

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, 2024**

or

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

For the transition period from _____ to _____

Commission file number **001-35721**

DELEK LOGISTICS PARTNERS, LP

(Exact name of registrant as specified in its charter)

Delaware

45-5379027



(State or other jurisdiction of incorporation or organization)

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

310 Seven Springs Way, Suite 500

Brentwood

Tennessee

37027

(Address of principal executive offices)

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not applicable

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Units Representing Limited Partnership Interests	DKL	New York Stock Exchange

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

At November 1, 2024, there were 51,466,664 common limited partner units outstanding.

Delek Logistics Partners, LP
 Quarterly Report on Form 10-Q
 For the Quarterly Period Ended September 30, 2024

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Delek Logistics Partners, LP

Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except unit and per unit data)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,317	\$ 3,755
Accounts receivable	48,173	41,131
Accounts receivable from related parties	—	28,443
Lease receivable - affiliate	23,852	—
Inventory	4,632	2,264
Other current assets	1,967	676
Total current assets	85,941	76,269
Property, plant and equipment:		
Property, plant and equipment	1,480,553	1,320,510
Less: accumulated depreciation	(440,557)	(384,359)
Property, plant and equipment, net	1,039,996	936,151
Equity method investments	322,745	241,337
Customer relationship intangible, net	191,655	181,336
Marketing contract intangible, net	—	102,155
Other intangibles, net	95,538	59,536
Goodwill	12,203	12,203
Operating lease right-of-use assets	15,222	19,043
Net lease investment - affiliate	186,361	—
Other non-current assets	11,062	14,216
Total assets	\$ 1,960,723	\$ 1,642,246
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	\$ 35,683	\$ 26,290
Accounts payable to related parties	442	—
Current portion of long-term debt	—	30,000
Interest payable	15,559	5,805
Excise and other taxes payable	7,641	10,321
Current portion of operating lease liabilities	5,371	6,697
Accrued expenses and other current liabilities	4,886	11,477
Total current liabilities	69,582	90,590
Non-current liabilities:		
Long-term debt, net of current portion	1,894,257	1,673,789
Operating lease liabilities, net of current portion	5,820	8,335
Asset retirement obligations	15,453	10,038
Other non-current liabilities	20,719	21,363
Total non-current liabilities	1,936,249	1,713,525
Preferred units - 70,000 units issued and outstanding at September 30, 2024	70,000	—
Equity (Deficit):		
Common unitholders - public; 12,932,311 units issued and outstanding at September 30, 2024 (9,299,763 at December 31, 2023)	282,458	160,402
Common unitholders - Delek Holdings; 34,111,278 units issued and outstanding at September 30, 2024 (34,311,278 at December 31, 2023)	(397,566)	(322,271)
Total deficit	(115,108)	(161,869)
Total liabilities, preferred units and deficit	\$ 1,960,723	\$ 1,642,246

See accompanying notes to the condensed consolidated financial statements

Delek Logistics Partners, LP

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)
(In thousands, except unit and per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues				
Affiliate ⁽¹⁾	\$ 114,899	\$ 156,411	\$ 411,352	\$ 414,403
Third party	99,171	119,413	319,421	351,857
Net revenues	214,070	275,824	730,773	766,260
Cost of sales:				
Cost of materials and other - affiliate ⁽¹⁾	84,015	115,149	279,962	298,262
Cost of materials and other - third party	33,495	35,479	99,300	106,587
Operating expenses (excluding depreciation and amortization presented below)	27,746	32,611	88,895	85,302
Depreciation and amortization	19,969	23,261	67,882	65,494
Total cost of sales	165,225	206,500	536,039	555,645
Operating expenses related to wholesale business (excluding depreciation and amortization presented below)	174	392	569	1,397
General and administrative expenses	15,745	5,545	26,624	19,666
Depreciation and amortization	1,235	1,324	4,024	3,923
Other operating income, net	(117)	(491)	(1,294)	(804)
Total operating costs and expenses	182,262	213,270	565,962	579,827
Operating income	31,808	62,554	164,811	186,433
Interest income	(23,470)	—	(23,498)	—
Interest expense	37,022	36,901	112,547	104,581
Income from equity method investments	(15,602)	(9,296)	(31,974)	(22,897)
Other expense (income), net	34	(3)	(177)	(24)
Total non-operating (income) expenses, net	(2,016)	27,602	56,898	81,660
Income before income tax expense	33,824	34,952	107,913	104,773
Income tax expense	150	127	533	685
Net income attributable to partners	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Comprehensive income attributable to partners	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Net income per limited partner unit:				
Basic	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39
Diluted	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39
Weighted average limited partner units outstanding:				
Basic	47,109,008	43,588,316	46,248,003	43,578,636
Diluted	47,135,101	43,604,792	46,269,423	43,598,547

⁽¹⁾ See Note 3 for a description of our material affiliate revenue and purchases transactions.

See accompanying notes to the condensed consolidated financial statements

Delek Logistics Partners, LP

Condensed Consolidated Statements of Partners' Equity (Deficit) (Unaudited)
(in thousands)

	Common - Public	Common - Delek Holdings	Total	Preferred
Balance as of June 30, 2024	\$ 287,195	\$ (338,502)	\$ (51,307)	\$ —
Cash distributions	(14,082)	(37,181)	(51,263)	—
Net income attributable to partners	9,308	24,366	33,674	—
Issuance of units	—	—	—	70,000
Redemption of units	—	(97,949)	(97,949)	—
Contributions	—	50,873	50,873	—
Other	37	827	864	—
Balance as of September 30, 2024	<u>\$ 282,458</u>	<u>\$ (397,566)</u>	<u>\$ (115,108)</u>	<u>\$ 70,000</u>

	Common - Public	Common - Delek Holdings	Total	Preferred
Balance as of June 30, 2023	\$ 167,760	\$ (297,262)	\$ (129,502)	\$ —
Cash distributions	(9,757)	(35,513)	(45,270)	—
Net income attributable to partners	7,412	27,413	34,825	—
Other	57	738	795	—
Balance as of September 30, 2023	<u>\$ 165,472</u>	<u>\$ (304,624)</u>	<u>\$ (139,152)</u>	<u>\$ —</u>

	Common - Public	Common - Delek Holdings	Total	Preferred
Balance as of December 31, 2023	\$ 160,402	\$ (322,271)	\$ (161,869)	\$ —
Cash distributions ⁽¹⁾	(37,987)	(110,092)	(148,079)	—
Net income attributable to partners	27,812	79,568	107,380	—
Issuance of units	132,202	—	132,202	70,000
Redemption of units	—	(97,949)	(97,949)	—
Contributions	—	50,873	50,873	—
Other	29	2,305	2,334	—
Balance as of September 30, 2024	<u>\$ 282,458</u>	<u>\$ (397,566)</u>	<u>\$ (115,108)</u>	<u>\$ 70,000</u>

	Common - Public	Common - Delek Holdings	Total	Preferred
Balance as of December 31, 2022	\$ 172,119	\$ (282,819)	\$ (110,700)	\$ —
Cash distributions ⁽¹⁾	(28,695)	(105,679)	(134,374)	—
Net income attributable to partners	22,135	81,953	104,088	—
Other	(87)	1,921	1,834	—
Balance as of September 30, 2023	<u>\$ 165,472</u>	<u>\$ (304,624)</u>	<u>\$ (139,152)</u>	<u>\$ —</u>

⁽¹⁾ Cash distributions include \$0.3 million and \$0.2 million related to distribution equivalents on vested phantom units for the nine months ended September 30, 2024 and 2023.

Delek Logistics Partners, LP

Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 107,380	\$ 104,088
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71,906	69,417
Non-cash lease expense	5,689	7,407
Amortization of marketing contract intangible	4,206	5,408
Amortization of deferred revenue	(2,055)	(1,331)
Amortization of deferred financing costs and debt discount	3,955	3,476
Income from equity method investments	(31,974)	(22,897)
Dividends from equity method investments	28,309	24,118
Loss on extinguishment of debt	3,571	—
Other non-cash adjustments	(4,015)	2,312
Changes in assets and liabilities:		
Accounts receivable	(399)	21,430
Inventories and other current assets	(332)	(2,290)
Accounts payable and other current liabilities	(5,982)	(29,180)
Accounts receivable/payable to related parties	(30,625)	(73,144)
Net investment in leases - affiliate	6,168	
Non-current assets and liabilities, net	639	1,816
Net cash provided by operating activities	156,441	110,630
Cash flows from investing activities:		
Asset acquisitions from Delek Holdings	(83,903)	—
Purchases of property, plant and equipment	(83,008)	(58,564)
Proceeds from sales of property, plant and equipment	10,191	1,036
Purchases of intangible assets	(1,690)	(2,583)
Business combination	(159,495)	—
Distributions from equity method investments	3,377	4,477
Net cash used in investing activities	(314,528)	(55,634)
Cash flows from financing activities:		
Distributions to common unitholders - public	(37,987)	(28,695)
Distributions to common unitholders - Delek Holdings	(110,092)	(105,679)
Proceeds from term debt	1,059,000	—
Payments on term debt	(531,250)	(11,250)
Proceeds from revolving facility	1,021,600	304,500
Payments on revolving facility	(1,347,200)	(213,800)
Proceeds from issuance of units	132,202	—
Payments on other financing agreements	(6,214)	—
Deferred financing costs paid	(18,154)	(1,669)
Other financing activities	(256)	(2,191)
Net cash provided by (used in) financing activities	161,649	(58,784)
Net increase (decrease) in cash and cash equivalents	3,562	(3,788)
Cash and cash equivalents at the beginning of the period	3,755	7,970
Cash and cash equivalents at the end of the period	\$ 7,317	\$ 4,182
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest expense	\$ 95,267	\$ 89,524
Income taxes	\$ —	\$ 20
Non-cash investing activities:		
Equity attributable to W2W Holdings Acquisition	\$ (62,783)	\$ —
Forgiveness of related party receivable in connection with W2W Holdings Acquisition	\$ 60,000	\$ —
Preferred units issued in connection with H2O Acquisition	\$ 70,000	\$ —
Increase in accrued capital expenditures	\$ 7,542	\$ 10,084
Non-cash financing activities:		
Non-cash lease liability arising from obtaining right of use assets during the period	\$ 1,398	\$ 4,764

Delek Logistics Partners, LP

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Organization and Basis of Presentation

As used in this report, the terms "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole. The Partnership is a Delaware limited partnership formed in April 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner").

The Partnership provides gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services through its owned assets and joint ventures located primarily in the Permian Basin and other select areas in the Gulf Coast region. A majority of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our assets are contracted exclusively to Delek Holdings in support of its Tyler, Texas (the "Tyler Refinery"), El Dorado, Arkansas (the "El Dorado Refinery") and Big Spring, Texas (the "Big Spring Refinery").

On August 5, 2024, the Partnership acquired Permian Pipeline Holdings, LLC, which holds 50% equity interests in Wink to Webster Holdings, LLC ("W2W Holdings"), (the "W2W Investment") from a wholly owned subsidiary of Delek Holdings. W2W Holdings includes a 15.6% indirect interest in the Wink to Webster Pipeline, LLC joint venture ("Wink to Webster"), and related joint venture indebtedness. Wink to Webster owns and operates a long-haul crude oil pipeline system with origin points at Wink and Midland in the Permian Basin and delivery points at multiple Houston area locations.

On September 11, 2024, the Partnership completed the acquisition of 100% of the limited liability company interests in H2O Midstream Intermediate, LLC, H2O Midstream Permian LLC, and H2O Midstream LLC (the "H2O Midstream Acquisition") from H2O Midstream Holdings, LLC (the "Seller"). The acquisition included water disposal and recycling operations in the Midland Basin in Texas. See Note 2 for further information.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States 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 financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 (our "Annual Report on Form 10-K"), filed with the U.S. Securities and Exchange Commission (the "SEC") on February 28, 2024 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 notes thereto for the year ended December 31, 2023 included in our Annual Report on Form 10-K.

All adjustments necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been included. All intercompany accounts and transactions have been eliminated. Such intercompany transactions do not include those with Delek Holdings or our general partner, which are presented as related parties in these accompanying condensed consolidated financial statements. 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.

Leases

In accordance with ASC 842-20, *Leases - Lessee* ("ASC 842-20"), we classify leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that are highly specialized or allow us to substantially utilize or pay for the entire asset over its useful life. All other leases are classified as operating leases.

The Partnership leases land, buildings and various equipment primarily under operating lease arrangements, most of which provide the option, after the initial lease term, to renew the leases. Some of these lease arrangements include fixed lease rate increases, while others include lease rate increases based upon such factors as changes, if any, in defined inflationary indices.

For all leases that include fixed rental rate increases, these are included in our fixed lease payments. Our leases may include variable payments, based on changes on price or other indices, that are expensed as incurred.

The Partnership calculates the total lease expense for the entire noncancelable lease period, considering renewals for all periods for which it is reasonably certain to be exercised, and records lease expense on a straight-line basis in the accompanying consolidated statements of income. Accordingly, a lease liability is recognized for these leases and is calculated to be the present value of the fixed lease payments, as defined by ASC 842-20, using a discount rate based on our incremental borrowing rate. A corresponding right-of-use asset is recognized based on the lease liability and adjusted for certain costs and prepayments. The right-of-use asset is amortized over the noncancelable lease period, considering renewals for all periods for which it is reasonably certain to be exercised. For substantially all classes of underlying assets, we have elected the practical expedient not to separate lease and non-lease components, which allows us to combine the components if certain criteria are met.

As a lessor under ASC 842, the Partnership may be required to re-classify existing operating leases to sales-type leases upon modification and related reassessment of the leases. The net investment in sales-type leases with related parties is recorded within lease receivable - affiliate and net lease investment - affiliate on the condensed consolidated balance sheets. These amounts are comprised of the present value of the sum of the future minimum lease payments representing the value of the lease receivable and the unguaranteed residual value of the leased assets. Management assesses the net investment in sales-type leases for recoverability quarterly. See Note 12 for further information.

Accounting Pronouncements Adopted in 2024

ASU 2024-02, Codification Improvements - Amendments to Remove References to the Concepts Statements

In March 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-02 *Codification Improvements - Amendments to Remove References to the Concepts Statements* ("ASU 2024-02"), which amends the Accounting Standards Codification ("Codification") to remove references to various concepts statements and impacts a variety of topics in the Codification. The ASU is intended to simplify the Codification and draw a distinction between authoritative and non-authoritative literature. ASU 2024-02 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. This update did not have a material impact on our condensed consolidated financial statements and related disclosures.

Accounting Pronouncements Not Yet Adopted

ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 expands reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the chief decision maker ("CODM") and included within each reported measure of a segment's profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The ASU also requires disclosure of the title and position of the individual or the group identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, and should be applied retrospectively to all prior periods presented in the financial statements. The adoption of ASU 2023-07 will result in additional segment reporting disclosure requirements but is not anticipated to have a significant impact on our condensed consolidated financial statements.

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 Partnership is currently evaluating the provisions of the amendments and the impact on its future condensed consolidated statements, but does not currently expect adopting this new guidance will have a material impact on its condensed consolidated financial statements and related disclosures.

2. Acquisitions

H2O Midstream Acquisition

We completed the H2O Midstream Acquisition on September 11, 2024, in which we acquired water disposal and recycling operations, in the Midland Basin in Texas (the "Midland Water Gathering System"), for total consideration of \$229.5 million subject to customary adjustments for net working capital and indebtedness ("H2O Transaction"). The purchase price was comprised of approximately \$159.5 million in cash and \$70.0 million of Preferred Units (as defined in Note 8). See Note 8 for further information on Preferred Units. The cash portion was financed through a combination of cash on hand and borrowings under the DKL Credit Facility (as defined in Note 6).

For the three and nine months ended September 30, 2024, we incurred \$6.1 million 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 and comprehensive income for these periods.

Our consolidated financial and operating results reflect the H2O Midstream Acquisition operations beginning September 11, 2024. Our results of operations included revenue and net income of \$3.6 million and \$1.3 million, respectively, for the period from September 11, 2024 through September 30, 2024 related to these operations.

This 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.

