>	<u>84,012</u>	<u>78,339</u>	<u>81,290</u>
Per barrel of throughput:				
Operating expenses ⁽²⁾	\$ 4.36	\$ 4.83	\$ 4.60	\$ 4.70
Crude Slate: (% based on amount received in period)				
WTI crude oil	71.9 %	68.4 %	67.6 %	52.1 %
Local Arkansas crude oil	13.4 %	14.0 %	14.8 %	15.5 %
Other	14.7 %	17.6 %	17.6 %	32.4 %

Refinery Statistics (continued)							
	Three Months Ended September 30,		Nine Months Ended September 30,				
	2023	2022	2023	2022			
Big Spring, TX Refinery							
Days in period	92	92	273	273			
Products manufactured (average bpd):							
Gasoline	29,274	34,431	33,755	34,087			
Diesel/Jet	23,607	26,020	23,333	25,262			
Petrochemicals, LPG, NGLs	3,723	3,524	3,299	3,466			
Asphalt	2,220	1,701	1,833	1,662			
Other	5,272	1,342	3,283	1,344			
Total production	64,096	67,018	65,503	65,821			
Throughput (average bpd):							
Crude oil	61,046	70,955	62,733	67,455			
Other feedstocks	3,865	(3,189)	3,834	(866)			
Total throughput	64,911	67,766	66,567	66,589			
Per barrel of refined throughput:							
Operating expenses ⁽²⁾	\$ 8.37	\$ 7.32	\$ 7.61	\$ 7.02			
Crude Slate: (% based on amount received in period)							
WTI crude oil	64.3 %	72.7 %	68.8 %	69.3 %			
WTS crude oil	35.7 %	27.3 %	31.2 %	30.7 %			
Krotz Springs, LA Refinery							
Days in period	92	92	273	273			
Products manufactured (average bpd):							
Gasoline	38,361	32,371	40,454	32,111			
Diesel/Jet	30,653	31,195	31,794	31,537			
Heavy Oils	5,461	944	4,239	1,439			
Petrochemicals, LPG, NGLs	6,079	6,768	6,510	6,948			
Other	902	5,960	446	5,881			
Total production	81,456	77,238	83,443	77,916			
Throughput (average bpd):							
Crude Oil	77,132	73,510	77,912	74,120			
Other feedstocks	3,628	3,287	4,686	3,216			
Total throughput	80,760	76,797	82,598	77,336			
Per barrel of throughput:							
Operating expenses ⁽²⁾	\$ 5.00	\$ 5.97	\$ 5.00	\$ 5.41			
Crude Slate: (% based on amount received in period)							
WTI Crude	79.8 %	70.1 %	79.0 %	61.0 %			
Gulf Coast Sweet Crude	11.2 %	23.2 %	13.5 %	33.3 %			
Other	9.0 %	6.7 %	7.5 %	5.7 %			

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

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

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

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

	Pricing Statistics (average for the period presented)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
WTI — Cushing crude oil (per barrel)	\$ 82.51	\$ 91.63	\$ 77.37	\$ 98.50
WTI — Midland crude oil (per barrel)	\$ 83.85	\$ 93.41	\$ 78.63	\$ 99.87
WTS — Midland crude oil (per barrel)	\$ 83.01	\$ 92.17	\$ 77.34	\$ 98.58
LLS (per barrel)	\$ 84.88	\$ 94.07	\$ 79.82	\$ 100.58
Brent (per barrel)	\$ 85.92	\$ 97.69	\$ 81.96	\$ 102.48
U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing HSD	\$ 16.80	\$ 23.07	\$ 14.41	\$ 25.08
U.S. Gulf Coast 5-3-2 crack spread (per barrel) ⁽¹⁾	\$ 32.39	\$ 33.65	\$ 30.15	\$ 33.73
U.S. Gulf Coast 3-2-1 crack spread (per barrel) ⁽¹⁾	\$ 31.30	\$ 31.28	\$ 29.30	\$ 32.12
U.S. Gulf Coast 2-1-1 crack spread (per barrel) ⁽¹⁾	\$ 19.48	\$ 25.63	\$ 16.64	\$ 26.33
U.S. Gulf Coast Unleaded Gasoline (per gallon)	\$ 2.58	\$ 2.64	\$ 2.44	\$ 2.92
Gulf Coast Ultra low sulfur diesel (per gallon)	\$ 2.97	\$ 3.49	\$ 2.74	\$ 3.49
U.S. Gulf Coast high sulfur diesel (per gallon)	\$ 2.04	\$ 2.86	\$ 1.80	\$ 2.98
Natural gas (per MMBtu)	\$ 2.66	\$ 7.97	\$ 2.57	\$ 6.69

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

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

Revenues

Q3 2023 vs. Q3 2022

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

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

These decreases were partially offset by the following:

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

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

YTD 2023 vs. YTD 2022

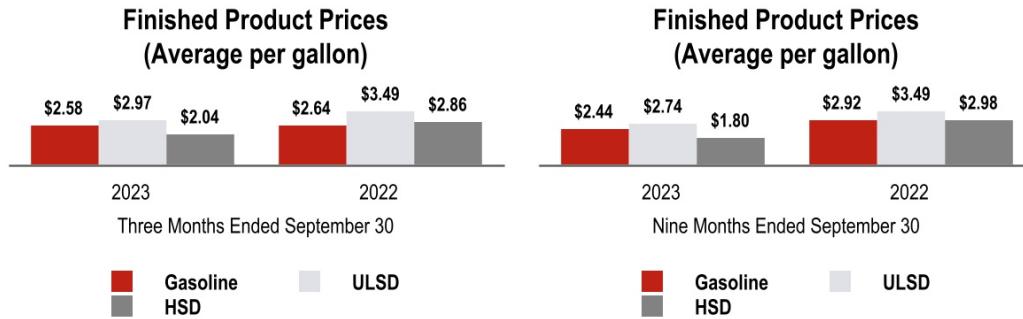
Revenues for the refining segment decreased \$2,963.1 million, or 19.2%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The decrease was primarily driven by the following:

