



**HOLLY ENERGY PARTNERS®**

## **INVESTOR PRESENTATION**

### **AUGUST 2022**

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# Safe Harbor Disclosure Statement



HOLLY ENERGY PARTNERS

Statements made during the course of this presentation that are not historical facts are “forward-looking statements” within the meaning of United States federal securities laws. Forward-looking statements are statements that are not historical in nature and may include statements relating to our goals, plans and projections regarding industry and general economic trends, our expected financial position, the anticipated cost savings, revenue enhancement strategies, operational improvements and other benefits from the acquisition of Sinclair Oil Corporation and Sinclair Transportation Company (such transactions, the “Sinclair Transactions”), results of operations or market position and our business strategy. Words such as “anticipate,” “expect,” “project,” “will,” “plan,” “goal,” “forecast,” “intend,” “should,” “would,” “could,” “believe,” “may,” and similar expressions and statements regarding our plans and objectives for future operations are intended to identify forward-looking statements. Forward-looking statements are inherently uncertain and necessarily involve risks that may affect the business prospects and performance of Holly Energy Partners, L.P. (“HEP”), and actual results may differ materially from those discussed during the presentation. These statements are based on management’s beliefs and assumptions and those of HEP’s general partner using currently available information and expectations as of the date hereof, are not guarantees of future performance and involve certain risks and uncertainties. Although we and HEP’s general partner believe that such expectations reflected in such forward-looking statements are reasonable, neither we nor HEP’s general partner can give assurance that such expectations will prove to be correct. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Any differences could be caused by a number of factors, including, but not limited to: (i) HF Sinclair Corporation’s (“HF Sinclair”) and our ability to successfully integrate the Sinclair Oil Corporation (now known as Sinclair Oil LLC) and Sinclair Transportation Company LLC businesses acquired from The Sinclair Companies (now known as REH Company), referred to herein as “Sinclair HoldCo”) with our existing operations and fully realize the expected synergies of the Sinclair Transactions or on the expected timeline; (ii) the demand for and supply of crude oil and refined products, including uncertainty regarding the effects of the continuing COVID-19 pandemic on future demand and increasing societal expectations that companies address climate change; (iii) risks and uncertainties with respect to the actual quantities of petroleum products and crude oil shipped on our pipelines and/or terminalled, stored or throughput in our terminals and refinery processing units; (iv) the economic viability of HF Sinclair, our other customers and our joint ventures’ other customers, including any refusal or inability of our or our joint ventures’ customers or counterparties to perform their obligations under their contracts; (v) the demand for refined petroleum products in the markets we serve; (vi) our ability to purchase and integrate future acquired operations; (vii) our ability to complete previously announced or contemplated acquisitions; (viii) the availability and cost of additional debt and equity financing; (ix) the possibility of temporary or permanent reductions in production or shutdowns at refineries utilizing our pipelines, terminal facilities and refinery processing units, due to reasons such as infection in the workforce, in response to reductions in demand, accidents, unexpected leaks or spills, unscheduled shutdowns, weather events, civil unrest, expropriation of assets, and other economic, diplomatic, legislative, or political events or developments, terrorism, cyberattacks, or other catastrophes or disruptions affecting our operations, terminal facilities, machinery, pipelines and other logistics assets, equipment, or information systems, or any of the foregoing of our suppliers, customers, or third-party service providers or lower gross margins due to the economic impact of the COVID-19 pandemic, inflation and labor costs, and any potential asset impairments resulting from such actions; (x) the effects of current and future government regulations and policies, including the effects of current and future restrictions on various commercial and economic activities in response to the COVID-19 pandemic and increases in interest rates; (xi) delay by government authorities in issuing permits necessary for our business or our capital projects; (xii) our and our joint venture partners’ ability to complete and maintain operational efficiency in carrying out routine operations and capital construction projects; (xiii) the possibility of terrorist or cyberattacks and the consequences of any such attacks; (xiv) uncertainty regarding the effects and duration of global hostilities and any associated military campaigns which may disrupt crude oil supplies and markets for refined products and create instability in the financial markets that could restrict our ability to raise capital; (xv) general economic conditions including uncertainty regarding the timing, pace and extent of an economic recovery in the United States; and (xvi) the impact of recent or proposed changes in the tax laws and regulations that affect master limited partnerships.