Determination of Purchase Price ⁽¹⁾

The table below presents the estimated purchase price (in thousands):

Base purchase price:	\$	230,000
<i>Less:</i> closing net working capital (as defined in the H2O Midstream Purchase Agreement)		(2,508)
<i>Plus:</i> various closing adjustments		2,003
Adjusted purchase price	<u>\$</u>	<u>229,495</u>
Cash paid	\$	159,495
Fair value of preferred units issued		70,000
Preliminary purchase price	<u>\$</u>	<u>229,495</u>

⁽¹⁾ These amounts are based upon estimates at closing, but are subject to a subsequent review and revision period pursuant to the H2O Midstream Acquisition agreement at which time final settlements for these components will be determined. Such subsequent adjustments may result in changes to the preliminary purchase price.

Purchase Price Allocation

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed in the H2O Midstream Acquisition as of September 11, 2024 (in thousands):

Assets acquired:

Accounts receivables	6,643
Inventories	2,448
Other current assets	879
Property, plant and equipment	174,548
Operating lease right-of-use assets	470
Customer relationship intangible ⁽¹⁾	24,006
Other intangibles ⁽¹⁾	34,841
Other non-current assets	21
Total assets acquired	<u>\$ 243,856</u>

Liabilities assumed:

Accounts payable	\$ 3,954
Accrued expenses and other current liabilities	5,059
Current portion of operating lease liabilities	278
Asset retirement obligations	4,851
Operating lease liabilities, net of current portion	219
Total liabilities assumed	<u>14,361</u>
Fair value of net assets acquired	<u>\$ 229,495</u>

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

- Rights-of-way intangibles valued at \$30.1 million, of which, the majority has an indefinite life.
- Favorable supply contract intangible that is subject to amortization with a preliminary fair value of \$4.8 million which will be amortized over a 4.8 years useful life. The estimated amortization is \$1.0 million for each of the next four fiscal years, and \$0.4 million in the fifth succeeding fiscal year.
- The Customer relationship intangible that is subject to amortization with a preliminary fair value of \$24.0 million, which will be amortized over an 12.6 years useful life. The estimated amortization is \$1.9 million for each of the five succeeding fiscal years.

The amortization expense related to the above intangible assets for the three and nine months ended September 30, 2024 was immaterial.

These fair value estimates are preliminary and therefore, the final fair value of assets acquired and liabilities assumed and the resulting effect on our financial position may change once all necessary information has become available, the final working capital adjustment is complete, and we finalize our valuations. To the extent possible, estimates have been considered and recorded, as appropriate, for the items above based on the information available as of September 30, 2024. We will continue to evaluate these items until they are satisfactorily resolved and adjust our purchase price allocation accordingly, within the allowable measurement period (not to exceed one year from the date of acquisition), as defined by Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805").

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.

Customer relationships were valued using the income approach, with essential assumptions including projected revenues from these relationships, attrition rates, 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. For all other current assets and payables, their fair values were considered equivalent to their carrying amounts due to their short-term nature.

Unaudited Pro Forma Financial Information

The following table summarizes the unaudited pro forma financial information of the Partnership assuming the H2O Midstream Acquisition had occurred on January 1, 2023. The unaudited pro forma financial information has been adjusted to give effect to certain pro forma adjustments that are directly related to this 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 associated with revolving credit facility borrowings incurred in connection with this acquisition, (ii) incremental depreciation resulting from the estimated fair values of acquired property, plant and equipment, (iii) incremental amortization resulting from the estimated fair value of the acquired customer relationship intangible and, (iv) transaction costs. The unaudited pro forma financial information excludes any expected cost savings or other synergies as a result of this acquisition. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had this acquisition been effective as of the date 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,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(in thousands)				
Net sales	\$ 226,303	\$ 296,752	\$ 775,369	\$ 833,859
Net income attributable to partners	\$ 40,045	\$ 40,290	\$ 119,183	\$ 120,856

Wink to Webster Pipeline Investment Acquisition

On August 5, 2024, the Partnership acquired Permian Pipeline Holdings, LLC, which holds 50% equity interests in W2W Holdings, from a wholly owned subsidiary of Delek Holdings. W2W Holdings includes a 15.6% indirect interest in Wink to Webster, and related joint venture indebtedness. Wink to Webster owns and operates a long-haul crude oil pipeline system with origin points at Wink and Midland in the Permian Basin and delivery points at multiple Houston area locations. Total consideration was comprised of \$83.9 million in cash (including \$2.7 million post-closing adjustment), forgiveness of a \$60.0 million receivable from Delek Holdings and 2,300,000 of common units representing limited partnership interest in us.

This acquisition was considered a transaction between entities under common control. Accordingly, the equity interests acquired were recorded at amounts based on Delek Holdings' historical carrying value as of the acquisition date. The carrying value of the equity interests as of the acquisition date was \$81.1 million. Pursuant to common control guidance, we recorded a reduction to equity of \$62.8 million, included in contributions in the accompanying condensed consolidated statements of partners' equity, representing the net carrying amount of the equity interest acquired less the consideration paid. No value was assigned to the 2,300,000 common units issued. Prior periods have not been recast as these assets do not constitute a business in accordance with ASC 805, *Business Combinations*.

3. Related Party Transactions

Commercial Agreements

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms at the option of Delek Holdings. The fees under each agreement are payable to us monthly by Delek Holdings or certain third parties to whom Delek Holdings has assigned certain of its rights and are generally subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, however, in no event will the fees be adjusted below the amount initially set forth in the applicable agreement. Under each of these agreements, we are required to maintain the capabilities of our pipelines and terminals, such that Delek Holdings may throughput and/or store, as the case may be, specified volumes of crude oil, intermediate and refined products.

See our Annual Report on Form 10-K for a more complete description of our material commercial agreements and other agreements with Delek Holdings.

On August 5, 2024, the Partnership amended and extended expired, or soon to be expired, commercial agreements with subsidiaries of Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. These amendments required the embedded leases within these agreements to be reassessed under ASC 842. As a result, certain leases were reclassified from operating leases to sales-type leases (see Note 12 for further information on sales-type leases). These agreements have an initial term of five to seven years, with the ability to extend for an additional five years at Delek Holdings' option and were effective as of July 1, 2024. Certain of these contracts had rate adjustments to be phased in over 2025 and 2026.

In addition, on August 5, 2024, the Partnership entered into an assignment agreement with Delek Holdings to assign its rights and obligations under the Big Spring Refinery Marketing Agreement to Delek Holdings. As consideration for this agreement, the Partnership redeemed 2,500,000 common units representing limited partnership interest in us held by Delek Holdings. Associated with such marketing agreement was a contract intangible with a carrying value of \$97.9 million at the closing date of the assignment. This intangible was transferred to Delek Holdings in conjunction with the assignment.

Other Agreements with Delek Holdings

In addition to the commercial agreements described above, the Partnership has entered into the following agreements with Delek Holdings:

Omnibus Agreement

On November 7, 2012, the Partnership entered into an omnibus agreement with Delek Holdings, our general partner, Delek Logistics Operating, LLC, Lion Oil Company, LLC and certain of the Partnership's and Delek Holdings' other subsidiaries, which has been amended and restated from time to time in connection with acquisitions from Delek Holdings (collectively, as amended and restated, the "Omnibus Agreement"). The Omnibus Agreement governs the provision of certain operational services and reimbursement obligations, among other matters, between the Partnership and Delek Holdings, and obligates us to pay an annual fee of \$4.4 million to Delek Holdings for its provision of centralized corporate services to the Partnership.

On August 5, 2024 we entered into an amended and restated Omnibus Agreement with Delek Holdings that provides Delek Holdings an option to purchase certain critical assets from us at market value during the period beginning upon any change in control or sale of substantially all assets involving us and extending (i) in the case of a transaction involving a third party, for six months following closing, and (ii) for any other transaction, for four years following closing.

Pursuant to the terms of the Omnibus Agreement, we are reimbursed by Delek Holdings for certain capital expenditures. These amounts are recorded in other long-term liabilities and are amortized to revenue over the life of the underlying revenue agreement corresponding to the asset. There were no reimbursements by Delek Holdings during each of three and nine months periods ended September 30, 2024 or the three and nine month periods ended September 30, 2023. Additionally, we are reimbursed or indemnified, as the case may be, for costs incurred in excess of certain amounts related to certain asset failures, pursuant to the terms of the Omnibus Agreement. As of September 30, 2024 and December 31, 2023, there was no receivable from related parties for these matters. These reimbursements are recorded as reductions to operating expense. There were no reimbursements for these matters in each of the three and nine month periods ended September 30, 2024 or the three and nine month periods ended September 30, 2023.

Other Transactions

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin. The majority of the gathering systems have been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for oversight of the project design, procurement and construction of project segments and provides other related services. Pursuant to the terms of the DPG Management Agreement, the Partnership receives a monthly operating services fee and a construction services fee, which includes the Partnership's direct costs of managing the project plus an additional percentage fee of the construction costs of each project segment. The agreement extends through December 2024. Total fees paid to the Partnership were \$0.4 million for both the three months ended September 30, 2024 and 2023 and \$1.2 million for both the nine months ended September 30, 2024 and 2023, which are recorded in affiliate revenue in our accompanying condensed consolidated statements of income and comprehensive income. Additionally, the Partnership incurs the costs in connection with the construction of the assets and is subsequently reimbursed by Delek Holdings. Amounts reimbursable by Delek Holdings are recorded in accounts receivable from related parties.

Related Party Revolving Credit Facility

On November 6, 2023, the Partnership and certain of its subsidiaries, as guarantors, entered into the Related Party Revolving Credit Facility (as defined below) with Delek Holdings. On May 2, 2024, the Boards of Directors of Delek Holdings and our general partner authorized the termination of the intercompany loan agreement between Delek Holdings and the Partnership, which was effective on May 31, 2024. See Note 6 - Long-Term Obligations for further information.

Summary of Transactions

Income from affiliates consist primarily of revenues from gathering, transportation, storage, offloading, Renewable Identification Numbers, wholesale marketing and products terminalling services provided primarily to Delek Holdings under commercial agreements based on regulated tariff rates or contractually based fees and product sales, and interest income associated with those commercial agreements classified as sales-type leases. Affiliate operating expenses are primarily comprised of amounts we reimburse Delek Holdings, or our general partner, as the case may be, for the services provided to us under the Partnership Agreement. These expenses could also include reimbursement and indemnification amounts from Delek Holdings, as provided under the Omnibus Agreement. Additionally, the Partnership is required to reimburse Delek Holdings for direct or allocated costs and expenses incurred by Delek Holdings on behalf of the Partnership and for charges Delek Holdings incurred for the management and operation of our logistics assets, including an annual fee for various centralized corporate services, which are included in general and administrative expenses. In addition to these transactions, we purchase refined products and bulk biofuels from Delek Holdings, the costs of which are included in cost of materials and other-affiliate.

A summary of income, purchases and expense transactions with Delek Holdings and its affiliates are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues	\$ 114,899	\$ 156,411	\$ 411,352	\$ 414,403
Interest income	\$ 23,442	\$ —	\$ 23,442	\$ —
Purchases	\$ 84,015	\$ 115,149	\$ 279,962	\$ 298,262
Operating and maintenance expenses	\$ 15,275	\$ 15,944	\$ 48,432	\$ 47,742
General and administrative expenses	\$ 2,777	\$ 3,233	\$ 9,280	\$ 11,112

Quarterly Cash Distributions

Date of Distribution	Distributions paid to Delek Holdings (in thousands)	
February 12, 2024	\$	36,198
May 15, 2024		36,713
August 14, 2024		37,181
November 14, 2024 ⁽¹⁾		37,352
Total	\$	147,444
February 9, 2023	\$	34,998
May 15, 2023		35,169
August 14, 2023		35,512
November 13, 2023		35,855
Total	\$	141,534

⁽¹⁾ On October 29, 2024, the board of directors of our general partner declared this quarterly cash distribution based on the available cash as of the date of determination. Distributions paid are estimated based on common units held by Delek Holdings as of September 30, 2024.

4. Revenues

The following table represents a disaggregation of revenue for the gathering and processing, wholesale marketing and terminalling, and storage and transportation segments for the periods indicated (in thousands):

	Three Months Ended September 30, 2024			
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 19,331	\$ —	\$ 2,298	\$ 21,629
Service Revenue - Affiliate ⁽¹⁾	8,481	2,216	13,669	24,366
Product Revenue - Third Party	22,286	55,256	—	77,542
Product Revenue - Affiliate	5,121	31,887	—	37,008
Lease Revenue - Affiliate	26,308	17,579	9,638	53,525
Total Revenue	\$ 81,527	\$ 106,938	\$ 25,605	\$ 214,070

	Three Months Ended September 30, 2023			
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 14,929	\$ —	\$ 3,507	\$ 18,436
Service Revenue - Affiliate ⁽¹⁾	1,743	13,975	9,723	25,441
Product Revenue - Third Party	24,477	76,500	—	100,977
Product Revenue - Affiliate	3,776	43,475	—	47,251
Lease Revenue - Affiliate	49,900	13,160	20,659	83,719
Total Revenue	\$ 94,825	\$ 147,110	\$ 33,889	\$ 275,824

	Nine Months Ended September 30, 2024			
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 56,151	\$ —	\$ 7,015	\$ 63,166
Service Revenue - Affiliate ⁽¹⁾	8,486	29,684	40,924	79,094
Product Revenue - Third Party	69,910	186,345	—	256,255
Product Revenue - Affiliate	13,523	102,184	—	115,707
Lease Revenue - Affiliate	121,983	43,595	50,973	216,551
Total Revenue	\$ 270,053	\$ 361,808	\$ 98,912	\$ 730,773

	Nine Months Ended September 30, 2023			
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 45,378	\$ —	\$ 6,916	\$ 52,294
Service Revenue - Affiliate ⁽¹⁾	8,165	34,132	44,667	86,964
Product Revenue - Third Party	77,754	221,809	—	299,563
Product Revenue - Affiliate	12,119	86,625	—	98,744
Lease Revenue - Affiliate	137,078	35,680	55,937	228,695
Total Revenue	\$ 280,494	\$ 378,246	\$ 107,520	\$ 766,260

⁽¹⁾ Net of \$0.6 million and \$4.2 million of amortization expense for the three and nine months ended September 30, 2024, respectively and \$1.8 million and \$5.4 million for the three and nine months ended September 30, 2023, respectively, related to marketing contract intangible recorded in the wholesale marketing and terminalling segment.

As of September 30, 2024, we expect to recognize approximately \$1.1 billion in service revenues related to our unfulfilled performance obligations pertaining to the minimum volume commitments and capacity utilization under the non-cancelable terms of our commercial agreements with Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms. We disclose information about remaining performance obligations that have original expected durations of greater than one year.

Our unfulfilled performance obligations as of September 30, 2024 were as follows (in thousands):

Remainder of 2024	\$	57,026
2025		220,037
2026		201,538
2027		201,538
2028 and thereafter		426,350
Total expected revenue on remaining performance obligations	\$	1,106,489

5. Net Income per Unit

We use the two-class method when calculating the net income per unit applicable to limited partners, because we have more than one participating class of securities. Our participating securities consist of common units and preferred units.

The two-class method is based on the weighted-average number of common units outstanding during the period. Basic net income per unit applicable to common limited partners is computed by dividing limited partners' interest in net income allocated to participating securities by the weighted-average number of outstanding common units. Undistributed earnings are allocated to our preferred unitholders and limited partners based on their respective ownership interests. During a period of net loss or negative undistributed earnings, the two-class method is not applicable.

Diluted net income per unit applicable to common limited partners includes the effects of potentially dilutive units on our common units. As of September 30, 2024, the only potentially dilutive units outstanding consist of unvested phantom units.