- a decrease in the average price of U.S. Gulf Coast gasoline of 16.4%, ULSD of 21.5%, and HSD of 39.6%; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

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

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



Cost of Materials and Other

Q3 2023 vs. Q3 2022

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

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

These decreases were partially offset by the following:

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

YTD 2023 vs. YTD 2022

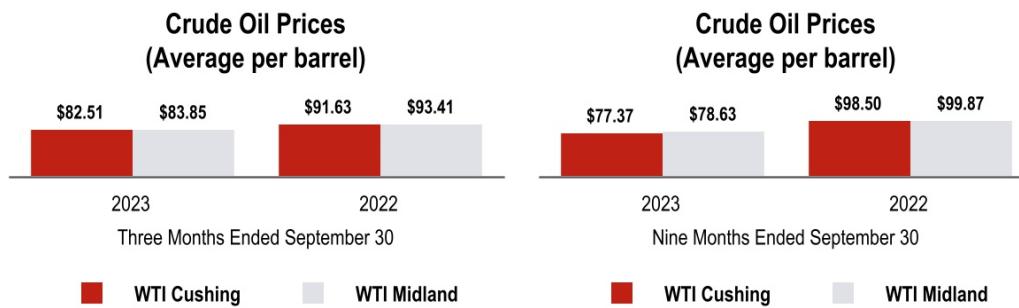
Cost of materials and other decreased \$2,790.5 million, or 19.7%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. This decrease was primarily driven by the following:

- decreases in the cost of WTI Cushing crude oil, from an average of \$98.50 per barrel to an average of \$77.37, or 21.5%, and decreases in the cost of WTI Midland crude oil, from an average of \$99.87 per barrel to an average of \$78.63, or 21.3%; and
- a decrease in wholesale activity.

These decreases were partially offset by the following:

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

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



Refining Margin

Q3 2023 vs. Q3 2022

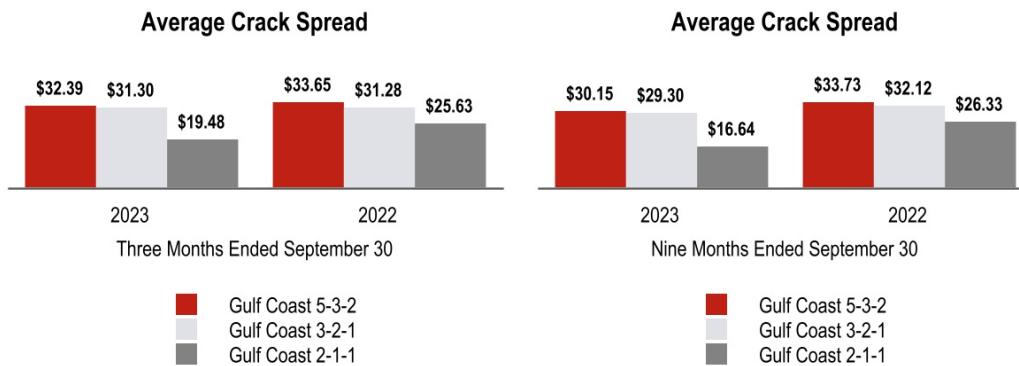
Refining segment margin increased by \$203.0 million, or 80.0%, in the third quarter of 2023 compared to the third quarter of 2022, with a refining margin percentage of 9.9% as compared to 4.9% for the third quarter of 2023 and 2022, respectively, primarily driven by the following:

- an increase in sales volume (including purchased products);
- an increase in utilization;
- favorable inventory impacts;
- lower natural gas prices; and
- a 3.7% decrease in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 0.1% increase in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery), and a 24.0% decrease in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery).

YTD 2023 vs. YTD 2022

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

- a 10.6% decrease in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), an 8.8% decrease in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery) and a 36.8% decrease in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery);
- lower natural gas prices; and
- an increase in sales volume (including purchased products).



Operating Expenses

Q3 2023 vs. Q3 2022

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

- lower natural gas in 2023.

These decreases were partially offset by the following:

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

YTD 2023 vs. YTD 2022

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

- lower natural gas in 2023.

These decreases were partially offset by the following:

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

EBITDA

Q3 2023 vs. Q3 2022

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

YTD 2023 vs. YTD 2022

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

Logistics Segment

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

	Selected Logistics Financial and Operating Information			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 275.9	\$ 294.1	\$ 766.3	\$ 767.4
Cost of materials and other	\$ 150.6	\$ 177.7	\$ 404.8	\$ 480.3
Operating expenses (excluding depreciation and amortization)	\$ 33.0	\$ 25.9	\$ 86.7	\$ 65.0
EBITDA	\$ 96.5	\$ 87.3	\$ 278.8	\$ 214.1
Operating Information:				
Gathering & Processing: (average bpd)				
Lion Pipeline System:				
Crude pipelines (non-gathered)	70,153	87,653	64,835	81,795
Refined products pipelines	63,991	65,761	54,686	63,391
SALA Gathering System	14,774	14,354	13,935	16,150
East Texas Crude Logistics System	36,298	23,960	29,928	20,015
Midland Gathering Assets ⁽¹⁾	248,443	121,304	230,907	107,699
Plains Connection System	250,550	184,254	248,763	166,864
Delaware Gathering Assets: ⁽²⁾				
Natural Gas Gathering and Processing (Mcf/d) ⁽³⁾	69,737	64,429	72,569	61,198
Crude Oil Gathering (average bpd)	111,973	86,483	110,935	84,497
Water Disposal and Recycling (average bpd)	99,158	69,411	104,920	66,043
Wholesale Marketing & Terminalling:				
East Texas - Tyler refinery sales volumes (average bpd) ⁽⁴⁾	69,178	65,396	57,894	66,473
Big Spring wholesale marketing throughputs (average bpd)	81,617	74,238	78,399	76,135
West Texas wholesale marketing throughputs (average bpd)	10,692	10,082	9,871	10,023
West Texas wholesale marketing margin per barrel	\$ 4.56	\$ 4.23	\$ 5.43	\$ 3.84
Terminalling throughputs (average bpd) ⁽⁵⁾	121,430	142,003	116,455	138,558