# Holly Energy Partners Company Profile



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## COMPANY OVERVIEW (NYSE: HEP)

- Integrated systems of petroleum product and crude pipelines, storage tanks, distribution terminals, loading racks and processing units located at or near HF Sinclair's refining assets in high growth markets
- Assets strategically located in core growth areas in the Mid-Continent, Southwest and Northwest regions of the United States
- 47% owned by refining parent HF Sinclair Corporation (NYSE:DINO)

## STABLE EARNINGS

- Revenues are nearly 100% fee-based with de minimis commodity risk
- Customer base consisting of refining companies (contracts not with E&Ps)
- Minimum Volume Commitments (MVCs) comprise approximately 70% of Total Tariffs and Fees<sup>1</sup>
- Substantially all MVC revenues tied to PPI and/or FERC

## FINANCIAL TARGETS & GUIDANCE

- Target distribution coverage of at least 1.3x
- Target leverage: 3.0-3.5x
- Self-funding model to cover all planned capital expenditures and distributions with cash flow from operations
- Maintain annual distribution of \$1.40 per unit for 2022

## BALANCE SHEET HIGHLIGHTS

- Maintain Balance Sheet flexibility
- Operate within free cash flow while reducing leverage
- HEP Corporate Credit Ratings: S&P BB+, Moody's Ba2, Fitch BB+
- Earliest maturity in 2025

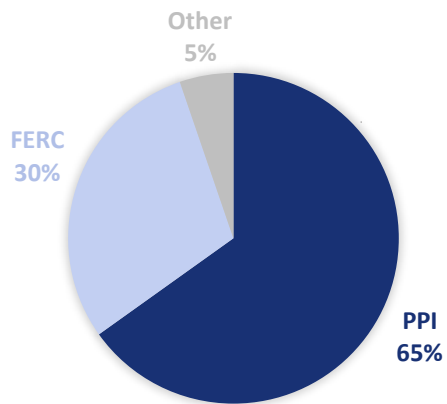


# Minimum Volume Commitments

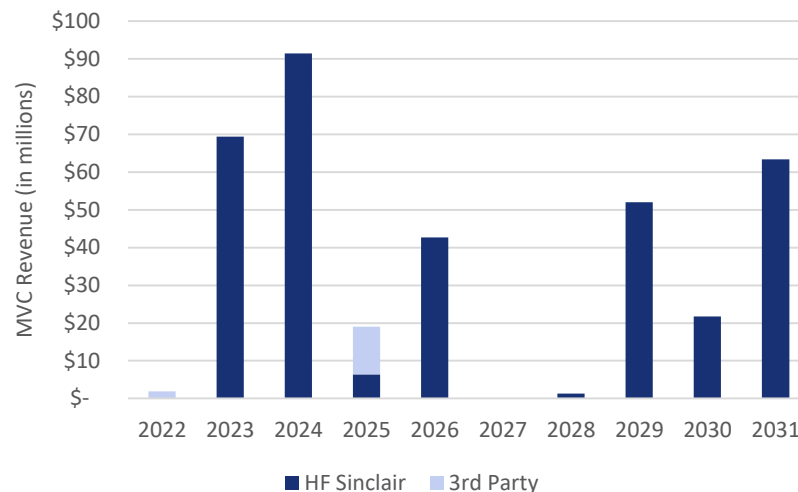


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## Inflation Escalators as % of FY 2021 Total Revenue<sup>1</sup>



## MVC Contract Renewal Schedule<sup>2</sup>



## MVC Contract Profile

- 10-15 years = typical contract lengths with HF Sinclair
- 5 years = weighted-average remaining contract duration
- MVCs accounted for ~70% of Total Tariffs and Fees<sup>3</sup>