The calculation of net income per unit is as follows (in thousands, except unit and per unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to partners	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Less: Limited partners' distribution declared on common units	51,263	45,112	147,794	134,216
Undistributed net loss	\$ (17,589)	\$ (10,287)	\$ (40,414)	\$ (30,128)
Limited partners' earnings on common units:				
Distributions	\$ 51,263	\$ 45,112	\$ 147,794	\$ 134,216
Allocation of undistributed net loss	(17,589)	(10,287)	(40,414)	(30,128)
Total limited partners' earnings on common units	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Weighted average limited partner units outstanding, basic	47,109,008	43,588,316	46,248,003	43,578,636
Dilutive effect of unvested phantom units	26,093	16,476	21,420	19,911
Weighted average limited partner units outstanding, diluted	47,135,101	43,604,792	46,269,423	43,598,547
Net income per limited partner unit:				
Basic	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39
Diluted ⁽¹⁾	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39

⁽¹⁾ There were 24,506 anti-dilutive common unit equivalents excluded from the diluted earnings per unit calculation during both three and nine months ended September 30, 2024. There were 48,597 and 35,519 anti-dilutive common unit equivalents excluded from the diluted earnings per unit calculation during the three and nine months ended September 30, 2023, respectively.

6. Long-Term Obligations

Outstanding borrowings under the Partnership's debt instruments are as follows (in thousands):

	September 30, 2024	December 31, 2023
DKL Revolving Facility	\$ 454,900	\$ 780,500
DKL Term Facility	—	281,250
2029 Notes	1,050,000	—
2028 Notes	400,000	400,000
2025 Notes	—	250,000
Principal amount of long-term debt	1,904,900	1,711,750
Less: Unamortized discount and premium and deferred financing costs	10,643	7,961
Total debt, net of unamortized discount and premium and deferred financing costs	1,894,257	1,703,789
Less: Current portion of long-term debt and notes payable	—	30,000
Long-term debt, net of current portion	\$ 1,894,257	\$ 1,673,789

DKL Credit Facility

On October 13, 2022, the Partnership entered into a senior secured term loan with an original principal of \$300.0 million (the "DKL Term Loan Facility"). On November 6, 2023, the Partnership entered into a First Amendment, a Second Amendment and a Third Amendment to the DKL Credit Facility (the "DKL Credit Facility"), (together, the "Amendments") which among other things, extended the maturity of the DKL Term Loan Facility to April 15, 2025. The outstanding principal balance of \$281.3 million was paid on March 13, 2024 from a portion of the proceeds received with the issuance of the 2029 Notes as indicated below. At the Partnership's option, borrowings bore interest at either the Adjusted Term Secured Overnight Financing Rate benchmark ("SOFR") or U.S. dollar prime rate, plus an applicable margin. The applicable margin was 2.50% for the first year of the DKL Term Loan Facility and 3.00% for the second year for U.S. dollar prime rate borrowings. SOFR rate borrowings included 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 December 31, 2023, the weighted average borrowing rate was approximately 9.46%. Debt extinguishment costs were \$2.1 million and are recorded in interest expense, net in the accompanying condensed consolidated statements of income and comprehensive income.

On March 29, 2024, the Partnership entered into a Fourth Amendment to the amended and restated senior secured revolving credit agreement (the "DKL Revolving Facility") which among other things increased the U.S. Revolving Credit Commitments (as defined in the DKL Credit Facility) by an amount equal to \$100.0 million resulting in aggregate lender commitments under the Delek Logistics Revolving Credit Facility in an amount of \$1,150.0 million, including up to \$146.9 million for letters of credit and \$31.9 million in swing line loans. This facility has a maturity date of October 13, 2027.

The DKL Revolving Facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.40% 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 the Partnership's Total Leverage Ratio (as defined in the DKL Credit Agreement), or a SOFR rate plus a credit spread adjustment of 0.10% or 0.25% and an applicable margin ranging from 2.00% to 3.00% depending on the Partnership's Total Leverage Ratio. As of September 30, 2024 and December 31, 2023, the weighted average interest rate was 7.70% and 8.46%, respectively. There were no letters of credit outstanding as of September 30, 2024 or December 31, 2023.

The obligations under the DKL Revolving Facility are secured by first priority liens on substantially all of the Partnership's and its subsidiaries' tangible and intangible assets. The carrying value of outstanding borrowings under the DKL Revolving Facility as of September 30, 2024 and December 31, 2023 approximate their fair values. Our debt facilities contain affirmative and negative covenants and events of default the Partnership considers usual and customary. As of September 30, 2024, we were in compliance with covenants on all of our debt instruments.

Related Party Revolving Credit Facility

On November 6, 2023, the Partnership and certain of its subsidiaries, as guarantors, entered into a certain Promissory Note (the "Related Party Revolving Credit Facility") with Delek Holdings. The Related Party Revolving Credit Facility provided for revolving borrowings with aggregate commitments of \$70.0 million comprised of a (i) \$55.0 million senior tranche and a (ii) \$15.0 million subordinated tranche (the "Subordinated Tranche"), with the initial borrowings under the Subordinated Tranche conditioned upon the Partnership and Delek Holdings 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 Related Party Revolving Credit Facility bore interest at Term SOFR (as defined in the Related Party Revolving Credit Facility) plus 3.00%. The Related Party Revolving Credit Facility proceeds were available for the Partnership's working capital purposes and other general corporate purposes. On May 2, 2024, the Boards of Directors of Delek Holdings and our general partner authorized the termination of the intercompany loan agreement between Delek Holdings and the Partnership, which was effective on May 31, 2024.

2029 Notes

On March 13, 2024, the Partnership and our wholly owned subsidiary Delek Logistics Finance Corp. ("Finance Corp." and together with the Partnership, the "Issuers") sold \$650.0 million in aggregate principal amount of 8.625% senior notes due 2029 (the "2029 Notes") at par, pursuant to an indenture with U.S. Bank Trust Company, National Association as trustee. Net proceeds were used to redeem the 2025 Notes including accrued interest, pay off the DKL Term Facility including accrued interest and to repay a portion of the outstanding borrowings under the DKL Revolving Facility.

On April 17, 2024, the Issuers sold \$200.0 million in aggregate principal amount of additional 8.625% senior notes due 2029 at 101.25% and on August 16, 2024, the Issuers sold \$200.0 million in aggregate principal amount of additional 8.625% senior notes due 2029, at 103.25% (collectively, the "Additional 2029 Notes"). The Additional 2029 Notes were issued under the same indenture as the 2029 Notes and formed a part of the same series of notes as the 2029 Notes. The net proceeds were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility.

The 2029 Notes are general unsecured senior obligations of the Issuers and are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's subsidiaries other than Finance Corp., and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. The 2029 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right payment to any future subordinated indebtedness of the Issuers. The 2029 Notes will mature on March 15, 2029, and interest on the 2029 Notes is payable semi-annually in arrears on each March 15 and September 15, commencing September 15, 2024.

At any time prior to March 15, 2026, the Issuers may redeem up to 35% of the aggregate principal amount of the 2029 Notes with the net cash proceeds of one or more equity offerings by the Partnership at a redemption price of 108.625% of the redeemed principal amount, plus accrued and unpaid interest, if any, subject to certain conditions and limitations. Prior to March 15, 2026, the Issuers may also redeem all or part of the 2029 Notes at a redemption price of the principal amount plus accrued and unpaid interest, if any, plus a "make whole" premium, subject to certain conditions and limitations. In addition, beginning on March 15, 2026, the Issuers may, subject to certain conditions and limitations, redeem all or part of the 2029 Notes, at a redemption price of 104.313% of the redeemed principal for the twelve-month period beginning on March 15, 2026, 102.156% for the twelve-month period beginning on March 15, 2027, and 100.00% beginning on March 15, 2028 and thereafter, plus accrued and unpaid interest, if any. In the event of a change of control, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the 2029 Notes from holders at a price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest.

We recorded \$17.5 million of debt issuance costs which will be amortized over the term of the 2029 Notes and included in interest expense in the accompanying condensed consolidated statements of income and comprehensive income. The premium recognized for the Additional 2029 Notes was \$9.0 million which will be amortized over the term of the 2029 Notes and included in interest expense in the accompanying condensed consolidated statements of income and comprehensive income. As of September 30, 2024, the effective interest rate was 8.90%. The estimated fair value of the 2029 Notes was \$1,105.3 million as of September 30, 2024, measured based upon quoted market prices in an active market, defined as Level 1 in the fair value hierarchy.

2028 Notes

Our 2028 Notes are general unsecured senior obligations comprised of \$400.0 million in aggregate principal of 7.125% senior notes maturing June 1, 2028. The 2028 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's existing subsidiaries (other than Delek Logistics Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. As of September 30, 2024, the effective interest rate was 7.38%. The estimated fair value of the 2028 Notes was \$401.8 million and \$380.4 million as of September 30, 2024 and December 31, 2023, respectively, measured based upon quoted market prices in an active market, defined as Level 1 in the fair value hierarchy.

2025 Notes

Our 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. Concurrent with the issuance of the 2029 Notes, the Partnership made a cash tender offer (the "Offer") for all of the outstanding 2025 Notes with a conditional notice of full redemption for the remaining balance not received from the Offer. The Partnership received tenders from holders of approximately \$156.2 million in aggregate principal amount. All the remaining 2025 Notes were redeemed by March 29, 2024, pursuant to the notice of conditional redemption. Debt extinguishment costs were \$1.5 million and are recorded in interest expense, net in the accompanying condensed consolidated statements of income and comprehensive income. The estimated fair value of the 2025 Notes was \$248.7 million as of December 31, 2023, measured based upon quoted market prices in an active market, defined as Level 1 in the fair value hierarchy.

7. Equity

On March 12, 2024, we completed a public offering of its common units in which it sold 3,584,416 common units (including an overallotment option of 467,532 common units) to the underwriters of the offering at a price to the public of \$38.50 per unit. The net proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$132.2 million and were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$5.5 million.

On October 10, 2024, we completed a public offering of its common units in which it sold 4,423,075 common units (including an overallotment option of 576,922 common units) to the underwriters of the offering at a price to the public of \$39.00 per unit. The net proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$165.3 million and were used to redeem the Preferred Units (defined below) and repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$6.6 million.

Equity Activity

The table below summarizes the changes in the number of limited partner units outstanding from December 31, 2023 through September 30, 2024.

	Common - Public	Common - Delek Holdings ⁽¹⁾	Total
Balance at December 31, 2023	9,299,763	34,311,278	43,611,041
Unit-based compensation awards ⁽²⁾	48,132	—	48,132
Equity offering units issued	3,584,416	—	3,584,416
Redemption of units associated with BSR Marketing Agreement	—	(2,500,000)	(2,500,000)
Issuance of units in connection with W2W Acquisition	—	2,300,000	2,300,000
Balance at September 30, 2024	12,932,311	34,111,278	47,043,589

⁽¹⁾ As of September 30, 2024, Delek Holdings owned a 70.4% interest in the Partnership (on an as-converted basis).

⁽²⁾ Unit-based compensation awards are presented net of 18,976 units withheld for taxes for nine months ended September 30, 2024.

Cash Distributions

Our Partnership Agreement sets forth the calculation to be used to determine the amount and priority of available cash distributions that our limited partner unitholders will receive. Our distributions earned with respect to a given period are declared subsequent to quarter end.

The table below summarizes the quarterly distributions related to our quarterly financial results:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Cash Distribution (in thousands)
March 31, 2023	\$1.025	\$44,664
June 30, 2023	\$1.035	\$45,112
September 30, 2023	\$1.045	\$45,558
March 31, 2024	\$1.070	\$50,521
June 30, 2024	\$1.090	\$51,263
September 30, 2024 ⁽¹⁾	\$1.100	\$51,513

⁽¹⁾ On October 29, 2024, the board of directors of our general partner declared this quarterly cash distribution, payable on November 14, 2024, to unitholders of record on November 8, 2024. The total cash distribution is estimated based on the number of common units outstanding as of September 30, 2024.

8. Preferred Units

On September 11, 2024 (the "Closing Date"), the Partnership issued 70,000 preferred units ("Preferred Units") in connection with the Partnership's acquisition of H2O Midstream for an amount equal to \$70.0 million.

Preferred Unit Distribution Rights

Preferred Units rank senior to all common units with respect to distributions and rights upon liquidation. The holders of the Preferred Units are entitled to receive, when and if declared by the board, a quarterly distribution equal to the amount of distributions they would have received on an as converted basis at a price of \$41.04, including any special distributions made to common unitholders.

Preferred Unit Conversion and Redemption

The holders may convert their Preferred Units into common units at any time, in whole or part, at a conversion price of \$49.25 per common unit. If the Partnership completes an underwritten public common unit offering, the Partnership may convert the Preferred Units into common units at any time, in whole or part, at a conversion price of \$41.04 per common unit.

At any time, the Partnership may redeem, in whole or part, the Preferred Units at a redemption price of \$1,000 per Preferred Unit plus the amount of accrued but unpaid distributions and a make whole amount, to be settled in cash. In addition, at any time prior to October 31, 2027, if the Partnership completes an offering of common units or Preferred Units, the Partnership shall redeem an amount of the Preferred Units not to exceed the amount equal to the net cash proceeds to the Partnership from such offering, after deducting underwriting discounts and commissions and offering expenses payable by the Partnership at a redemption price of \$1,000 per Preferred Unit plus the amount of accrued but unpaid distributions and a make whole amount.

At any time on or after (i) December 31, 2027; (ii) the date the Partnership defaults on existing or future indebtedness; (iii) the date the Partnership fails to pay the quarterly distribution; or (iv) the occurrence of a Fundamental Event (as defined in the Agreement Of Limited Partnership), the holder of the Preferred Units will have the right to cause the Partnership to redeem, in whole or in part, the Preferred Units at a redemption price equal to the \$1,000 per Preferred Unit, to be settled in cash.

Preferred Unit Voting Rights

The holders of Preferred Units are entitled to vote on an as-converted basis with the common unitholders.

Financial Statement Presentation

Preferred units are considered redeemable securities under GAAP due to the existence of redemption provisions upon a deemed liquidation event, which is outside the Partnership's control. Therefore, they are presented as temporary equity in the mezzanine section of the condensed consolidated balance sheets. The Preferred Units have been recorded at their issuance date fair value. Income allocations increase the carrying value and declared distributions decrease the carrying value of the Preferred Units.

For a summary of changes in the Preferred Units balance for 2024, see the condensed consolidated statements of partners' equity (deficit).

Redemption of Preferred Units

As a result of our public offering of common units completed on October 10, 2024, the Partnership redeemed all 70,000 of the Preferred Units for at a redemption price of \$1,000 per unit. Total redemption payment was \$70.8 million, including payment made for pro-rata distribution.

9. Equity Method Investments

The Partnership owns a 33% membership interest in Red River Pipeline Company LLC ("Red River"), a joint venture operated with Plains Pipeline, L.P. Red River owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas with capacity of 235,000 bpd. Additionally, we have two pipeline joint ventures, in which we own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. ("CP LLC") to operate one of these pipeline systems and a 33% membership interest in the entity formed with Andeavor Logistics RIO Pipeline LLC ("Andeavor Logistics") to operate the other pipeline system.

On August 5, 2024, the Partnership acquired Permian Pipeline Holdings, LLC, which holds 50% equity interests in W2W Holdings, from a wholly owned subsidiary of Delek Holdings. W2W Holdings includes a 15.6% indirect interest in the Wink to Webster joint venture, and related joint venture indebtedness.

W2W Holdings was originally formed by Delek Holdings and MPLX Operations LLC to obtain financing and fund capital calls associated with its collective and contributed interests in Wink to Webster. Wink to Webster owns and operates a long-haul crude oil pipeline system with origin points at Wink and Midland in the Permian Basin and delivery points at multiple Houston area locations. We determined that W2W Holdings 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 W2W Holdings, and no single party has the power to direct the activities that most significantly impact W2W Holdings' economic performance.

As of September 30, 2024, except for the guarantee of member obligations under the joint venture, we do not have other guarantees with or to W2W Holdings, nor any third-party associated with W2W Holdings contracted work. The Partnership's maximum exposure to any losses incurred by W2W Holdings is limited to its investment.

The Partnership's investment balances in these joint ventures were as follows (in thousands):

	As of September 30, 2024	As of December 31, 2023
Red River	\$ 138,982	\$ 141,091
W2W Holdings	87,511	—
CP LLC	59,791	61,273
Andeavor Logistics	36,461	38,973
Total Equity Method Investments	\$ 322,745	\$ 241,337

10. Segment Data

We aggregate our operating segments into four reportable segments: **(i)** gathering and processing; **(ii)** wholesale marketing and terminalling; **(iii)** storage and transportation; and **(iv)** investment in pipeline joint ventures. Operations that are not specifically included in the reportable segments are included in Corporate and other segment.