⁽¹⁾Formerly known as the Permian Gathering System.

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

⁽³⁾Mcf/d - average thousand cubic feet per day.

⁽⁴⁾Excludes jet fuel and petroleum coke.

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

Logistics revenue is largely based on fixed-fee or tariff rates charged for throughput volumes running through our logistics network, where many of those volumes are contractually protected by minimum volume commitments ("MVCs"). To the extent that our logistics volumes are not subject to MVCs, our Logistics revenue may be negatively impacted in periods where our customers are experiencing economic pressures or reductions in demand for their products. Additionally, certain of our throughput arrangements contain deficiency credit provisions that may require us to defer excess MVC fees collected over actual throughputs to apply toward MVC deficiencies in future periods. With respect to our equity method investments in pipeline joint ventures, our earnings from those investments (which is based on our pro rata ownership percentage of the joint venture's recognized net income or loss) are directly impacted by the operations of those joint ventures. Items impacting the joint venture net income (loss) may include (but are not limited to) the following: long-term throughput contractual arrangements and related MVCs and, in some cases, deficiency credit provisions; the demand for walk-up nominations; applicable rates or tariffs; long-lived asset or other impairments assessed at the joint venture level; and pipeline releases or other contingent liabilities. With respect to our West Texas marketing activities, our profitability is dependent upon the cost of landed product versus the rack price of refined product sold. Our logistics segment is generally protected from commodity price risk because inventory is purchased and then immediately sold at the rack.

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

Q3 2023 vs. Q3 2022

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

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

These decreases were partially offset by the following:

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

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

YTD 2023 vs. YTD 2022

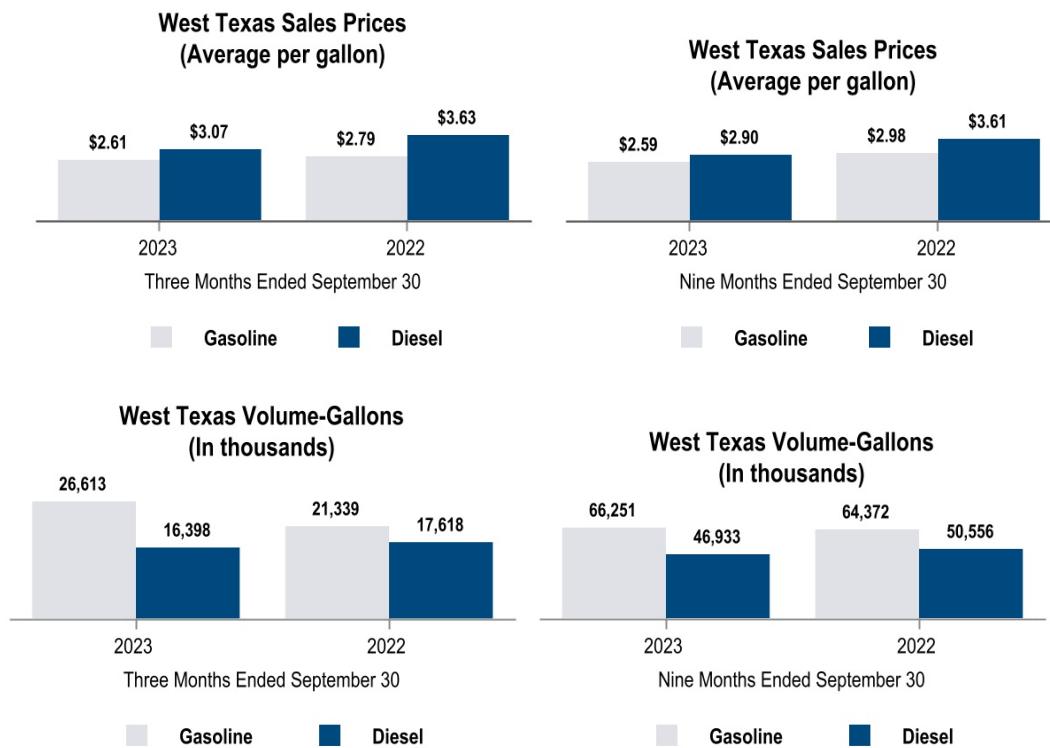
Net revenues decreased by \$1.1 million, or 0.1%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 primarily driven by the following:

- decreased revenue of \$66.7 million in our West Texas marketing operations primarily driven by decreases in the average sales prices per gallon and the average volumes of diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.39 per gallon and \$0.71 per gallon, respectively; and
 - the volumes of diesel sold decreased by 3.6 million gallons, partially offset by a 1.9 million increase in gallons of gasoline sold.