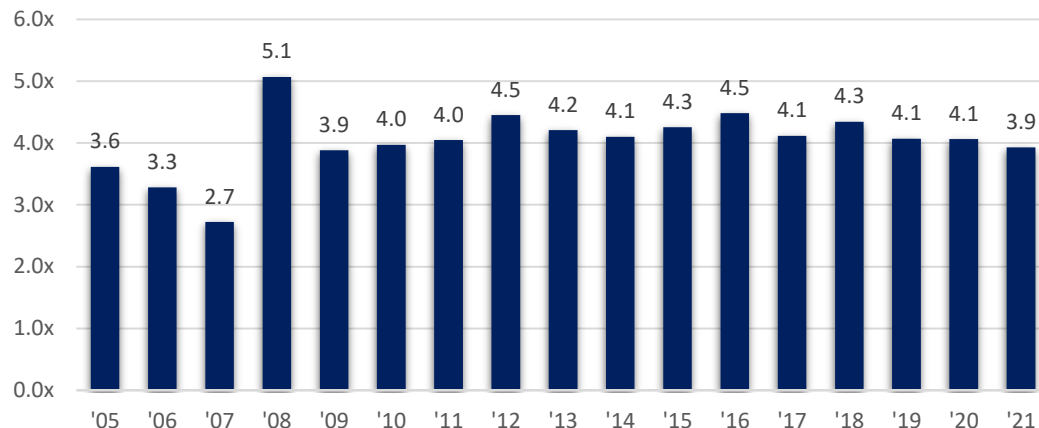


# Historical Leverage and Coverage Ratios



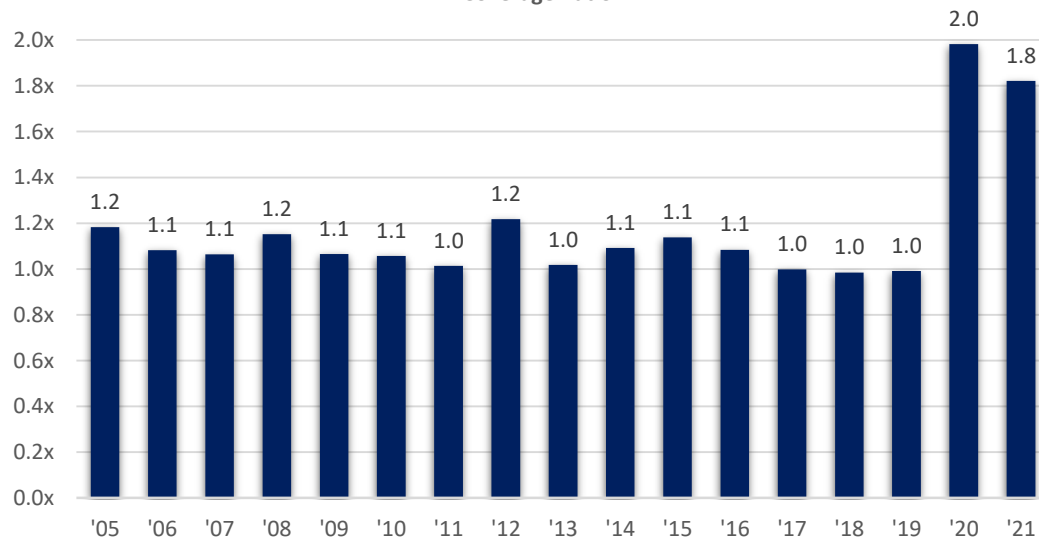
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Leverage Ratio



- Averaged 4.0x leverage since 2005
- Visible path to leverage target of 3.0-3.5x
- Conservative annual capital need (estimated \$50-75 million in 2022<sup>1</sup>)

Coverage Ratio



- Long-term coverage target of at least 1.3x
- Majority of contracts tied to MVCs provides coverage cushion
- Free cash flow after distributions<sup>2</sup> to fund maintenance and growth capex while deleveraging



Holly Energy Partners (NYSE: HEP)

1) Per HEP Q2 2022 10-Q.

2) See definitions page in Appendix.



# HEP Financial Strength



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## HEP Capital Structure (\$ millions)

6/30/2022

Revolver Capacity (matures 7/2025)	\$1,200
Revolver Borrowings	\$(721)
Revolver Availability	\$479
Cash	\$15
Total Liquidity	\$494
5.000% Senior Notes due 2028	\$500
6.375% Senior Notes due 2027	\$400
Revolver Borrowings	\$721
Total HEP Debt	\$1,621
TTM Adjusted EBITDA <sup>1</sup>	\$353
Debt/Pro forma Further Adjusted EBITDA <sup>1</sup>	3.9x