The CODM evaluates performance based on EBITDA for planning and forecasting purposes. EBITDA is an important measure used by management to evaluate the financial performance of our core operations. EBITDA is not a GAAP measure, but the components of EBITDA are computed using amounts that are determined in accordance with GAAP. A reconciliation of EBITDA to Net Income is included in the tables below. We define EBITDA as net income (loss) before net interest expense, income tax expense, depreciation and amortization expense, including amortization of marketing contract intangible, which is included as a component of net revenues in our accompanying condensed consolidated statements of income and comprehensive income.

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

The following is a summary of business segment operating performance as measured by EBITDA for the periods indicated (in thousands):

	Three Months Ended September 30, 2024					
(In thousands)	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 39,910	\$ 51,682	\$ 23,307	\$ —	\$ —	\$ 114,899
Third party	41,617	55,256	2,298	—	—	99,171
Total revenue	\$ 81,527	\$ 106,938	\$ 25,605	\$ —	\$ —	\$ 214,070
Segment EBITDA	\$ 42,380	\$ 20,245	\$ 7,526	\$ 15,602	\$ (16,572)	\$ 69,181
Depreciation and amortization	16,424	2,796	1,218	—	766	21,204
Amortization of customer contract intangible	—	601	—	—	—	601
Interest income	(11,531)	(3,707)	(8,232)	—	—	(23,470)
Interest expense	—	—	—	—	37,022	37,022
Income tax expense	—	—	—	—	—	150
Net income						\$ 33,674
Capital spending ⁽²⁾	\$ 62,086	\$ 1,202	\$ 1,910	\$ —	\$ —	\$ 65,198
	Three Months Ended September 30, 2023					
(In thousands)	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 55,419	\$ 70,610	\$ 30,382	\$ —	\$ —	\$ 156,411
Third party	39,406	76,500	3,507	—	—	119,413
Total revenue	\$ 94,825	\$ 147,110	\$ 33,889	\$ —	\$ —	\$ 275,824
Segment EBITDA	\$ 52,906	\$ 28,135	\$ 17,914	\$ 9,288	\$ (10,002)	\$ 98,241
Depreciation and amortization	19,263	1,769	2,704	—	849	24,585
Amortization of customer contract intangible	—	1,803	—	—	—	1,803
Interest expense	—	—	—	—	36,901	36,901
Income tax expense	—	—	—	—	—	127
Net income						\$ 34,825
Capital spending ⁽²⁾	\$ 12,002	\$ 2,123	\$ 522	\$ —	\$ —	\$ 14,647

(In thousands)	Nine Months Ended September 30, 2024					
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 143,992	\$ 175,463	\$ 91,897	\$ —	\$ —	\$ 411,352
Third party	126,061	186,345	7,015	—	—	319,421
Total revenue	\$ 270,053	\$ 361,808	\$ 98,912	\$ —	\$ —	\$ 730,773
Segment EBITDA	\$ 154,819	\$ 75,724	\$ 42,405	\$ 31,974	\$ (31,848)	\$ 273,074
Depreciation and amortization	56,640	6,143	6,515	—	2,608	71,906
Amortization of marketing contract intangible	—	4,206	—	—	—	4,206
Interest income	(11,559)	(3,707)	(8,232)	—	—	(23,498)
Interest expense	—	—	—	—	112,547	112,547
Income tax expense	—	—	—	—	—	533
Net income	—	—	—	—	—	\$ 107,380
Capital spending ⁽²⁾	\$ 84,160	\$ 1,223	\$ 5,167	\$ —	\$ —	\$ 90,550

(In thousands)	Nine Months Ended September 30, 2023					
	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 157,362	\$ 156,437	\$ 100,604	\$ —	\$ —	\$ 414,403
Third party	123,132	221,809	6,916	—	—	351,857
Total revenue	\$ 280,494	\$ 378,246	\$ 107,520	\$ —	\$ —	\$ 766,260
Segment EBITDA	\$ 161,014	\$ 78,071	\$ 46,316	\$ 22,889	\$ (24,111)	\$ 284,179
Depreciation and amortization	54,511	5,338	7,109	—	2,459	69,417
Amortization of marketing contract intangible	—	5,408	—	—	—	5,408
Interest expense	—	—	—	—	104,581	104,581
Income tax expense	—	—	—	—	—	685
Net income	—	—	—	—	—	\$ 104,088
Capital spending ⁽²⁾	\$ 62,168	\$ 2,527	\$ 3,933	\$ —	\$ —	\$ 68,628

(1) Affiliate revenue for the wholesale marketing and terminalling segment is presented net of amortization expense pertaining to the marketing contract intangible. This intangible was assigned to Delek Holdings on August 5, 2024.

(2) Capital spending includes additions on an accrual basis.

11. Commitments and Contingencies

Litigation

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

Texas Department of Transportation Settlement

Beginning in August 2023, the Partnership was involved in litigation with the State of Texas Department of Transportation. The subject of the litigation was the expansion of the highway where the Partnership's Nettleton Station is situated. As a result of this expansion, two tanks owned by the Partnership were impacted. This litigation was settled in the second quarter of 2024 and resulted in the Partnership recovering \$8.3 million in condemnation proceeds, which are recorded in other operating income, net in the accompanying condensed consolidated statements of income and comprehensive income.

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 Environmental Protection Agency (the "EPA"), the United States Department of Transportation, the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices and pollution prevention measures, as well as the safe operation of our 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 terminals, pipelines, saltwells, trucks 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, surface water and groundwater contamination, air pollution, personal injury and property damage allegedly caused by substances which we may have handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we may have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and we expect that there will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including the receipt and response to 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 to comply with existing and new requirements, as well as evolving interpretations and enforcement of existing laws and regulations.

Releases of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, or is not a reimbursable event under the Omnibus Agreement, subject us to substantial expenses, including costs to respond to, contain and remediate a release, to comply with applicable laws and regulations and to resolve claims by governmental agencies or other persons for personal injury, property damage, response costs, or natural resources damages.

12. Leases

Lessor

We are the lessor under certain agreements for gathering, transportation, storage, terminalling, and offloading with Delek Holdings. These agreements have remaining terms ranging from more than two years to more than 11 years with renewal options ranging from two years to 10 years, and some agreements have multiple renewal options. Revenue from these leases are recorded in affiliate revenue in the condensed consolidated statements of income and comprehensive income. We elected the practical expedient to carry forward historical lease classification conclusions until a modification of an existing agreement occurs. Once a modification occurs, the amended agreement is required to be assessed under ASC 842, to determine whether a reclassification of the lease is required.

During the third quarter of 2024, we executed amendments to certain agreements between the Partnership and Delek Holdings. The amendments required the embedded leases within these agreements to be reassessed under ASC 842. As a result of these lease assessments, certain leases were reclassified from operating leases to sales-type leases. Accordingly, the underlying property, plant and equipment, net, and associated deferred revenue, if any, were derecognized and the present value of the future lease payments and the unguaranteed residual value of the assets were recorded as a net investment in sales-type lease.

The net investment in sales-type leases is recorded utilizing the estimated fair value of the underlying leased assets at contract modification date and are nonrecurring fair value measurements. The leased assets were valued using a cost method valuation approach which utilizes Level 3 inputs.

We recognized any billings in excess of minimum volume requirements as variable lease payments, and these variable lease payments were recorded in lease revenues.

Lease income included in the condensed consolidated statements of income and comprehensive income were as follows:

<i>(in thousands)</i>	Three Months Ended September 30,	Nine Months Ended September 30,
	2024	2024
Operating leases:		
Lease revenue	\$ 49,176	\$ 212,202
Sales-type leases:		
Interest income (Sales-type rental revenue-fixed minimum)	23,442	23,442
Lease revenue (Revenue from variable lease payments)	4,349	4,349
Sales-type lease income	\$ 27,791	\$ 27,791

We recorded \$83.7 million and \$228.7 million in operating lease revenue for the three and nine months ended September 30, 2023, respectively.

We did not elect to use the practical expedient to combine lease and non-lease components for lessor arrangements. The tables below represent the portion of the contracts allocated to the lease component based on relative standalone selling price.

The following presents the condensed consolidated financial statement impact of sales-type leases on commencement or modification date. These transactions are non-cash transactions. The amount recognized on commencement date was recorded in contributions in the condensed consolidated statements of partners' equity, given the underlying agreements are between entities under common control. There were no amounts to report for the three and nine months ended September 30, 2023.

	Three And Nine Months Ended September 30,	
	2024	
(in thousands)		
Lease receivables	\$	206,633
Unguaranteed residual assets		9,111
Property, plant and equipment, net		(102,088)
Amount recognized on commencement date	\$	113,656

The following is a schedule of annual undiscounted minimum future lease cash receipts on the non-cancellable operating leases as of September 30, 2024 (in thousands):

2024	\$	28,034
2025		112,136
2026		109,718
2027		97,627
2028		67,067
2029 and thereafter		82,853
Total minimum future lease revenue	\$	497,435

Annual future minimum undiscounted lease receipts under our sales-type leases were as follows as of September 30, 2024 (in thousands):

2024	\$	28,971
2025		100,937
2026		80,541
2027		75,474
2028		75,474
2029 and thereafter		333,162
Total minimum future lease revenue		694,559
Less: Imputed interest		494,094
Lease receivable ⁽¹⁾	\$	200,465
Current lease receivables ⁽²⁾	\$	23,852
Long-term lease receivables ⁽³⁾	\$	176,613
Unguaranteed residual assets ⁽³⁾	\$	9,748

⁽¹⁾ This amount does not include the unguaranteed residual assets.

⁽²⁾ Presented in Lease receivable - affiliate, in the condensed consolidated balance sheets.

⁽³⁾ Presented in Net lease investment - affiliate in the condensed consolidated balance sheets.

The following table summarized our investment in assets held under operating lease by major classes (in thousands):

	September 30,	
	2024	2023
Land	\$ 10,727	\$ 12,306
Building and building improvements	1,755	3,582
Pipelines, tanks and terminals	431,488	623,961
Other equipment	2,145	3,768
Property, plant and equipment	446,115	643,617
Less: accumulated depreciation	144,162	241,486
Property, plant and equipment, net	\$ 301,953	\$ 402,131

Capital expenditures related to assets subject to sales-type lease arrangements were \$0.4 million for the three and nine months ended September 30, 2024. There were no capital expenditures related to assets subject to sales-type lease arrangements for the three and nine months ended September 30, 2023. These amounts are reflected as additions to property, plant and equipment in the condensed consolidated statement of cash flows.

13. Subsequent Events

Distribution Declaration

On October 29, 2024, our general partner's board of directors declared a quarterly cash distribution of \$1.100 per unit, payable on November 14, 2024, to unitholders of record on November 8, 2024.

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 U.S. Securities and Exchange Commission ("SEC") on February 28, 2024 (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. See "Forward-Looking Statements" below for a discussion of the factors that could cause actual results to differ materially from those projected in these statements.

Unless otherwise noted or the context requires otherwise, references in this report to "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" or like terms, may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole. Unless otherwise noted or the context requires otherwise, references in this report to "Delek Holdings" refer collectively to Delek US Holdings, Inc. and any of its subsidiaries, other than the Partnership and its subsidiaries and its general partner.

On August 2, 2024, the Partnership entered into a Purchase and Sale Agreement with H2O Midstream Holdings, LLC (the "Seller") to purchase 100% of the limited liability company interests in H2O Midstream Intermediate, LLC, H2O Midstream Permian LLC, and H2O Midstream LLC (the "H2O Midstream Acquisition"), related to the Seller's water disposal and recycling operations, in the Midland Basin in Texas (the "Purchase Agreement"). See Note 2 to our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

The Partnership announces material information to the public about the Partnership, its products and services and other matters through a variety of means, including filings with the Securities and Exchange Commission, press releases, public conference calls, the Partnership's website (www.deleklogistics.com), the investor relations section of the website (ir.deleklogistics.com), the news section of its website (www.deleklogistics.com/news), and/or social media, including its X (formerly known as Twitter) account (@DelekLogistics). The Partnership 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 (the "Securities Act"), and Section 21E of the Exchange Act. These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, the actions of members of the Organization of Petroleum Exporting Countries ("OPEC") and other leading oil producing countries (together with OPEC, "OPEC+") with respect to oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning our possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters 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, the benefits and synergies to be obtained from our completed and any future acquisitions, including the H2O Midstream acquisition, 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:

- our substantial dependence on Delek Holdings or its assignees and their support of and respective ability to pay us under our commercial agreements;
- our future coverage, leverage, financial flexibility and growth, and our ability to improve performance and achieve distribution growth at any level or at all;
- Delek Holdings' future growth, strategic priorities, financial performance, share repurchases, crude oil supply pricing and flexibility and product distribution;
- industry dynamics, including Permian Basin growth, ownership concentration, efficiencies and takeaway capacity;
- the age and condition of our assets and operating hazards and other risks incidental to transporting, storing and gathering crude oil, intermediate and refined products, including, but not limited to, costs, penalties, regulatory or legal actions and other effects related to spills, releases and tank failures;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices and demand for refined products and the impact of the COVID-19 Pandemic on such demand;

- the wholesale marketing margins we are able to obtain and the number of barrels of product we are able to purchase and sell in our West Texas wholesale business;
- the suspension, reduction or termination of Delek Holdings' or its assignees' or third-party's obligations under our commercial agreements including the duration, fees or terms thereof;
- the results of our investments in joint ventures;
- the ability to secure commercial agreements with Delek Holdings or third parties upon expiration of existing agreements;
- the possibility of inefficiencies, curtailments, or shutdowns in refinery operations or pipelines, whether due to infection in the workforce or in response to reductions in demand as a result of a public health crisis;
- disruptions due to equipment interruption or failure, or other events, including terrorism, sabotage or cyber-attacks, at our facilities, Delek Holdings' facilities or third-party facilities on which our business is dependent;
- changes in the availability and cost of capital of debt and equity financing;
- our reliance on information technology systems in our day-to-day operations;
- changes in general economic conditions, including uncertainty regarding the timing, pace and extent of economic recovery in the United States due to governmental fiscal policy or a public health crisis;
- the effects of existing and future laws and governmental regulations, including, but not limited to, the rules and regulations promulgated by the Federal Energy Regulatory Commission ("FERC") and state commissions and those relating to environmental protection, pipeline integrity and safety as well as current and future restrictions on commercial and economic activities in response to a public health;
- significant operational, investment or other changes required by existing or future environmental statutes and regulations, including international agreements and national or regional societal, legislation; and regulatory measures to limit or reduce greenhouse gas emissions;
- competitive conditions in our industry including capacity overbuild in areas where we operate;
- actions taken by our customers and competitors;
- the demand for crude oil, refined products and transportation and storage services;
- our ability to successfully implement our business plan;
- inability to complete growth projects on time and on budget;
- our ability to successfully complete acquisitions and integrate acquired businesses, and to achieve the anticipated benefits therefrom, including the H2O Midstream acquisition;
- disruptions due to acts of God, natural disasters, casualty losses, severe weather patterns, such as freezing conditions, cyber or other attacks on our electronic systems, and other matters beyond our control which might cause damage to our pipelines, terminal facilities and other assets and could impact our operating results through increased costs and/or loss of revenue;
- changes in the price of RINs could affect our results of operations;
- future decisions by OPEC+ regarding production and pricing and disputes between OPEC+ regarding such;
- changes or volatility in interest and inflation rates;
- labor relations;
- large customer defaults;
- changes in tax status and regulations;
- the effects of future litigation or environmental liabilities that are not covered by insurance; and
- other factors discussed elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K.

Many of the foregoing risks and uncertainties are, and will be, exacerbated by any worsening of the global business and economic environment. 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 results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

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 results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

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

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

Management's View of Our Business

The Partnership provides gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services through its owned assets and joint ventures located primarily in the Permian Basin (including the Delaware sub-basin) and other select areas in the Gulf Coast region. A majority of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our assets are contracted exclusively to Delek Holdings in support of its refineries in Tyler, Texas (the "Tyler Refinery"), El Dorado, Arkansas (the "El Dorado Refinery") and Big Spring, Texas (the "Big Spring Refinery").