These decreases were partially offset by the following:

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

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



Cost of Materials and Other

Q3 2023 vs. Q3 2022

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

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

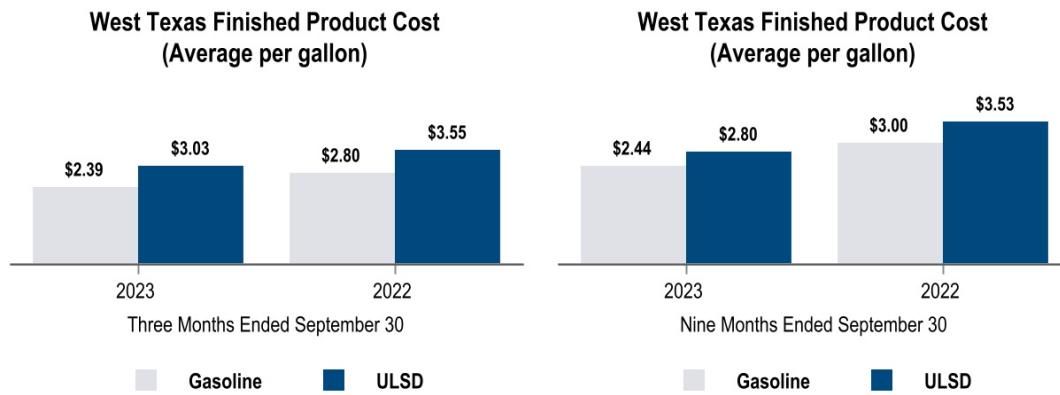
Our logistics segment purchased product from our refining segment of \$115.1 million and \$124.7 million for the three months ended September 30, 2023 and September 30, 2022, respectively. We eliminate these intercompany costs in consolidation.

YTD 2023 vs. YTD 2022

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

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

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



Operating Expenses

Q3 2023 vs. Q3 2022

Operating expenses increased by \$7.1 million, or 27.4%, in the third quarter of 2023 compared to the third quarter of 2022, driven by an increase in variable expenses due to higher throughput.

YTD 2023 vs. YTD 2022

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

EBITDA

Q3 2023 vs. Q3 2022

EBITDA increased by \$9.2 million, or 10.5%, in the three months ended September 30, 2023 compared to the three months ended September 30, 2022, primarily driven by the following:

- higher throughput volumes; and
- rate increases..

YTD 2023 vs. YTD 2022

EBITDA increased by \$64.7 million, or 30.2%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily driven by the following:

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

Retail Segment

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

Selected Retail Financial and Operating Information						
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2023	2022	2023	2022		
Revenues	\$ 236.5	\$ 253.1	\$ 674.2	\$ 739.7		
Cost of materials and other	\$ 189.6	\$ 210.3	\$ 548.1	\$ 617.1		
Operating expenses (excluding depreciation and amortization)	\$ 26.4	\$ 25.4	\$ 76.9	\$ 73.2		
EBITDA	\$ 16.2	\$ 13.5	\$ 37.6	\$ 36.3		

Operating Information						
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2023	2022	2023	2022		
Number of stores (end of period)	250	248	250	248		
Average number of stores	250	248	250	248		
Average number of fuel stores	245	243	245	243		
Retail fuel sales	\$ 153.0	\$ 169.0	\$ 432.5	\$ 502.4		
Retail fuel sales (thousands of gallons)	43,170	44,729	128,821	129,145		
Average retail gallons per average number of stores (in thousands)	176	184	526	533		
Average retail sales price per gallon sold	\$ 3.54	\$ 3.78	\$ 3.36	\$ 3.89		
Retail fuel margin (\$ per gallon) ⁽¹⁾	\$ 0.420	\$ 0.345	\$ 0.345	\$ 0.330		
Merchandise sales (in millions)	\$ 83.5	\$ 84.2	\$ 241.7	\$ 237.3		
Merchandise sales per average number of stores (in millions)	\$ 0.3	\$ 0.3	\$ 1.0	\$ 1.0		
Merchandise margin %	34.4 %	32.6 %	33.8 %	33.7 %		

Same-Store Comparison ⁽²⁾						
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2023	2022	2023	2022		
Change in same-store retail fuel gallons sold		(6.8)%	7.4 %	(3.3)%	4.7 %	
Change in same-store merchandise sales		(1.9)%	3.9 %	1.1 %	(0.3)%	