## Credit Ratings

### HEP

- S&P BB+
- Moody's Ba2
- Fitch BB+

### HF Sinclair Corporate Investment Grade Ratings

- S&P BBB-
- Moody's Baa3
- Fitch BBB-

\*strong parent credit rating that represents significant revenues for HEP



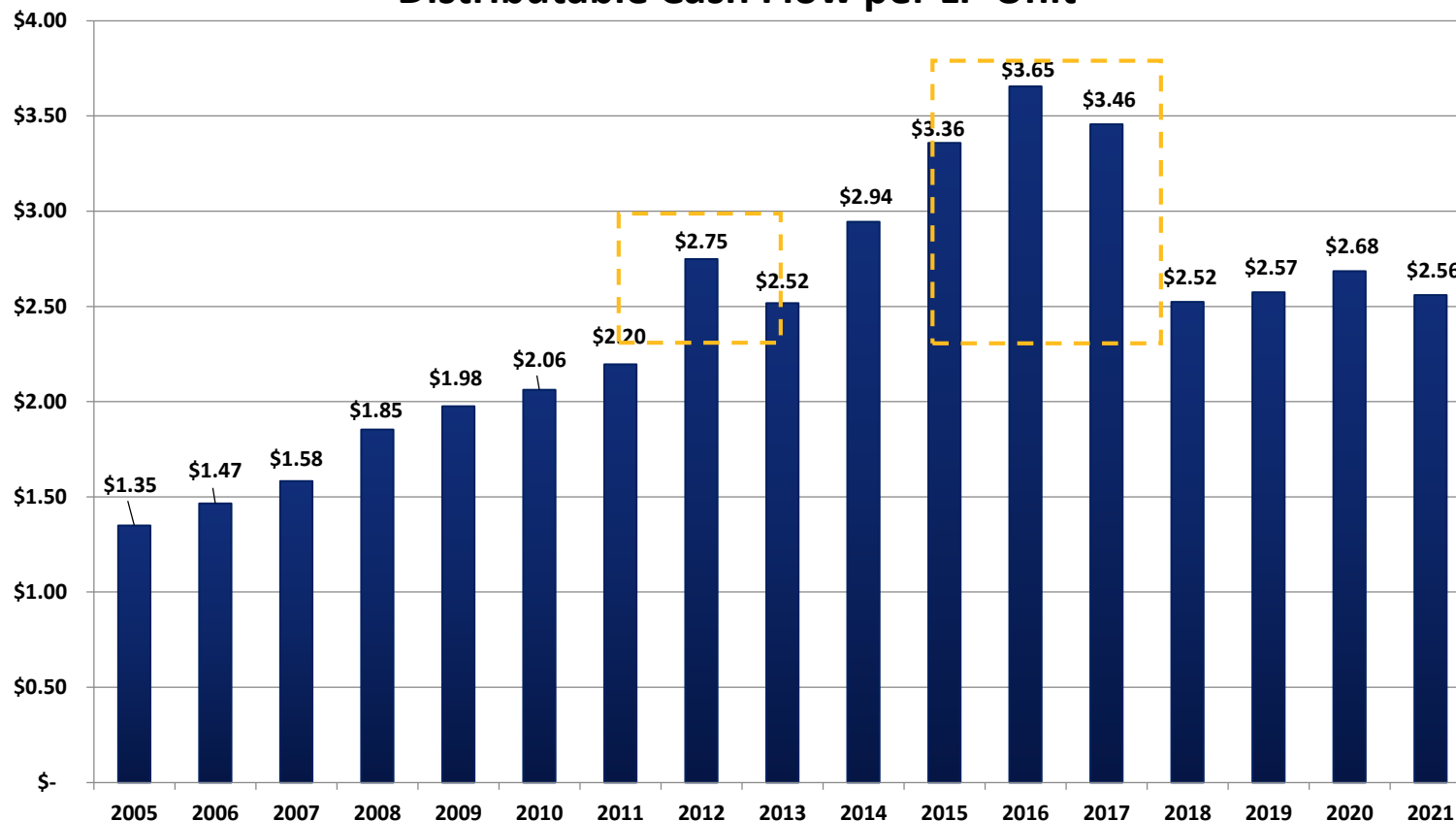
# Distributable Cash Flow / LP Unit Since Inception



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DCF/LP Unit

## Distributable Cash Flow per LP Unit<sup>1</sup>



LP Units Outstanding  
(in millions)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
30.8	32.2	32.2	32.6	36.6	44.2	45.7	55.7	58.2	58.7	58.7	59.9	70.3	105.0	105.4	105.4	105.4