Business and Economic Environment Overview

During the nine months ended September 30, 2024, domestic markets have experienced an elevated hydrocarbon pricing environment that has resulted in a strong demand for hydrocarbons and presented an opportunity for the Partnership to leverage its extensive network of logistics assets, resulting in increased throughputs and higher utilization as compared to the prior year. Additionally, the H2O Acquisition as well as our Delaware Gathering operations further diversify our logistics customer base to include significantly more third-party customers, and it allows us to provide comprehensive logistics services in the Delaware and Midland Basins, while also serving as a funnel into our existing midstream Permian activities. As producers continue to ramp up production within the Permian Basin, the Partnership is well positioned to continue to add value through our gathering and processing services as a result of our Delaware Gathering operations which complement our existing Midland Gathering System assets. Our positioning allows our customers the ability to control quality and adds optionality to place barrels in a variety of markets. Through our joint venture projects, we have increased our supply network to take advantage of growth opportunities in expanding markets and added additional flexibility which has delivered realized value through the Partnership system. Net Income for the Partnership increased \$3.3 million during the nine months ended September 30, 2024, as compared to the prior year period. Our EBITDA (as defined in "Non GAAP Measures" section below) decreased \$11.1 million in 2024 as compared to 2023. This decrease is largely attributable to a change in classification of certain of our commercial agreements with Delek, which meet the criteria to be classified as sales-type leases. As such, certain throughput and storage fees that were previously recorded as revenue are now recorded as interest income under sales-type lease accounting. Our gathering and processing segment saw a \$6.2 million decrease in segment EBITDA. Our wholesale marketing and terminalling segment saw a \$2.3 million increase in segment EBITDA. Our storage and transportation segment saw a \$3.9 million decrease in segment EBITDA. Segment EBITDA for our investments in pipeline joint ventures increased by \$9.1 million with the acquisition of the W2W Investment from Delek Holdings. See the "Results of Operations" section below for further discussion.

Looking forward, concerns about inflation and a possible economic downturn as well as initiatives to reduce carbon footprints through energy transition to renewables have softened the forward demand expectations for hydrocarbons and natural gas. That said, we are well positioned to manage through an economic downturn because of built-in recessionary protections which include minimum volume commitments on throughput and dedicated acreage agreements. Additionally, the Partnership has embraced opportunities to enhance our environmental stewardship. It is expected that renewables, other than hydrocarbons, will continue to grow as a percentage of total energy consumption; however, a material reduction in the reliance on oil and gas for energy consumption is unlikely in the near term. Therefore, we expect that liquid transportation fuels will continue to be in high demand, and we expect to continue to leverage the strength of our cash flows and balance sheet in order to continue maximizing unitholder returns and the long-term prospects for return on investment.

Further, in order to position ourselves as a premier, full-service midstream provider in the Permian Basin, the Partnership has implemented several strategic initiatives, as discussed in detail below in 'Other 2024 Developments'. These actions not only enhance our standing in the market but also move to align us as an independent, largely third-party cash flow company with a robust growth profile.

See further discussion on macroeconomic factors and market trends, including the impact on 2024, in the 'Market Trends' section below.

Other 2024 Developments

H2O Midstream Acquisition

On September 11, 2024, the Partnership closed the H2O Midstream Acquisition, in which we acquired water disposal and recycling operations, in the Midland Basin in Texas (the "Midland Water Gathering System") for total consideration of \$229.5 million, subject to customary adjustments under the Purchase Agreement for net working capital and indebtedness. The purchase price is comprised of approximately \$159.5 million in cash and \$70.0 million of preferred equity.

Wink to Webster Pipeline Investment Acquisition

On August 5, 2024, the Partnership acquired Permian Pipeline Holdings, LLC, which holds 50% equity interests in Wink to Webster Holdings, LLC ("W2W Holdings"), (the "W2W Investment") from a wholly owned subsidiary of Delek Holdings. W2W Holdings includes a 15.6% indirect interest in the Wink to Webster Pipeline, LLC joint venture ("Wink to Webster"), and related joint venture indebtedness. Wink to Webster owns and operates a long-haul crude oil pipeline system with origin points at Wink and Midland in the Permian Basin and delivery points at multiple Houston area locations. Total consideration was comprised of \$83.9 million in cash (including \$2.7 million post-closing adjustment), forgiveness of a \$60.0 million receivable from Delek Holdings and 2,300,000 of common units representing limited partnership interest in us.

Commercial Agreements with Delek Holdings

On August 5, 2024, the Partnership amended and extended expired, or soon to be expired, commercial agreements with subsidiaries of Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. These agreements have an initial term of five to seven years, with the ability to extend for an additional five years at Delek Holdings' option. In addition, certain of these contracts have rate adjustments to be phased in over 2025 and 2026. The amendments required the embedded leases within these agreements to be reassessed under Accounting Standards Codification 842, *Leases*. As a result of these lease assessments, certain leases were reclassified from operating leases to sales-type leases.

In addition, the Partnership entered into an assignment agreement with Delek Holdings. As a result of these agreements with Delek Holdings, we redeemed 2,500,000 common units representing limited partnership interest in us held by Delek Holdings to assign the Big Spring Refinery Marketing Agreement to Delek Holdings. We also entered into an amended and restated Omnibus Agreement with Delek Holdings that provides Delek Holdings an option to purchase certain critical assets from us at market value during the period beginning upon any change in control or sale of substantially all assets involving us and extending (i) in the case of a transaction involving a third party, for six months following closing, and (ii) for any other transaction for four years following closing.

Natural Gas Plant

In the second quarter of 2024, the Partnership made the final investment decision to build a new natural gas processing plant adjacent to its plant in the Permian Basin. The plant is expected to have a capacity of approximately 110 MMcf/d (as defined below) and aims to meet the rising demand for natural gas in the region. We have engaged specialists to oversee the process, including permits, equipment procurement, and construction. Financial projections estimate an EBITDA of approximately \$40 million, considering increased production, cost savings, and market conditions. The expansion also aligns with our commitment to sustainability, integrating advanced technologies to minimize emissions and optimize energy efficiency. This strategic move positions us as a key player in the energy sector, contributing to regional economic growth and sustainability. This expansion project will also increase the Partnership's third party revenue.

Contractual Rate Adjustments to Keep Pace with Inflation

On July 1, 2024, the tariffs on certain of our FERC regulated pipelines and the throughput fees and storage fees under certain of our agreements with Delek Holdings and third parties that are subject to adjustments using FERC indexing increased by approximately 1.3%, which was the amount of the change in the FERC oil pipeline index. The tariff on FERC regulated system acquired from Delaware Gathering was adjusted as of January 1, 2024, but adjustments under agreements already in place will be capped at 3.0%. Under certain of our agreements with Delek Holdings and third parties, the fees that are subject to adjustments using the consumer price index increased 3.3% and the fees that are subject to adjustments using the producer price index increased approximately 0.8%. These adjustments allow us to maintain compliance with FERC regulations as well as to ensure that our results are reflective of current market conditions.

DKL Revolving Credit Facility

On March 29, 2024, the Partnership entered into a Fourth Amendment to the fourth amended and restated senior secured revolving credit agreement (the "DKL Revolving Facility") which among other things increased the U.S. Revolving Credit Commitments (as defined in the DKL Credit Facility) by an amount equal to \$100.0 million resulting in aggregate lender commitments under the DKL Revolving Credit Facility in an amount of \$1,150.0 million, including up to \$146.9 million for letters of credit and \$31.9 million in swing line loans. This facility has a maturity date of October 13, 2027.

2029 Notes

On March 13, 2024, the Partnership sold \$650.0 million in aggregate principal amount of 8.625% Senior Notes due 2029 (the "2029 Notes"), at par. Net proceeds were used to redeem the 2025 Notes including accrued interest, pay off the DKL Term Loan Facility including accrued interest and to repay a portion of the outstanding borrowings under the DKL Revolving Facility.

On April 17, 2024, the Partnership sold \$200.0 million in aggregate principal amount of additional 8.625% senior notes due 2029 at 101.25% and on August 16, 2024, the Partnership sold \$200.0 million in aggregate principal amount of additional 8.625% senior notes due 2029, at 103.25% (collectively, the "Additional 2029 Notes"). The Additional 2029 Notes were issued under the same indenture as the 2029 Notes and formed a part of the same series of notes as the 2029 Notes. The net proceeds were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility.

Equity Offerings

On October 10, 2024, we completed a public offering of its common units in which it sold 4,423,075 common units (including an overallotment option of 576,922 common units) to the underwriters of the offering at a price to the public of \$39.00 per unit. The net proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$165.3 million and were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$6.6 million.

On March 12, 2024, we completed a public offering of its common units in which it sold 3,584,416 common units (including an overallotment option of 467,532 common units) to the underwriters of the offering at a price to the public of \$38.50 per unit. The proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$132.2 million and were used to redeem the Preferred Units and repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$5.5 million.

Segment Overview

We review operating results in four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investments in pipeline joint ventures. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each reportable segment based on the segment EBITDA, except for the investments in pipeline joint ventures segment, which is measured based on net income. Segment reporting is discussed in more detail in Note 10 to our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

Gathering and Processing

The operational assets in our gathering and processing segment consist of Midland Gathering Assets, Midland Water Gathering Assets and Delaware Gathering Assets. The Midland Gathering Assets support our crude oil gathering activities which primarily serves Delek Holdings refining needs throughout the Permian Basin. The Midland Water Gathering Assets support our water disposal and recycling operations, in the Midland Basin in Texas. The Delaware Gathering Assets support our 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, and serving primarily third-party producers and customers. Finally, our gathering and processing assets are integrated with our pipeline assets, which we use to transport gathered crude oil as well as provide other crude oil, intermediate and refined products transportation in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas, as well as to certain third parties. In providing these services, we do not take ownership of the refined products or crude oil that we transport. While we do not take ownership of gas that is gathered, we sell the processed gas at a market price which we remit to the producer, net of our fees. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment. The combination of these operational assets provides a comprehensive, integrated midstream service offering to producers and customers.

Wholesale Marketing and Terminalling

Our wholesale marketing and terminalling segment provides wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties from whom we receive fees for marketing, transporting, storing and terminalling refined products and to whom we wholesale market refined products. In providing certain of these services, we take ownership of the products and are therefore exposed to market risks related to the volatility of commodity and refined product prices in our West Texas operations, which depend on many factors, including demand and supply of refined products in the West Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area.

Storage and Transportation

The operational assets in our storage and transportation segment consist of tanks, offloading facilities, trucks and ancillary assets, which provide crude oil, intermediate and refined products transportation and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.

Investments in Pipeline Joint Ventures

The Partnership owns a portion of three joint ventures (accounted for as equity method investments) that have constructed separate crude oil pipeline systems and related ancillary assets primarily in the Permian Basin and Gulf Coast regions and with strategic connections to Cushing, Midland and other key exchange points, which provide crude oil and refined product pipeline transportation to third parties and subsidiaries of Delek Holdings.

Corporate and Other

The corporate and other segment primarily consists of general and administrative expenses not allocated to a reportable segment, interest expense and depreciation and amortization. When applicable, it may also contain operating segments that are not reportable and do not meet the criteria for aggregation with any of our existing reportable segments.

Strategic Overview

Long-Term Strategic Objectives

The Partnership's **Long-Term Strategic Objectives** have been focused on maintaining stable cash flows and to grow the quarterly distributions paid to our unitholders over time. To that end, we have been focused on growing our asset base within our geographic area, through acquisitions, project development, joint ventures, enhancing our existing systems and lowering our carbon footprint, as we continue to evaluate ways to provide Delek Holdings with logistics services and look for ways to reduce our reliance on Delek Holdings as our primary customer.

2024 Strategic Focus Areas

We continue to believe that our strategic focus areas are the right ones. As such, we continue to refine our processes for evaluating risks and returns while maintaining a keen eye on our overarching Long-Term Strategic Objectives and our desire to create long-term operational sustainability. To that end, our **2024 Strategic Focus Areas** are as follows:

- **Generate Stable Cash Flow.** Continue to pursue opportunities to provide logistics, marketing and other services to Delek Holdings and third parties pursuant to long-term, fee-based contracts. In new service contracts, endeavor to include minimum volume throughput or other commitments, similar to those included in our current commercial agreements with Delek Holdings.
- **Focus on Growing Our Business.** Continue to evaluate and pursue opportunities to grow our business through both strategic acquisitions and expansion and construction projects, both internally funded or in combination with potential external partners and through investments in joint ventures. Additionally, where possible, leverage our strong relationship with Delek Holdings to enhance our opportunities to grow our business.
 - **Pursue Acquisitions.** Pursue strategic acquisitions that both complement our existing assets and provide attractive returns for our unitholders, with a focus on expanding our third-party business. Leverage our current asset base, and our knowledge of the regional markets in which we operate, to target and complete attractive third-party acquisitions, which will enhance our third-party revenues and margin, further diversifying our customer and product mix.
 - **Investments in Joint Ventures.** Continue to focus on leveraging and, when appropriate, expanding our investments in joint ventures, which have contributed to our initiative to grow our midstream business while increasing our crude oil sourcing flexibility.
- **Engage in Mutually Beneficial Transactions with Delek Holdings.** Delek Holdings is required, under certain circumstances, to offer us the opportunity to purchase additional logistics assets that Delek Holdings may acquire or construct in the future. Further, we will continue to evaluate additional growth opportunities through subsequent dropdowns of logistics assets acquired or developed by Delek Holdings, while factoring in associated impact on our capital structure and critically evaluating anticipated return on investment. As certain of our commercial agreements with Delek Holdings have expired or are set to expire soon, we are currently engaged in negotiations to renew these contracts and ensure continued value for both ourselves and our sponsor.
- **Pursue Attractive Expansion and Construction Opportunities.** Continue to evaluate, and when appropriate in the context of our return on investment and risk assessment criteria, pursue organic growth opportunities that complement our existing businesses or that provide attractive returns within or outside our current geographic footprint. Continue to evaluate potential opportunities to make capital investments that will be used to expand our existing asset base through the expansion and construction of new logistics assets to support growth of any of our customers', including Delek Holdings', businesses and from increased third-party activity. These construction projects may be developed either through joint venture relationships or by us acting independently, depending on size and scale.
- **Optimize Our Existing Assets and Expand Our Customer Base.** Continue seeking to enhance the profitability of our existing assets by adding incremental throughput volumes, improving operating efficiencies and increasing system-wide utilization. Additionally, continue to seek opportunities to further diversify our customer base by increasing third-party throughput volumes running through certain of our existing systems and expanding our existing asset portfolio to service more third-party customers.
- **Expand our ESG Consciousness and Lower Our Carbon Footprint.** Continue to look for ways to grow our business whilst staying conscious of and minimizing the negative environmental impact, while also seeking opportunities to invest in innovative technologies that will reduce our carbon emissions as we achieve our growth objectives and sustainably improve unitholder returns. We expect to achieve this objective through ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.

Market Trends

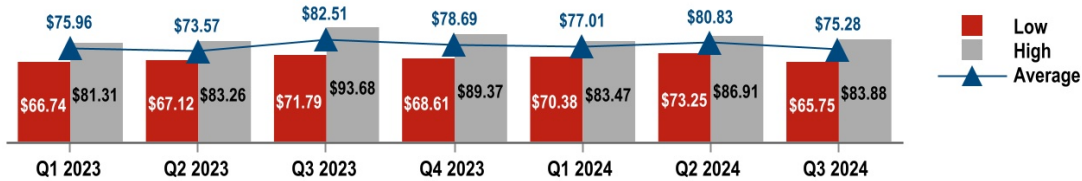
Fluctuations in crude oil, natural gas and NGL prices and the prices of related refined and other hydrocarbon products impact operations in the midstream energy sector. For example, the prices of each of these products have the ability to influence drilling activity in many basins and the amounts of capital spending that crude oil exploration and production companies incur to support future growth. Exploration and production activities have a direct impact on volumes transported through our gathering assets in the geologic basins in which we operate. Additionally, the demand for hydrocarbon-based refined products and related crack spreads significantly impact production decisions of our refining customers and likewise throughputs on our pipelines and other logistics assets. Finally, fluctuations in demand and commodity prices for refined products,

as well as the value attributable to RINs, directly impacts our wholesale marketing operations, where we are subject to short-term commodity price fluctuations at the rack. Most of the logistics services we provide (including transportation, gathering and processing services) are subject to long-term fee-based contracts with minimum volume commitments or long-term dedicated acreage agreements which mitigate most of our short-term financial risk to price and demand volatility. However, sustained depressed demand/prices over the longer term could not only curb exploration and production expansion opportunities under our agreements, it could also impact our customers' willingness or ability to renew commercial agreements or result in liquidity or credit constraints that could impact our longer term relationship with them.