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

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

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

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

Revenues

Q3 2023 vs. Q3 2022

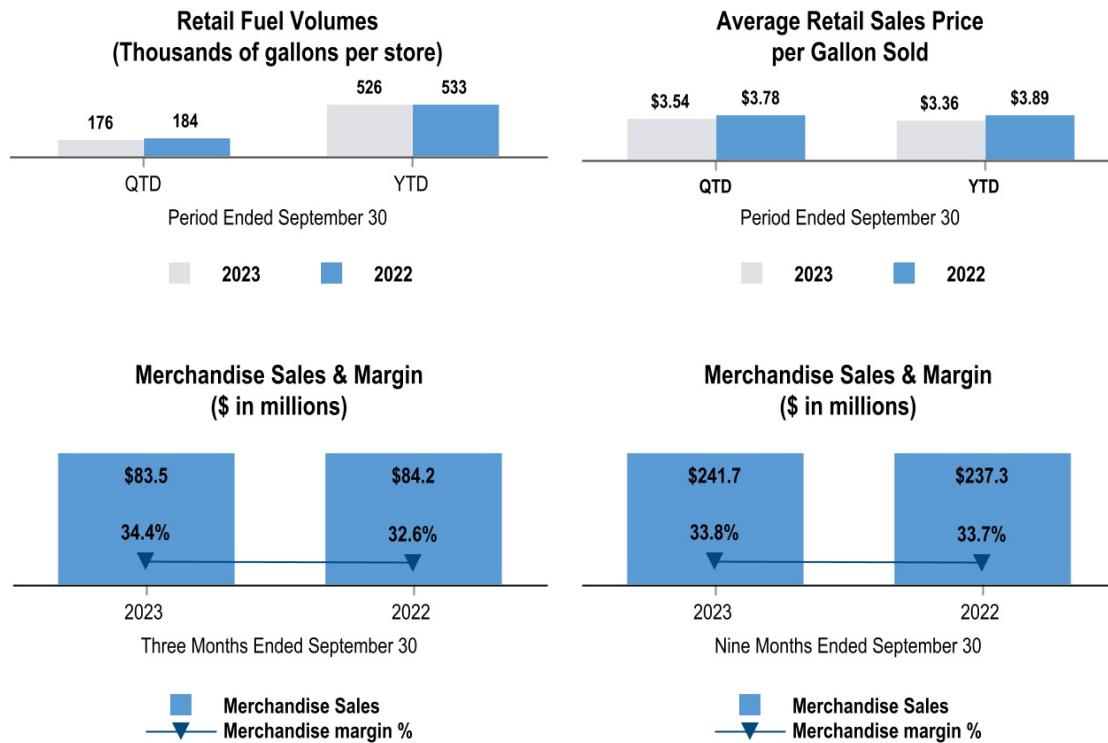
Net revenues for the retail segment decreased by \$16.6 million, or 6.6%, in the third quarter of 2023 compared to the third quarter of 2022, primarily driven by the following:

- a decrease in total fuel sales which were \$153.0 million in the third quarter of 2023 compared to \$169.0 million in the third quarter of 2022, primarily attributable to a decrease of \$0.24 in average price charged per gallon sold; and
- a decrease in merchandise sales to \$83.5 million in the third quarter of 2023 compared to \$84.2 million in the third quarter of 2022, primarily driven by the same-store sales decrease of 1.9%.

YTD 2023 vs. YTD 2022

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

- a decrease in total fuel sales which were \$432.5 million for the nine months ended September 30, 2023 compared to \$502.4 million for the nine months ended September 30, 2022, primarily attributable to a \$0.53 decrease in average price charged per gallon sold. These decreases were partially offset by the following:
- an increase in merchandise sales to \$241.7 million for the nine months ended September 30, 2023 compared to \$237.3 million for the nine months ended September 30, 2022, primarily driven by the same-store sales increase of 1.1%.



Cost of Materials and Other

Q3 2023 vs. Q3 2022

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

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

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

YTD 2023 vs. YTD 2022

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

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

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

Operating Expenses

Q3 2023 vs. Q3 2022

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

YTD 2023 vs. YTD 2022

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

EBITDA

Q3 2023 vs. Q3 2022

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

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

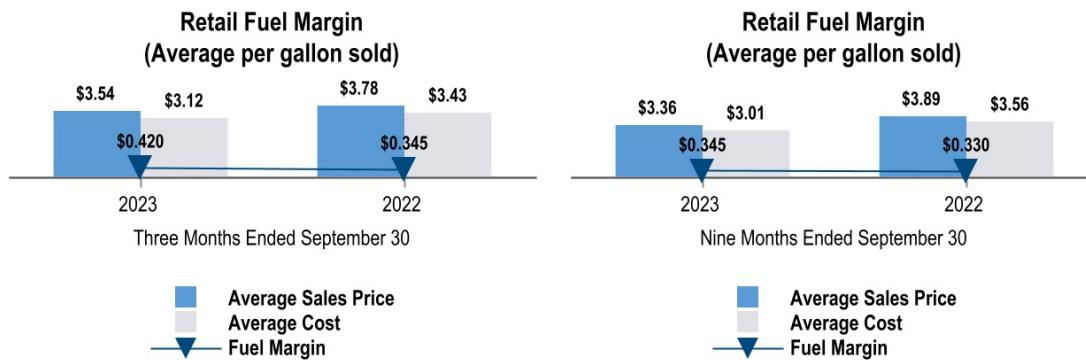
YTD 2023 vs. YTD 2022

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

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

These increases were partially offset by the following:

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



Liquidity and Capital Resources

Sources of Capital

Our primary sources of liquidity and capital resources are

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

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

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

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

Cash Flows

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

	Consolidated		Nine Months Ended September 30,	
	2023	2022		
Cash Flow Data:				
Operating activities	\$ 922.8	\$ 716.1		
Investing activities	(338.6)	(819.9)		
Financing activities	(523.8)	401.1		
Net increase	\$ 60.4	\$ 297.3		

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

Net cash used in financing activities was \$523.8 million for the nine months ended September 30, 2023, compared to cash provided of \$401.1 million in the comparable 2022 period. The decrease in cash provided was primarily due to net payments on long-term revolvers and term debt of \$423.7 million during the nine months ended September 30, 2023, compared to net proceeds of \$509.3 million in the comparable 2022 period, net payments from product financing arrangements of \$14.4 million for the nine months ended September 30, 2023 compared to net proceeds of \$40.0 million in the comparable 2022 period, an increase in dividend payments of \$16.6 million and proceeds received of \$16.4 million in the comparable 2022 period for the sale of Delek Logistics common limited partner units.

These decreases in cash flows were partially offset by a decrease in share repurchases of \$38.6 million and the receipt of settlement proceeds of \$58.0 million during the first quarter of 2023 associated with the termination of the J. Aron Supply & Offtake Agreements and origination of the Citi Inventory Intermediation Agreement (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements).

Cash Position and Indebtedness

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

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

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

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

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

Debt Ratings

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

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

Capital Spending

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

	Nine Months Ended September 30, 2023 Actual
Refining	
Regulatory	\$ 9.8
Sustaining maintenance, including turnaround activities	187.2
Growth projects	0.3
Refining segment total	197.3
Logistics	
Regulatory	2.1
Sustaining maintenance	3.8
Growth projects	62.7
Logistics segment total	68.6
Retail	
Regulatory	—
Sustaining maintenance	12.5
Growth projects	3.5
Retail segment total	16.0
Corporate and Other	
Regulatory	1.6
Sustaining maintenance	16.0
Growth projects	2.1
Other total	19.7
Total capital spending	\$ 301.6

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

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

Cash Requirements

Long-Term Cash Requirements Under Contractual Obligations

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

	Payments Due by Period				
	<u><1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>>5 Years</u>	<u>Total</u>
Long-term debt and notes payable obligations	\$ 29.5	\$ 542.7	\$ 1,230.5	\$ 895.4	\$ 2,698.1
Interest ⁽¹⁾	224.5	387.8	291.6	106.3	1,010.2
Operating lease commitments ⁽²⁾	50.5	75.6	33.8	18.7	178.6
Purchase commitments ⁽³⁾	476.0	—	—	—	476.0
Product financing agreements ⁽⁴⁾	260.8	—	—	—	260.8
Transportation agreements ⁽⁵⁾	207.6	407.5	257.6	339.0	1,211.7
Inventory intermediation obligation ⁽⁶⁾	46.7	514.0	—	—	560.7
Total	\$ 1,295.6	\$ 1,927.6	\$ 1,813.5	\$ 1,359.4	\$ 6,396.1

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

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

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

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

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

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

Other Cash Requirements

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Price Risk Management Activities

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

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

Contract Description	Total Outstanding		Notional Contract Volume by Year of Maturity	
	Fair Value	Notional Contract Volume	2023	2024
Contracts not designated as hedging instruments:				
Crude oil price swaps - long ⁽¹⁾	\$ 19.6	38,960,000	17,184,000	21,776,000
Crude oil price swaps - short ⁽¹⁾	(29.0)	37,469,000	17,059,000	20,410,000
Inventory, refined product and crack spread swaps - long ⁽¹⁾	5.6	4,585,000	4,585,000	—
Inventory, refined product and crack spread swaps - short ⁽¹⁾	(6.7)	5,194,000	5,194,000	—
Natural gas swaps - long ⁽³⁾	(0.2)	1,007,500	1,007,500	—
Natural gas swaps - short ⁽³⁾	0.1	697,500	697,500	—
RINs commitment contracts - long ⁽²⁾	(3.3)	12,000,000	12,000,000	—
RINs commitment contracts - short ⁽²⁾	2.1	5,000,000	5,000,000	—
Total	\$ (11.8)			

⁽¹⁾ Volume in barrels.

⁽²⁾ Volume in RINs.

⁽³⁾ Volume in MMBtu.

Interest Rate Risk

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

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

Inflation

Inflationary factors, such as increases in the costs of our inputs, operating expenses, and interest rates may adversely affect our operating results. In addition, current or future governmental policies may increase or decrease the risk of inflation, which could further increase costs and may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of sales if the prices at which we are able to sell our products and services do not increase in line with increases in costs.

Commodity Derivatives Trading Activities

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

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

Contract Description	Total Outstanding		Notional Contract Volume by Year of Maturity
	Fair Value	Notional Contract Volume	
Crude forward contracts - long ⁽¹⁾	\$ 26.9	308,889	308,889
Crude forward contracts - short ⁽¹⁾	(34.6)	390,696	390,696
Total	\$ (7.7)		

⁽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 (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the third quarter of 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

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

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

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

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 105b-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K), except as follows:

On August 10, 2023, Reuven Spiegel, Executive Vice President & Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 13,500 shares of our common stock, subject to certain conditions. The arrangement's expiration date is April 11, 2025.

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

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

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

Intercompany Note

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

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

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	# Letter Agreement, dated as of September 18, 2023, by and between Citigroup Energy, Inc. and DK Trading & Supply, LLC.
10.2	# Promissory Note dated November 6, 2023 by and among Delek US Holdings, Inc. and Delek Logistics Partners, LP.
31.1	# 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.
31.2	# 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.
32.1	## 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.
32.2	## 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.
101	The following materials from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2023 and September 30, 2022 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2023 and 2022 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2023 and 2022 (Unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2023 and 2022 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022 (Unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	The cover page from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, has been formatted in Inline XBRL.
*	Management contract or compensatory plan or arrangement.
#	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/ Avigal Soreq

Avigal Soreq
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Reuven Spiegel

Reuven Spiegel
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Robert Wright

Robert Wright
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Dated: November 8, 2023

Execution Version

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

September 18, 2023

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

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

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

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

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

1. On the date of this Letter Agreement (the “**Execution Date**”), DKTS shall cause to be issued to Citi a Letter of Credit in an initial face amount of \$180,000,000 or shall cause an existing Letter of Credit to be increased by an amount of \$180,000,000 (such new Letter of Credit or increased amount, the “**Funding LC**”).
2. Subject to the delivery of the Funding LC to Citi in the amount set forth in paragraph 1 above, for purposes of Section 11.1(b) of the Intermediation Agreement, the parties agree to defer the due date for payment of receivables owing to Citi as agreed in the Intermediation Agreement (the “**IIA Receivables**”) in an amount equal to the relevant Deferred Daily Receivables Amount for each relevant day for the included pipeline locations and volumes as set forth on Schedule 1 hereto, for a period from the Current Intermediation Agreement Payment Date to Amended Payment Date, as set forth on Schedule 2 hereto.
3. In respect of each Crude Withdrawal Booking Date, Citi will calculate the difference between (i) the IIA Receivables amount due on such day and (ii) the Deferred Daily Receivables Amount. If (i) exceeds (ii), then DKTS shall pay Citi the excess of (i) over (ii) on the applicable Current Intermediation Agreement Payment Date. If (i) is less than (ii), then Citi shall pay DKTS the absolute value of (i) minus (ii) on the applicable Current Intermediation Agreement Payment Date.
4. Once delivered to Citi, the Funding LC will constitute Posted Collateral for purposes of Section 12 of the Intermediation Agreement, with the total Deferred Daily Receivables Amount to be included as Exposure for purposes of Section 12 of the Intermediation Agreement. Notwithstanding the foregoing, DKTS agrees and acknowledges that the Value