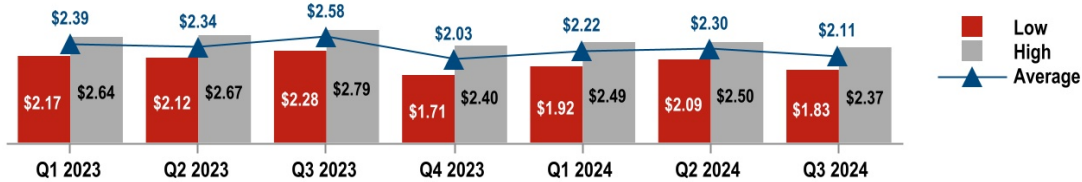
That said, our recent expansion of our gas processing capabilities have improved both our customer and geographic diversification which lowers concentration risk in those areas, in addition to adding service offerings to our portfolio. Furthermore, our dedicated acreage agreements provide significant growth opportunities in strong economic conditions (e.g., high demand/high commodity prices) without incremental customer acquisition cost. Given all of these factors, we believe that we continue to be strategically positioned, even in tougher market conditions, to sustain positive operating results and cash flows and to continue developing profitable growth projects that are needed to support future distribution growth.

The charts on the following page provide historical commodity pricing statistics for crude oil, refined product and natural gas.

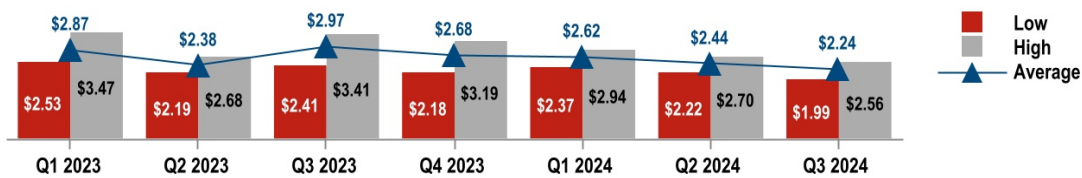
WTI Cushing Crude Oil (Price per barrel)



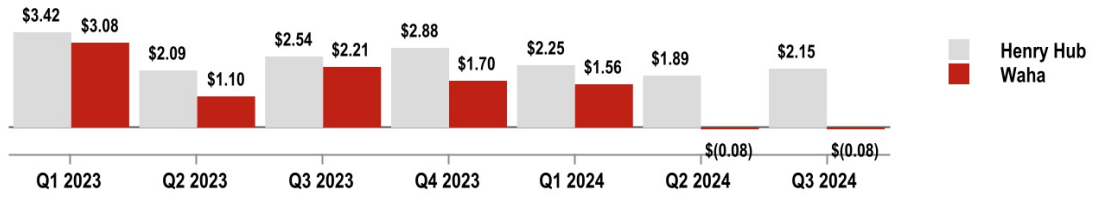
Gasoline Prices (Price per gallon)



Diesel Prices (Price per gallon)



Natural Gas Prices
(Average Price per MMBtu)



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 financial information presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"). These financial and operational non-GAAP measures include:

- **Earnings before interest, taxes, depreciation and amortization ("EBITDA")** - calculated as net income before net interest expense, income tax expense, depreciation and amortization expense, including amortization of marketing contract intangible, which is included as a component of net revenues in our condensed consolidated statements of income and comprehensive income in Item 1. to this Quarterly Report on Form 10-Q.
- **Distributable cash flow** - calculated as net cash flow from operating activities adjusted for changes in assets and liabilities, maintenance capital expenditures net of reimbursements, sales-type lease receipts, net of income recognized and other adjustments not expected to settle in cash. The Partnership believes this is an appropriate reflection of a liquidity measure by which users of its financial statements can assess its ability to generate cash.

EBITDA and distributable cash flow are non-GAAP supplemental financial measures that management and external users of our condensed consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of EBITDA, financing methods;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of EBITDA and distributable cash flow provide information useful to investors in assessing our financial condition and results of operations. EBITDA and distributable cash flow should not be considered alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and distributable cash flow have important limitations as analytical tools, because they exclude some, but not all, items that affect net income and net cash provided by operating activities. Additionally, because EBITDA and distributable cash flow may be defined differently by other partnerships in our industry, our definitions of EBITDA and distributable cash flow may not be comparable to similarly titled measures of other partnerships, thereby diminishing their utility. See below for a reconciliation of EBITDA and distributable cash flow to their most directly comparable GAAP financial measures.

Non-GAAP Reconciliations

The following table provides a reconciliation of EBITDA and distributable cash flow (which are defined above) to the most directly comparable GAAP measure, or net income and net cash from operating activities, respectively.

Reconciliation of net income to EBITDA (in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Add:				
Income tax expense	150	127	533	685
Depreciation and amortization	21,204	24,585	71,906	69,417
Amortization of marketing contract intangible	601	1,803	4,206	5,408
Interest expense, net	13,552	36,901	89,049	104,581
EBITDA	\$ 69,181	\$ 98,241	\$ 273,074	\$ 284,179

Reconciliation of net cash from operating activities to distributable cash flow (in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 24,944	\$ 46,828	\$ 156,441	\$ 110,630
Changes in assets and liabilities	29,049	16,439	30,531	81,368
Distributions from equity method investments in investing activities	704	3,037	3,377	4,477
Non-cash lease expense	(3,788)	(2,960)	(5,689)	(7,407)
Regulatory and sustaining capital expenditures not distributable ⁽¹⁾	(3,396)	(2,069)	(7,682)	(5,924)
Reimbursement from (refund to) Delek Holdings for capital expenditures ⁽²⁾	—	(69)	282	942
Sales-type lease receipts, net of income recognized	5,474	—	5,474	—
Accretion	446	(177)	73	(529)
Deferred income taxes	(247)	(124)	(451)	(753)
Gain on disposal of assets	97	491	6,727	804
Distributable cash flow	\$ 53,283	\$ 61,396	\$ 189,083	\$ 183,608

- (1) Regulatory and sustaining capital expenditures represent cash expenditures (including for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity. Examples include expenditures for the repair, refurbishment and replacement of pipelines and terminals, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.
- (2) Reimbursement from Delek Holdings for capital expenditures represents amounts for certain capital expenditures reimbursable to us from Delek Holdings pursuant to the terms of the Omnibus Agreement (as defined in Note 3 to our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q).
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Summary of Financial and Other Information

A discussion and analysis of the factors contributing to our results of operations is presented below. The financial statements, together with the following information, are intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

The following table provides summary financial data (in thousands, except unit and per unit amounts):

Summary Statement of Operations Data ⁽¹⁾

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues:				
Gathering and Processing	\$ 81,527	\$ 94,825	\$ 270,053	\$ 280,494
Wholesale marketing and terminalling	106,938	147,110	361,808	378,246
Storage and transportation	25,605	33,889	98,912	107,520
Total	214,070	275,824	730,773	766,260
Cost of materials and other	117,510	150,628	379,262	404,849
Operating expenses (excluding depreciation and amortization presented below)	27,920	33,003	89,464	86,699
General and administrative expenses	15,745	5,545	26,624	19,666
Depreciation and amortization	21,204	24,585	71,906	69,417
Other operating income, net	(117)	(491)	(1,294)	(804)
Operating income	\$ 31,808	\$ 62,554	\$ 164,811	\$ 186,433
Interest income	(23,470)	—	(23,498)	—
Interest expense	37,022	36,901	112,547	104,581
Income from equity method investments	(15,602)	(9,296)	(31,974)	(22,897)
Other expense (income), net	34	(3)	(177)	(24)
Total non-operating (income) expenses, net	(2,016)	27,602	56,898	81,660
Income before income tax expense	33,824	34,952	107,913	104,773
Income tax expense	150	127	533	685
Net income attributable to partners	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
Comprehensive income attributable to partners	\$ 33,674	\$ 34,825	\$ 107,380	\$ 104,088
EBITDA⁽²⁾	\$ 69,181	\$ 98,241	\$ 273,074	284,179
Net income per limited partner unit:				
Basic	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39
Diluted	\$ 0.71	\$ 0.80	\$ 2.32	\$ 2.39
Weighted average limited partner units outstanding:				
Basic	47,109,008	43,588,316	46,248,003	43,578,636
Diluted	47,135,101	43,604,792	46,269,423	43,598,547

⁽¹⁾ This information is presented at a summary level for your reference. See the condensed consolidated statements of income and comprehensive income in Item 1. to this Quarterly Report on Form 10-Q for more detail regarding our results of operations.

⁽²⁾ For a definition of EBITDA see "Non-GAAP Measures" above.

We report operating results in four reportable segments:

- **Gathering and Processing**
- **Wholesale Marketing and Terminalling**
- **Storage and Transportation**
- **Investments in Pipeline Joint Ventures**

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, 2024 compared to the three and nine months ended September 30, 2023

Net Revenues

Q3 2024 vs. Q3 2023

Net revenues decreased by \$61.8 million, or 22.4%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by the following:

- decreased revenue of \$36.2 million in our West Texas marketing operations primarily driven by decreases in volumes sold, a decrease in average sales prices per gallon and decrease in RINs revenue:
 - the volumes of gasoline and diesel sold decreased by 4.7 million and 0.5 million gallons, respectively;
 - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.42 and \$0.71 per gallon, respectively;
 - RINs revenue decreased from \$3.5 million in the third quarter of 2023 to \$1.3 million in the third quarter of 2024, due to decrease in RINs prices; and

decreased revenue of \$13.3 million and \$8.3 million in our gathering and processing and storage and transportation segments, respectively due to recording certain throughput and storage fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

YTD 2024 vs. YTD 2023

Net revenues decreased by \$35.5 million, or 4.6%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was primarily driven by the following:

- decreased revenue of \$28.7 million in our West Texas marketing operations primarily driven by a decrease in average sales prices per gallon and decrease in RINs revenue, partially offset by increases in volumes sold:
 - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.33 and \$0.36 per gallon, respectively;
 - RINs revenue decreased from \$9.1 million in the nine months ended September 30, 2023 to \$3.7 million in the nine months ended September 30, 2024, due to decrease in RINs prices; and
 - the volumes of gasoline and diesel sold increased by 2.9 million and 3.4 million gallons, respectively.
- decreased revenue of \$10.4 million and \$8.6 million in our gathering and processing and storage and transportation segments, respectively due to recording certain throughput and storage fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period; and
- partially offset by increase in terminalling and marketing revenue primarily due to increased volumes and rate increases.

Cost of Materials and Other

Q3 2024 vs. Q3 2023

Cost of materials and other decreased by \$33.1 million, or 22.0%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by the following:

- decreased costs of materials and other of \$29.4 million in our West Texas marketing operations primarily driven by decreases in the volumes and average cost per gallon of gasoline and diesel sold:
 - the volumes of gasoline and diesel sold decreased by 4.7 million and 0.5 million gallons, respectively; and
 - the average cost per gallon of gasoline and diesel sold decreased by \$0.23 per gallon and \$0.73 per gallon, respectively.

YTD 2024 vs. YTD 2023

Cost of materials and other decreased by \$25.6 million, or 6.3%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by

- decreased costs of materials and other of \$13.2 million in our West Texas marketing operations primarily driven by decreased costs per gallon, partially offset by increases in the average volumes of gasoline and diesel sold:
 - the average cost per gallon of gasoline and diesel sold decreased by \$0.20 per gallon and \$0.31 per gallon, respectively;
 - the volumes of gasoline and diesel sold increased by 2.9 million and 3.4 million gallons, respectively; and
 - decrease of \$8.0 million in our gathering and processing segment driven primarily by lower natural gas costs.
-

Operating Expenses

Q3 2024 vs. Q3 2023

Operating expenses decreased by \$5.1 million, or 15.4%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by a decrease in outside services.

YTD 2024 vs. YTD 2023

Operating expenses increased by \$2.8 million, or 3.2%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by an increase in contract services.

General and Administrative Expenses

Q3 2024 vs. Q3 2023

General and administrative expenses increased by \$10.2 million, or 183.9%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by the following:

- transaction costs associated with the H2O Acquisition, W2W Investment acquisition, and amendments of certain agreements with Delek Holdings of \$8.7 million; and
- increase in insurance expense primarily related to H2O.

YTD 2024 vs. YTD 2023

General and administrative expenses increased by \$7.0 million, or 35.4%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- transaction costs associated with the H2O Acquisition, W2W Investment acquisition, and amendments of certain agreements with Delek Holdings of \$8.7 million;
 - increase in insurance expense primarily due to H2O Acquisition; and
 - partially offset by decreases in lease expense and contract services.
-

Depreciation and Amortization

Q3 2024 vs. Q3 2023

Depreciation and amortization decreased by \$3.4 million, or 13.8%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to the derecognition of fixed assets in connection with the recognition of sales-type leases in the third quarter of 2024.

YTD 2024 vs. YTD 2023

Depreciation and amortization increased by \$2.5 million, or 3.6%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- the derecognition of fixed assets in connection with the recognition of sales-type leases in the third quarter of 2024; and
 - depreciation associated with new projects in-serviced during the period.
-

Other operating income, net

Q3 2024 vs. Q3 2023

Other operating income, net decreased by \$0.4 million, or 76.2%, in the third quarter of 2024 compared to the third quarter of 2023.

YTD 2024 vs. YTD 2023

Other operating income, net increased by \$0.5 million, or 60.9%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- increase in gain on disposal of assets of \$6.0 million, predominantly due to \$8.3 million in condemnation proceeds received in the second quarter of 2024; and
 - partially offset by \$5.4 million related to settlement of payment dispute.
-

Interest Income

Q3 2024 vs. Q3 2023

Interest income increased by \$23.5 million, or 100.0%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by income from certain of our commercial agreements with Delek Holdings that met the criteria to be accounted for as sales-type leases during the third quarter of 2024.

YTD 2024 vs. YTD 2023

Interest income increased by \$23.5 million, or 100.0%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by income from certain of our commercial agreements with Delek Holdings that met the criteria to be accounted for as sales-type leases during the third quarter of 2024.

Interest Expense

Q3 2024 vs. Q3 2023

Interest expense decreased by \$0.1 million, or 0.3%, in the third quarter of 2024 compared to the third quarter of 2023.

YTD 2024 vs. YTD 2023

Interest expense decreased by \$8.0 million, or 7.6%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- debt extinguishment costs of \$3.6 million associated with the payoff of the DKL Term Loan Facility and the 2025 Notes with proceeds from the 2029 Notes issued in March 2024;
 - interest associated with the 2029 Notes issued in the first quarter of 2024; and
 - partially offset by a decrease in interest associated with the DKL Revolving Facility due to lower average outstanding borrowings.
-

Results from Equity Method Investments

Q3 2024 vs. Q3 2023

Income from equity method investments increased by \$6.3 million, or 67.8%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to the W2W Investment, which was acquired on August 5, 2024, and contributed income of \$6.4 million during the period.

YTD 2024 vs. YTD 2023

Income from equity method investments increased by \$9.1 million, or 39.6%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to the W2W Investment, which was acquired on August 5, 2024, and contributed income of \$6.4 million during the period and increases in throughput at two of our joint ventures that were negatively impacted by the turnaround at the Tyler Refinery in prior year.