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

5. In respect of each Crude Withdrawal Booking Date, DKTS agrees to pay Citi a fee (each, a “**Funding Fee**”) in USD in an amount equal to the product of (x) Deferred Daily Receivables Amount, (y) the sum of the Applicable Benchmark Rate and 4.50% and (z) the number of days from and including the Crude Withdrawal Booking Date to but excluding the Amended Payment Date. An aggregate amount equal to the sum of the Funding Fees will be payable on the Amended Payment Date.
6. Citi will either (i) release the Funding LC and will return the original to DKTS marked ‘cancelled’ or (ii) consent to the reduction in size by an amount of \$180,000,000 of the issued Letter of Credit only upon payment of the total Deferred Daily Settlement Amount and the Funding Fee in full on the Amended Payment Date. Failure by DKTS to pay the total Deferred Daily Receivables Amount and the Funding Fee in full on the Amended Payment Date will constitute an Event of Default under the Intermediation Agreement in respect of which DKTS will be the sole Defaulting Party. Such Event of Default shall occur without any grace period or the giving of notice by Citi to DKTS, and Citi may immediately exercise its rights and remedies under Section 20.2 of the Intermediation Agreement in respect thereof.

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

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

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

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

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

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

Yours faithfully,

DK TRADING & SUPPLY, LLC

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

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

Accepted and agreed:

CITIGROUP ENERGY INC.

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

Schedule 1 Included Pipeline Locations

Pipeline	Daily Volumes Withdrawals
Caddo Pipeline	-40,189.66
Crescent Pipeline	-18,103.45
Exxon Pipeline	-40,189.66
GA Pipeline	-31,096.55
MV Pipeline	-31,096.55
Red River Pipeline	-8,413.52
WTG Pipeline	-40,654.89
Total	-209,744.28

Schedule 2

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

**PROMISSORY NOTE
(Revolving Facility)**

November 6, 2023

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

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

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

“**Borrower**” has the meaning set forth in the introductory paragraph.

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

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

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

“**Commitments**” means the Tranche A Commitments and the Tranche B Commitments.

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

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

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

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

“**Delek Finance**” means Delek Logistics Finance Corp., a Delaware corporation.

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

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

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

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

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

“Effective Date” means November 6, 2023.

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

“Event of Default” has the meaning set forth in Section 9.

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

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

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

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

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

“Indemnitee” has the meaning set forth in Section 11.14.

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

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

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

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

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

“Maturity Date” means June 30, 2028.

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

“Note” has the meaning set forth in the introductory paragraph.

“Noteholder” has the meaning set forth in the introductory paragraph.

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

“Parties” has the meaning set forth in the introductory paragraph.

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

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

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator) on the administrator’s website (or any successor source for the secured overnight financing rate identified as such by the administrator) at approximately 2:30 p.m. (Central time) on the immediately succeeding Business Day.

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

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

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

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

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

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

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

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

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

2. DISBURSEMENT MECHANICS.

2.1 Commitment.

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

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

2.2 Conditions to Advances.

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

(b) At the time of each Advance hereunder:

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

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

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

3. Principal Payment Dates; Prepayments.

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

3.2 Mandatory Prepayment.

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

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

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

4. Interest.

4.1 Interest Rate.

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

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

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

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

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

5. Payment Mechanics.

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

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

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

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

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

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

7. Representations and Warranties.

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

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

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

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

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

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

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

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

8. Covenants.

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

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

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

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

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

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

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

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

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

9.3 Bankruptcy. The occurrence of any of the following:

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

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

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

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

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

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

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

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

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

11. Miscellaneous.

11.1 Governing Law; Subordination Provisions.

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

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

11.2 Submission to Jurisdiction.

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

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

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

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

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

11.5 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

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

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

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

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

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

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

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

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

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

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

12. The Guarantees.

12.1 **The Guarantees.** To induce the Noteholder to provide the credits described herein and in consideration of benefits expected to accrue to the Borrower by reason of the Commitments and the Advances and for other good and valuable consideration, receipt of which is hereby acknowledged, each Borrower and each Subsidiary of the Borrowers party hereto (including any Subsidiary executing an Additional Guarantor Supplement substantially in the form attached hereto as Exhibit B or such other form reasonably acceptable to the Noteholder and the Borrower (herein, an "**Additional Guarantor Supplement**")), hereby unconditionally and irrevocably guarantees jointly and severally to the Noteholder, the due and punctual payment of all present and future Obligations, including, but not limited

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

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

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

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

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

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

12.5 **Subordination.** Each Guarantor hereby subordinates the payment of all indebtedness, obligations, and liabilities of the Borrower or any other Guarantor owing to such Guarantor, whether now existing or hereafter arising, to the payment in full in cash of all Obligations (other than any contingent obligations not due and owing). During the existence of any Event of Default, subject to Section 12.4 above, any such indebtedness, obligation, or liability of the Borrower or any other Guarantor owing to such Guarantor shall be enforced and performance received by such Guarantor as trustee for the benefit of the holders of the Obligations and the proceeds thereof shall be paid over to the Noteholder for application to the Obligations (whether or not then due), but without reducing or affecting in any manner the liability of such Guarantor under this Section 12.