Operating Segments

Gathering and Processing Segment

The following tables and discussion present the results of operations and certain operating statistics of the gathering and processing segment for the three and nine months ended September 30, 2024 and 2023:

	Gathering and Processing			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	\$ 81,527	\$ 94,825	\$ 270,053	\$ 280,494
Cost of materials and other	\$ 20,061	\$ 20,676	\$ 57,590	\$ 65,557
Operating expenses (excluding depreciation and amortization)	\$ 18,371	\$ 20,733	\$ 57,622	\$ 55,586
Segment EBITDA	\$ 42,380	\$ 52,906	\$ 154,819	\$ 161,014

	Throughputs (bpd ⁽¹⁾)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
EI Dorado Assets:				
Crude pipelines (non-gathered)	68,430	70,153	71,576	64,835
Refined products pipelines to Enterprise Systems	55,283	63,991	59,681	54,686
EI Dorado Gathering System	13,886	14,774	12,113	13,935
East Texas Crude Logistics System	35,891	36,298	26,319	29,928
Midland Gathering System	185,179	248,443	201,796	230,907
Plains Connection System	188,421	250,550	218,323	248,763

	Delaware Gathering Assets Volumes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Natural Gas Gathering and Processing (Mcf⁽²⁾)	75,719	69,737	76,092	72,569
Crude Oil Gathering (bpd⁽¹⁾)	125,123	111,973	124,190	110,935
Water Disposal and Recycling (bpd⁽¹⁾)	123,856	99,158	120,360	104,920

	Midland Water Gathering System Volumes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Water Disposal and Recycling (bpd⁽¹⁾) ⁽³⁾	100,335	—	100,335	—

(1) bpd - average barrels per day.

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

(3) 2024 volumes include volumes from September 11, 2024 through September 30, 2024.

Operational comparison of the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023:

Net Revenues

Q3 2024 vs. Q3 2023

Net revenues for the gathering and processing segment decreased by \$13.3 million, or 14.0%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to recording certain throughput fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

YTD 2024 vs. YTD 2023

Net revenues for the gathering and processing segment decreased by \$10.4 million, or 3.7%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to recording certain throughput fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

Cost of Materials and Other

Q3 2024 vs. Q3 2023

Cost of materials and other for the gathering and processing segment decreased by \$0.6 million, or 3.0%, in the third quarter of 2024 compared to the third quarter of 2023.

YTD 2024 vs. YTD 2023

Cost of materials and other for the gathering and processing segment decreased by \$8.0 million, or 12.2%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, driven primarily by lower natural gas costs.

Operating Expenses

Q3 2024 vs. Q3 2023

Operating expenses for the gathering and processing segment decreased by \$2.4 million, or 11.4%, in the third quarter of 2024 compared to the third quarter of 2023.

YTD 2024 vs. YTD 2023

Operating expenses for the gathering and processing segment increased by \$2.0 million, or 3.7%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by an increase in contract services.

EBITDA

Q3 2024 vs. Q3 2023

EBITDA decreased by \$10.5 million, or 19.9%, in the third quarter of 2024 compared to the third quarter of 2023, primarily driven by lower revenue related to sales-type lease accounting.

YTD 2024 vs. YTD 2023

EBITDA decreased by \$6.2 million, or 3.8%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily driven by lower revenue related to sales-type lease accounting, partially offset by lower natural gas costs.

Wholesale Marketing and Terminalling Segment

The following tables and discussion present the results of operations and certain operating statistics of the wholesale marketing and terminalling segment for the three and nine months ended September 30, 2024 and 2023:

Wholesale Marketing and Terminalling				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	\$ 106,938	\$ 147,110	\$ 361,808	\$ 378,246
Cost of materials and other	\$ 83,834	\$ 115,702	\$ 279,639	\$ 292,094
Operating expenses (excluding depreciation and amortization)	\$ 3,438	\$ 4,990	\$ 10,539	\$ 13,447
Segment EBITDA	\$ 20,245	\$ 28,135	\$ 75,724	\$ 78,071

Operating Information				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
East Texas - Tyler Refinery sales volumes (average bpd) ⁽¹⁾	70,172	69,178	69,246	57,894
Big Spring marketing throughputs (average bpd)	22,700	81,617	60,109	78,399
West Texas marketing throughputs (average bpd)	6,552	10,692	5,276	9,871
West Texas marketing gross margin per barrel	\$ 3.38	\$ 9.64	\$ 2.85	\$ 8.76
Terminalling throughputs (average bpd) ⁽²⁾	160,849	121,430	152,272	116,455

⁽¹⁾ Excludes jet fuel and petroleum coke.

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

Operational comparison of the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023:

Net Revenues

Q3 2024 vs. Q3 2023

Net revenues for the wholesale marketing and terminalling segment decreased by \$40.2 million, or 27.3%, in the third quarter of 2024 compared to the third quarter of 2023, driven primarily by the following:

- decreased revenue of \$36.2 million in our West Texas marketing operations primarily driven by decreases in volumes sold, a decrease in average sales prices per gallon and decrease in RINs revenue:
 - the volumes of gasoline and diesel sold decreased by 4.7 million and 0.5 million gallons, respectively;
 - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.42 and \$0.71 per gallon, respectively; and
 - RINs revenue decreased from \$3.5 million in the third quarter of 2023 to \$1.3 million in the third quarter of 2024, due to decrease in RINs prices; and
 - decrease due to recording certain throughput fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

YTD 2024 vs. YTD 2023

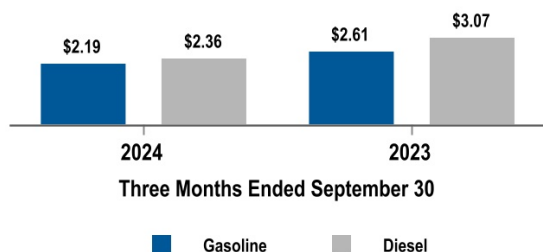
Net revenues for the wholesale marketing and terminalling segment decreased by \$16.4 million, or 4.3%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- decreased revenue of \$28.7 million in our West Texas marketing operations primarily driven by a decrease in average sales prices per gallon and decrease in RINs revenue, partially offset by increases in volumes sold:
 - the average sales prices per gallon of gasoline and diesel sold decreased by \$0.33 and \$0.36 per gallon, respectively;
 - RINs revenue decreased from \$9.1 million in the nine months ended September 30, 2023 to \$3.7 million in the nine months ended September 30, 2024, due to decrease in RINs prices; and
 - the volumes of gasoline and diesel sold increased by 2.9 million and 3.4 million gallons, respectively.
- decrease due to recording certain throughput fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period; and

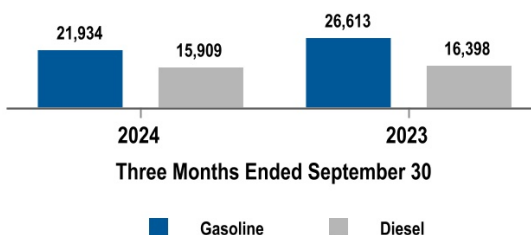
- partially offset by increase in terminalling and marketing revenue primarily due to increased volumes and rate increases.

The following charts show summaries of the average sales prices per gallon of gasoline and diesel and refined products volume impacting our West Texas operations for the three and nine months ended September 30, 2024 and 2023.

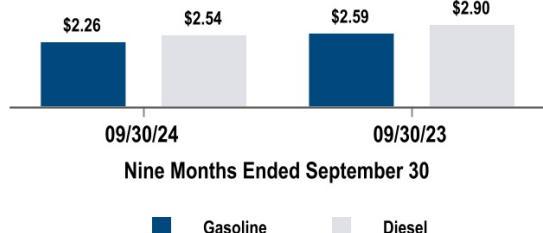
**Refined Products Prices
Net Revenues
(Average Price/Gallon)**



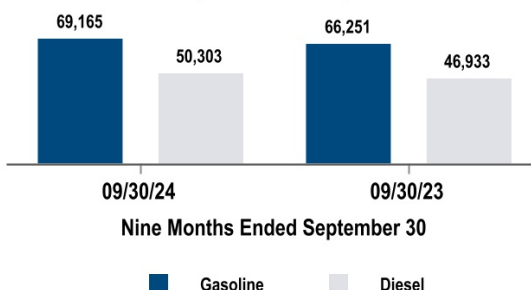
**Refined Products Volume - Gallons
(In thousands)**



**Refined Products Prices
Net Revenues
(Average Price per Gallon)**



**Refined Products Volume-Gallons
(In thousands)**



Cost of Materials and Other

Q3 2024 vs. Q3 2023

Cost of materials and other for the wholesale marketing and terminalling segment decreased by \$31.9 million, or 27.5%, in the third quarter of 2024 compared to the third quarter of 2023, driven primarily by the following:

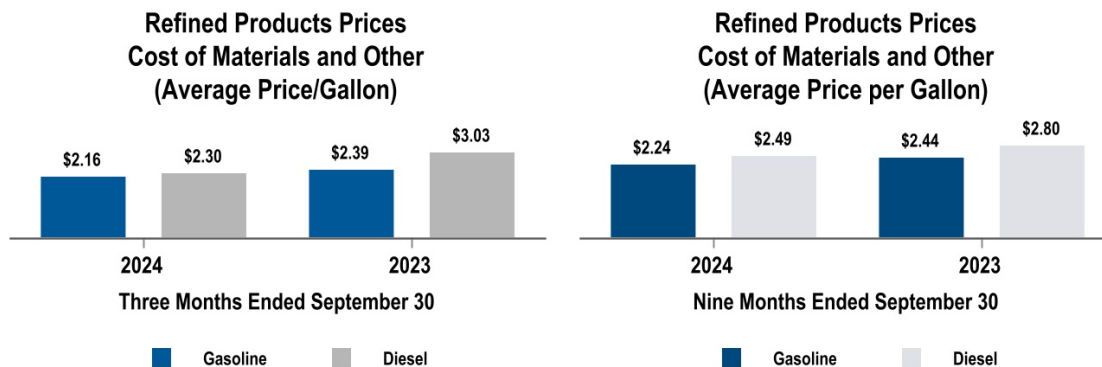
- decreased costs of materials and other of \$29.4 million in our West Texas marketing operations primarily driven by decreases in volumes and average cost per gallon of gasoline and diesel sold:
 - the volumes of gasoline and diesel sold decreased by 4.7 million and 0.5 million gallons, respectively; and
 - the average cost per gallon of gasoline and diesel sold decreased by \$0.23 per gallon and \$0.73 per gallon, respectively.

YTD 2024 vs. YTD 2023

Cost of materials and other for the wholesale marketing and terminalling segment decreased by \$12.5 million, or 4.3%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- decreased costs of materials and other of \$13.2 million in our West Texas marketing operations primarily driven by decreased costs per gallon, partially offset by increases in the average volumes of gasoline and diesel sold:
 - the average cost per gallon of gasoline and diesel sold decreased by \$0.20 per gallon and \$0.31 per gallon, respectively; and
 - the volumes of gasoline and diesel sold increased by 2.9 million and 3.4 million gallons, respectively.

The following chart shows a summary of the average prices per gallon of gasoline and diesel purchased in our West Texas operations for the three and nine months ended September 30, 2024 and 2023. Refer to the Refined Products Volume - Gallons chart above for a summary of volumes impacting our West Texas operations.



Operating Expenses

Q3 2024 vs. Q3 2023

Operating expenses for the wholesale marketing and terminalling segment decreased by \$1.6 million, or 31.1%, in the third quarter of 2024 compared to the third quarter of 2023, driven primarily by a decrease in outside service costs.

YTD 2024 vs. YTD 2023

Operating expenses for the wholesale marketing and terminalling segment decreased by \$2.9 million, or 21.6%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, driven primarily by a decrease in outside service costs.

EBITDA

Q3 2024 vs. Q3 2023

EBITDA decreased by \$7.9 million, or 28.0%, in the third quarter of 2024 compared to the third quarter of 2023, driven primarily by the following:

- a decline in wholesale margins partially due to lower RINs prices; and
- lower revenue related to sales-type lease accounting.

YTD 2024 vs. YTD 2023

EBITDA decreased by \$2.3 million, or 3.0%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by the following:

- a decline in wholesale margins partially due to lower RINs prices;
- lower revenue related to sales-type lease accounting; and
- partially offset by an increase in terminalling utilization.

Storage and Transportation Segment

The following tables and discussion present the results of operations and certain operating statistics of the storage and transportation segment for the three and nine months ended September 30, 2024 and 2023:

	Storage and Transportation			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	\$ 25,605	\$ 33,889	\$ 98,912	\$ 107,520
Cost of materials and other	\$ 13,588	\$ 14,245	\$ 41,951	\$ 50,182
Operating expenses (excluding depreciation and amortization)	\$ 4,731	\$ 3,098	\$ 14,286	\$ 12,763
Segment EBITDA	\$ 7,526	\$ 17,914	\$ 42,405	\$ 46,316

Operation comparison of the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023

Net Revenues

Q3 2024 vs. Q3 2023

Net revenues for the storage and transportation segment decreased by \$8.3 million, or 24.4%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to recording certain storage fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

YTD 2024 vs. YTD 2023

Net revenues for the storage and transportation segment decreased by \$8.6 million, or 8.0%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to recording certain storage fees as interest income under sales-type lease accounting that were previously recorded as revenue in the prior year period.

Cost of Materials and Other

Q3 2024 vs. Q3 2023

Cost of materials and other for the storage and transportation segment decreased by \$0.7 million, or 4.6%, in the third quarter of 2024 compared to the third quarter of 2023 primarily due to decrease in trucking activity.

YTD 2024 vs. YTD 2023

Cost of materials and other for the storage and transportation segment decreased by \$8.2 million, or 16.4%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to decrease in trucking activity.

Operating Expenses

Q3 2024 vs. Q3 2023

Operating expenses for the storage and transportation segment increased by \$1.6 million, or 52.7%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to an increase in contract services.

YTD 2024 vs. YTD 2023

Operating expenses for the storage and transportation segment increased by \$1.5 million, or 11.9%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to an increase in contract services.

EBITDA

Q3 2024 vs. Q3 2023

EBITDA decreased by \$10.4 million, or 58.0%, in the third quarter of 2024 compared to the third quarter of 2023, primarily due to decrease in revenue related to sales-type lease accounting and an increase in outside services.

YTD 2024 vs. YTD 2023

EBITDA decreased by \$3.9 million, or 8.4%, in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to decrease in revenue associated with sales-type lease accounting and lower cost associated with decrease in trucking activity.

Investments in Pipeline Joint Ventures Segment

The Investments in Pipeline Joint Ventures segment relates to strategic Joint Venture investments, accounted for as equity method investments, to support the Delek Holdings operations in terms of offering connection to takeaway pipelines, alternative crude supply sources and flow of high quality crude oil to the Delek Holdings refining system. As a result, Delek Holdings is a major shipper and customer on certain of the Joint Venture pipelines, with minimum volume commitment ("MVC") agreements, which cushion the Joint Venture entities during periods of low activity. The other Joint Venture owners are usually major shippers on the pipelines resulting in a majority of the revenue of the Joint Venture entities coming from MVC agreements with related entities.

Investments in pipeline joint ventures segment include the Partnership's joint ventures investments described in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

Refer to Consolidated Results of Operations above for details and discussion of the investments in pipeline joint ventures segment for the three and nine months ended September 30, 2024.

Liquidity and Capital Resources

Sources of Capital

We consider the following when assessing our liquidity and capital resources:

- (i) cash generated from operations;
- (ii) borrowings under our revolving credit facility;
- (iii) potential issuance of additional equity;
- (iv) potential issuance of additional debt securities; and
- (v) potential sale of assets.