12.6 **Waivers.** Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest, and any notice not provided for herein, as well as any requirement that at any time any action be taken by the Noteholder or any other Person against the Borrower or other obligor, another guarantor, or any other Person.

12.7 **Limit on Recovery.** Notwithstanding any other provision hereof, the right of recovery against each Guarantor under this Section 12 shall not exceed \$1.00 less than the lowest amount which would render such Guarantor's obligations under this Section 12 void or avoidable under applicable law, including fraudulent conveyance law.

12.8 **Stay of Acceleration.** If acceleration of the time for payment of any amount payable by the Borrower or other obligor under this Note is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or such obligor, all such amounts otherwise subject to acceleration under the terms of this Note shall nonetheless be payable by the Guarantors hereunder forthwith on demand by the Noteholder.

12.9 **Benefit to Guarantors.** The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of the Borrowers has a direct impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit hereunder.

12.10 **Guarantor Covenants.** Each Guarantor shall take such action as the Borrower is required by this Agreement to cause such Guarantor to take, and shall refrain from taking such action as the Borrower is required by this Agreement to prohibit such Guarantor from taking.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first written above.

BORROWER:

DELEK LOGISTICS PARTNERS, LP

By: Delek Logistics GP, LLC, its General Partner

By: /s/ Reuven Spiegel

Name: Reuven Spiegel

Title: Executive Vice President and Chief Financial Officer

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

[Signature Page to Promissory Note]

GUARANTORS:
DELEK MARKETING & SUPPLY, LP

BY: Delek Marketing GP, LLC, its General Partner

DELEK LOGISTICS OPERATING, LLC
DELEK MARKETING GP, LLC
DELEK CRUDE LOGISTICS, LLC
DELEK MARKETING-BIG SANDY, LLC
PALINE PIPELINE COMPANY, LLC
MAGNOLIA PIPELINE COMPANY, LLC
SALA GATHERING SYSTEMS, LLC
EL DORADO PIPELINE COMPANY, LLC
DKL TRANSPORTATION, LLC
DKL CADDO, LLC
DKL RIO, LLC
DKL BIG SPRING, LLC
DELEK LOGISTICS FINANCE CORP.
DKL PERMIAN GATHERING, LLC

By: /s/ Reuven Spiegel
Name: Reuven Spiegel
Title: Executive Vice President and Chief Financial Officer and Treasurer

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

[Signature Page to Promissory Note]

DKL PIPELINE, LLC
DKL DELAWARE GATHERING, LLC
DKL DELAWARE HOLDING - NM, LLC
DKL DELAWARE OPERATING - NM, LLC
DKL DELAWARE MARKETING, LLC
DKL ENERGY – COTTONWOOD, LLC
DKL ENERGY – LYNCH, LLC
DKL FIELD SERVICES, LLC
DKL G&P SOLUTIONS, LLC
DKL HAT MESA II – NM, LLC
DKL NEPTUNE RECYCLING, LLC

By: /s/ Reuven Spiegel
Name: Reuven Spiegel
Title: Executive Vice President, Chief Financial Officer and Treasurer

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

[Signature Page to Promissory Note]

DELEK US HOLDINGS, INC.

By: /s/ Reuven Spiegel

Name: Reuven Spiegel

Title: Executive Vice President and Chief Financial Officer

By: /s/ Joseph Israel

Name: Joseph Israel

Title: Executive Vice President, Operations

[Signature Page to Promissory Note]

EXHIBIT A

Advances

EXHIBIT B
Additional Guarantor Supplement

Delek US Holdings, Inc., as Noteholder, under that certain Promissory Note, dated as of November 6, 2023, made by Delek Logistics Partners, LP, as Borrower, and the Guarantors from time to time party thereto (the “**Note**”)

Ladies and Gentlemen:

Reference is made to the Note described above. Terms not defined herein which are defined in the Note shall have the meaning provided therein.

The undersigned, [name of Guarantor], a [jurisdiction of incorporation or organization] hereby elects to be a “*Guarantor*” for all purposes of the Note, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 7 of the Note are true and correct (or in the case of any representation or warranty not qualified as to materiality, true and correct in all material respects) as to the undersigned to the extent applicable to it as of the date hereof and the undersigned shall comply with each of the covenants set forth in Section 8 of the Note applicable to it.

Without limiting the generality of the foregoing, the undersigned hereby agrees to perform all the obligations of a Guarantor under, and to be bound in all respects by the terms of, the Note, including without limitation Section 12 thereof, to the same extent and with the same force and effect as if the undersigned were a signatory party thereto.

The undersigned acknowledges that this Additional Guarantor Supplement shall be effective upon its execution and delivery by the undersigned to the Noteholder and countersigned by the Noteholder. This Additional Guarantor Supplement shall be construed in accordance with and governed by the laws of the State of New York, without regard to conflicts of law provisions (other than Sections 5-1401 and 5-1402 of the New York General Obligations law).

[Name of Guarantor]

By:

Name:

Title:

Acknowledged and Agreed

Delek US Holdings, Inc., as Noteholder

By:

Name:

Title:

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

I, Avigal Soreq, certify that:

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

By: /s/ Avigal Soreq

Avigal Soreq,

President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 8, 2023

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

I, Reuven Spiegel, certify that:

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

By: /s/ Reuven Spiegel

Reuven Spiegel,
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: November 8, 2023

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

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avigal Soreq, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

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

Dated: November 8, 2023

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

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

In connection with the quarterly report of Delek US Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Reuven Spiegel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

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

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: November 8, 2023

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