At September 30, 2024, our total liquidity amounted to \$702.4 million comprised of \$695.1 million in unused credit commitments under our third-party revolving credit facility (as discussed in Note 6 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q), and \$7.3 million in cash and cash equivalents. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash distributions and operational capital expenditures, and we expect the same to continue in the foreseeable future. Other funding sources, including the issuance of additional debt securities, have been utilized to fund growth capital projects such as dropdowns and other acquisitions. In addition, we have historically been able to source funding at rates that reflect market conditions, our financial position and our credit ratings. We continue to monitor market conditions, our financial position and our credit ratings and expect future funding sources to be at rates that are sustainable and profitable for the Partnership. However, there can be no assurances regarding the availability of any future financings or additional credit facilities or whether such financings or additional credit facilities can be made available on terms that are acceptable to us. We believe we have sufficient financial resources from the above sources to meet our funding requirements in the next 12 months, including working capital requirements, quarterly cash distributions and capital expenditures. Nevertheless, our ability to satisfy working capital requirements, to service our debt obligations, to fund planned capital expenditures, or to pay distributions 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 crude oil prices, some of which are beyond our control. We continuously review our liquidity and capital resources. If market conditions were to change, for instance due to a significant decline in crude oil prices, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be reduced. Additionally, it could cause the rating agencies to lower our credit ratings. There are no ratings triggers that would accelerate the maturity of any borrowings under our debt agreements.

Cash Distributions

On October 29, 2024, the board of directors of our general partner declared a distribution of 1.100 per common unit (the "Distribution"), which equates to an estimated amount of approximately \$51.5 million per quarter, or approximately \$206.1 million per year, based on the number of common units outstanding as of September 30, 2024. The Distribution will be paid on November 14, 2024 to common unitholders of record on November 8, 2024 and represents a 5.3% increase over the third quarter 2023 distribution. This increase in the distribution is consistent with our intent to maintain an attractive distribution growth profile over the long term. Although our Partnership Agreement requires that we distribute all of our available cash each quarter, we do not otherwise have a legal obligation to distribute any particular amount per common unit.

The table below summarizes the quarterly distributions related to our quarterly financial results:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Cash Distribution (in thousands)
March 31, 2023	\$1.025	\$44,664
June 30, 2023	\$1.035	\$45,112
September 30, 2023	\$1.045	\$45,558
March 31, 2024	\$1.070	\$50,521
June 30, 2024	\$1.090	\$51,263
September 30, 2024 ⁽¹⁾	\$1.100	\$51,513

⁽¹⁾ On October 29, 2024, the board of directors of our general partner declared this quarterly cash distribution, payable on November 14, 2024, to unitholders of record on November 8, 2024. The total cash distribution was estimated based on the number of common units outstanding as of September 30, 2024.

Equity Offerings

On October 10, 2024, we completed a public offering of its common units in which it sold 4,423,075 common units (including an overallotment option of 576,922 common units) to the underwriters of the offering at a price to the public of \$39.00 per unit. The net proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$165.3 million and were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$6.6 million.

On March 12, 2024, we completed a public offering of its common units in which it sold 3,584,416 common units (including an overallotment option of 467,532 common units) to the underwriters of the offering at a price to the public of \$38.50 per unit. The proceeds received from this offering (net of underwriting discounts, commissions and expenses) were \$132.2 million and were used to repay a portion of the outstanding borrowings under the DKL Revolving Facility. Underwriting discounts totaled \$5.5 million.

Cash Flows

The following table sets forth a summary of our condensed consolidated cash flows for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 156,441	\$ 110,630
Net cash used in investing activities	(314,528)	(55,634)
Net cash provided by (used in) financing activities	161,649	(58,784)
Net increase (decrease) in cash and cash equivalents	\$ 3,562	\$ (3,788)

Operating Activities

Net cash provided by operating activities increased by \$45.8 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The cash receipts from customer activities decreased by \$28.4 million and cash payments to suppliers and for allocations to Delek Holdings for salaries decreased by \$75.7 million. In addition, cash dividends received from equity method investments increased by \$4.2 million and cash paid for debt interest increased by \$5.7 million.

Investing Activities

Net cash used in investing activities increased by \$258.9 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to acquisition of W2W investment for \$83.9 million, H2O Acquisition for \$159.5 million, increase of \$24.4 million in purchases of property, plant and equipment primarily associated with growth projects in our gathering and processing segment, and a \$9.2 million increase in proceeds from sale of property, plant and equipment predominantly due to \$8.3 million of condemnation proceeds received from eminent domain proceedings in Texas in the current period.

Financing Activities

Net cash provided by financing activities increased by \$220.4 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. This increase was primarily driven by increase in net proceeds from term loans of \$539.0 million due to issuance of 2029 Notes net of the extinguishment of 2025 Notes and term facility, partially offset by net payments under our revolving credit facility which increased by \$416.3 million due to paydown in conjunction with the issuance of the 2029 Notes. Additionally contributing to this increase was an increase of \$132.2 million due to proceeds from the equity issuance in March 2024. Partially offsetting these increases was an increase in deferred financing costs paid of \$16.5 million associated with the 2029 Note issuances, an increase in distributions paid of \$13.7 million and a \$6.2 million increase in payments on other financing arrangements.

Debt Overview

As of September 30, 2024, we had total indebtedness of \$1,904.9 million. The increase of \$193.2 million in our long-term debt balance compared to the balance at December 31, 2023 resulted from the issuance of the 2029 Notes during the nine months ended September 30, 2024, which was partially offset by the payments under the DKL Credit Facility and the 2025 Notes. As of September 30, 2024, our total indebtedness consisted of:

- An aggregate principal amount of \$454.9 million under the DKL Revolving Facility, due on October 13, 2027, with an average borrowing rate of 7.70%.
- An aggregate principal amount of \$400.0 million, under the 2028 Notes (7.125% senior notes), due in 2028, with an effective interest rate of 7.38%.
- An aggregate principal amount of \$1,050.0 million, under the 2029 Notes (8.625% senior notes), due in 2029, with an effective interest rate of 8.90%.

We believe we were in compliance with the covenants in all debt facilities as of September 30, 2024. See Note 6 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q for a complete discussion of our third-party indebtedness.

Agreements Governing Certain Indebtedness of Delek Holdings

Delek Holdings' level of indebtedness, the terms of its borrowings and any future credit ratings could adversely affect our ability to grow our business, our ability to make cash distributions to our unitholders and our credit profile. Our current and future credit ratings may also be affected by Delek Holdings' level of indebtedness, financial performance and credit ratings.

Capital Spending

A key component of our long-term strategy is our capital expenditure program, which includes strategic consideration and planning for the timing and extent of regulatory maintenance, sustaining maintenance, and growth capital projects. These categories are described below:

- Regulatory maintenance projects in the gathering and processing segment are those expenditures expected to be spent on certain of our pipelines to maintain their operational integrity pursuant to applicable environmental and other regulatory requirements. Regulatory projects in the wholesale marketing and terminalling segment relates to scheduled maintenance and improvements on our terminalling tanks and racks at certain of our terminals in order to maintain environmental and other regulatory compliance. These expenditures have historically been and will continue to be financed through cash generated from operations.
- Sustaining capital expenditures represent capitalizable expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are expenditures for the repair, refurbishment and replacement of pipelines, tanks and terminals, to maintain equipment reliability, integrity and safety and to maintain compliance with environmental laws and regulations. Delek Holdings has agreed to reimburse us with respect to certain assets it has transferred to us pursuant to the terms of the Omnibus Agreement (as defined in Note 3 to our accompanying condensed consolidated financial statements). When not provided for under reimbursement agreements, such activities are generally funded by cash generated from operations.
- Growth projects include those projects that do not fall into one of the two categories above, and could include committed expansion projects under contracts with customers as well as other incremental growth projects, but are generally expected to produce incremental cash flows in accordance with our internal return on invested capital policy. Depending on the magnitude, funding for such projects may include cash generated from operations, borrowings under existing credit facilities, or issuances of additional debt or equity securities.

The following table summarizes our actual capital expenditures, including any material capital expenditure payments made or forecasted to be made in advance of receipt of goods and materials, for the nine months ended September 30, 2024:

(in thousands)

	Full Year 2024 Forecast ⁽¹⁾	Nine Months Ended September 30, 2024 ⁽¹⁾
Gathering and Processing		
Regulatory	\$ 750	\$ —
Sustaining	3,900	1,292
Growth	49,500	29,468
Gathering and Processing Segment Total	\$ 54,150	\$ 30,760
Wholesale Marketing and Terminalling		
Regulatory	\$ 3,300	\$ 406
Sustaining	2,379	817
Growth	—	—
Wholesale Marketing and Terminalling Segment Total	\$ 5,679	\$ 1,223
Storage and Transportation		
Regulatory	\$ 1,500	\$ 688
Sustaining	8,500	4,479
Growth	—	—
Storage and Transportation Segment Total	\$ 10,000	\$ 5,167
Total Capital Spending	\$ 69,829	\$ 37,150

⁽¹⁾ Excludes an estimated \$90 million to \$100 million and actual 2024 capital spending of \$53.4 million related to the new gas processing plan. Refer to 'Other 2024 Developments' section of Item 2. Management's Discussion and Analysis, of this Quarterly Report on Form 10-Q for further information.

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. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could increase from our projections.

Off-Balance Sheet Arrangements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Impact of Changing Prices

Our revenues and cash flows, as well as estimates of future cash flows, are sensitive to changes in commodity prices. Shifts in the cost of crude oil, natural gas, NGLs, refined products and ethanol and related selling prices of these products can generate changes in our operating margins.

Interest Rate Risk

Debt that we incur under the DKL Credit Facility bears interest at floating rates and will expose us to interest rate risk. The outstanding floating rate borrowings totaled approximately \$454.9 million as of September 30, 2024. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of September 30, 2024 would be to change interest expense by approximately \$4.5 million.

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.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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 Principal 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 Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the reporting period.

We acquired H2O Midstream effective September 11, 2024, and have included the operating results and assets and liabilities of H2O Midstream in our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q as of September 30, 2024. As permitted by SEC guidance for newly acquired businesses, management's assessment of the Partnership's disclosure controls and procedures did not include an assessment of those disclosure controls and procedures of H2O Midstream. We are currently in the process of integrating the H2O Midstream operations, control processes and information systems into our systems and control environment.

Other than the acquisition of H2O Midstream, 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 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 11 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors identified in the Partnership's fiscal 2023 Annual Report on Form 10-K, except as follows:

We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of completed or future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them, and new geographic areas and the diversion of management's attention from other business concerns. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions.

On August 2, 2024, we entered into the H2O Purchase Agreement for the acquisition of H2O Midstream. We expect the transaction to close by the end of 2024, subject to closing conditions. If these conditions are not satisfied or waived, the acquisition of H2O Midstream will not be consummated. If the closing of the H2O Midstream acquisition is substantially delayed or does not occur at all, or if the terms of the acquisition are required to be modified substantially, we may not realize the anticipated benefits of the acquisition fully or at all, or they may take longer to realize than expected.

The H2O Midstream acquisition will require management to devote significant attention and resources to integrating the H2O Midstream business with our business. Potential difficulties that may be encountered in the integration process include, among others:

- the inability to successfully integrate the H2O Midstream business into our business in a manner that permits us to achieve the revenue and cost savings that we announced as anticipated from the acquisition;
- complexities associated with managing the larger, integrated business;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the acquisition;
- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality products and services;
- loss of key employees;
- integrating relationships with customers, vendors and business partners;
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the acquisition and integration of H2O Midstream's operations into us; and
- the disruption in each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Furthermore, delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and stock price. Even if we are able to integrate our business operations successfully, there can be no assurance that the integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated timeframe.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2024, 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 September 3, 2024, Reuven Spiegel, our Executive Vice President and Chief Financial Officer, terminated his Rule 10b5-1 stock trading plan, which was adopted on August 10, 2023.

Appointment of Chief Financial Officer

On November 6, 2024, the board of directors of our general partner determined that Mark Hobbs will succeed Reuven Spiegel as the Partnership's Executive Vice President and Chief Financial Officer, effective as of March 1, 2025. Mr. Spiegel will transition to the role of Executive Vice President, Special Projects at that time.

Mr. Hobbs, age 54, has been serving as Delek Holdings' Executive Vice President Corporate Development since October 2022. Prior to joining Delek Holdings, he was a Managing Director in investment banking at Citigroup serving as Global Head of Downstream sector coverage since 2011 and as a member of the Clean Energy Transition group since 2021. From 2004 through 2011, Mr. Hobbs was a member of the Global Energy Group at UBS based in Houston and in London from 2009 until 2011 as Head of Europe, Middle East, and Africa energy coverage. Mr. Hobbs was previously an energy investment banker in Houston with both Morgan Stanley and CS First Boston. Mr. Hobbs holds an undergraduate degree from the University of Texas at Austin and an MBA from Columbia Business School in New York.

There are no transactions between Mr. Hobbs and the Partnership that would be reportable under Item 404(a) of Regulation S K.

For additional information regarding changes in the employment arrangements of certain executive officers of Delek Holdings, some of whom are also executive officers of the Partnership, please see Item 5, "Other Information" in Part II of Delek Holdings' Quarterly Report on Form 10-Q filed with the SEC on November 7, 2024, which information is incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	Contribution Agreement dated August 5, 2024, between Delek US Energy, Inc. and Delek Logistics Partners, LP (incorporated by reference to Exhibit 2.1 to Delek Logistics Partners, LP's Current Report on Form 10-Q filed on August 7, 2024).
2.2	Purchase and Sale Agreement, dated as of August 2, 2024, by and between H2O Midstream Holdings, LLC and Delek Logistics Partners, LP (incorporated by reference to Exhibit 2.1 to Delek Logistics Partners, LP's Current Report on Form 8-K filed on August 7, 2024).
3.1	Third Amended and Restated Agreement of Limited Partnership of Delek Logistics Partners, LP dated September 11, 2024 (incorporated by reference to Exhibit 3.1 to Delek Logistics Partners, LP's Current Report on Form 8-K filed on September 13, 2024).
4.1	First Supplemental Indenture, dated as of April 17, 2024, among the Partnership, Finance Corp., the Guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Delek Logistics Partners, LP's Current Report on Form 8-K filed on April 17, 2024).
4.2	Second Supplemental Indenture, dated as of August 16, 2024, among the Partnership, Finance Corp., the Guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to Delek Logistics Partners, LP's Current Report on Form 8-K filed on August 16, 2024).
10.1	Registration Rights Agreement, dated September 11, 2024, by and between H2O Midstream Holdings, LLC and Delek Logistics Partners, LP (incorporated by reference to Exhibit 10.1 to Delek Logistics Partners, LP's Current Report on Form 8-K filed on September 13, 2024).
31.1	# Certification of Delek Logistics GP, LLC's Principal 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 Delek Logistics GP, LLC'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 Delek Logistics GP, LLC's Principal 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 Delek Logistics GP, LLC'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 Logistics Partners, LP's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023 (Unaudited), (ii) Condensed Consolidated Statements of Income and Comprehensive Income for the three and nine months ended September 30, 2024 and 2023 (Unaudited), (iii) Condensed Consolidated Statement of Partners' Equity (Deficit) for the three and nine months ended September 30, 2024 and 2023 (Unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023 (Unaudited), and (v) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	The cover page from Delek Logistics Partners, LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 has been formatted in Inline XBRL.

Filed herewith

Furnished herewith

SIGNATURES

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

Delek Logistics Partners, LP

By: Delek Logistics GP, LLC
Its General Partner

By: /s/ Avigal Soreq

Avigal Soreq
President
(Principal Executive Officer)

By: /s/ Reuven Spiegel

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

By: /s/ Robert Wright

Robert Wright
Senior Vice President, Deputy Chief Financial Officer
(Principal Accounting Officer)

Dated: November 7, 2024

**Certification by Principal 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 Logistics Partners, LP;
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
(Principal Executive Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 7, 2024

**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 Logistics Partners, LP;
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) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 7, 2024

**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 Logistics Partners, LP (the "Partnership") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avigal Soreq, President of Delek Logistics GP, LLC, the general partner of the Partnership, 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 Partnership.

By: /s/ Avigal Soreq
Avigal Soreq,
President
(Principal Executive Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 7, 2024

A signed original of this written statement required by Section 906 has been provided to the Partnership 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 Logistics Partners, LP (the "Partnership") on Form 10-Q for quarterly period ended September 30, 2024, 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 Delek Logistics GP, LLC, the general partner of the Partnership, 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 Partnership.

By: /s/ Reuven Spiegel
Reuven Spiegel,
Executive Vice President and Chief Financial Officer
(Principal Financial Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 7, 2024

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