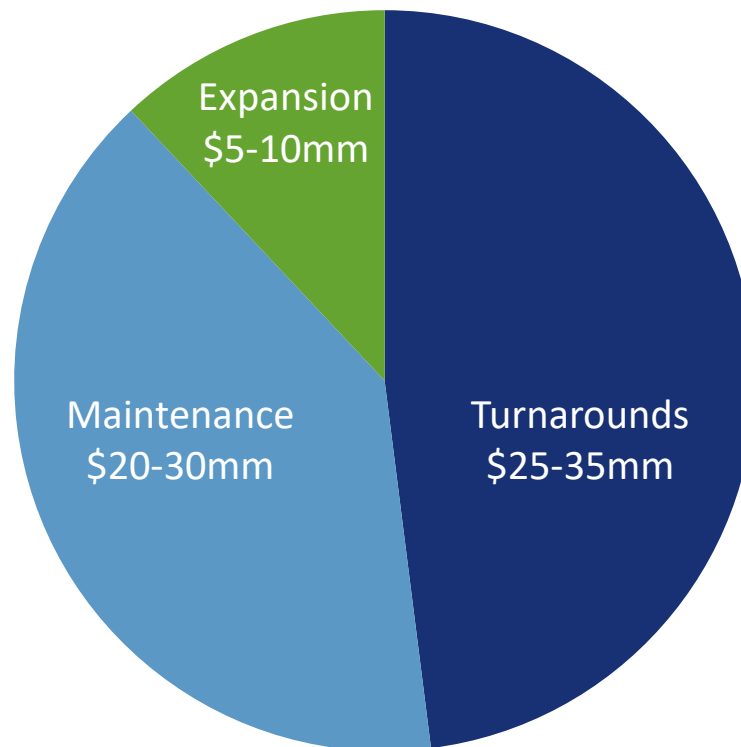
2013: public offering of HEP common units  
2017: IDR simplification  
2018: private offering of HEP common units



Holly Energy Partners (NYSE: HEP)

1) See definitions page in Appendix. LP units outstanding are split adjusted reflecting HEP's January 2013 two-for-one unit split. Amounts based on distributable cash flow earned during the period.

## 2022 Capex Budget<sup>1</sup> \$50-75mm



\*Turnaround occurs approximately every 5 years for refinery processing units



# HEP Avenues for Growth



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## ORGANIC

- Leverage HEP's existing footprint to capitalize on commercial opportunities
- Contractual PPI/FERC escalators

**Example:**  
Frontier Pipeline Expansion

## EXTERNAL TRANSACTIONS

- Pursue logistics assets in HEP's current geographic region
- Replace incumbent HF Sinclair service providers with HEP
- Leverage HF Sinclair refining and commercial footprint
- Participate in expected MLP sector consolidation

**Example:**  
Sinclair Transportation Acquisition

## OPPORTUNITIES WITH HF SINCLAIR

- Partnering with HF Sinclair to build and/or acquire new assets/businesses
- Target high tax basis assets with durable cash flow characteristics that also add to HF Sinclair EBITDA
- Replace incumbent HF Sinclair service providers with HEP

**Example:**  
Cushing Connect Joint Venture



# Sinclair Acquisition Highlights



## Expansive Network of Crude and Product Assets in Key Demand Centers

### Pipelines

- 1,200 miles of pipelines
- Regional crude gathering system for Sinclair's refineries and 3rd parties
- Refined product outlets for Sinclair's refineries

### Terminals

- 8 product terminals and 2 crude terminals with 4.5 million barrels of operated storage
- Product distribution and crude gathering for Sinclair and 3rd parties

### Joint Ventures

- Saddle Butte Pipeline (25.06% Sinclair non-operated interest)
- Pioneer Pipeline (49.995% Sinclair non-operated interest)
- UNEV Pipeline (25% Sinclair non-operated interest)<sup>2</sup>

### Combined Company

- Expected pro forma Further Adjusted EBITDA \$400-\$450 million<sup>1</sup>
- 70-75% of revenues tied to long-term MVCs
- Enhanced scale and earnings power
- Combined ~4,400 miles of pipeline and 19 terminals
- Own 100% interest in UNEV pipeline, interests in other strategic joint ventures
- Integrated system with expansive logistics network connecting key Rockies crude and product regions expected to enhance flexibility



1) See Appendix for Further Adjusted EBITDA reconciliation.

2) HEP previously owned 75% interest in UNEV Pipeline. Post acquisition, HEP owns 100% interest in UNEV Pipeline.

# Sinclair Transaction Overview

## Enhancing Scale and Earnings Power

### Structure & Purchase Price

- Sinclair contributed all of the outstanding equity interests in Sinclair Transportation Company, which owns logistics assets, to HEP in exchange for cash and HEP common units, representing a transaction value of approximately \$670 million based on the closing price of HEP units on March 11, 2022
- HEP funded the transaction with an equity issuance of 21 million common units and \$321 million of cash, inclusive of working capital adjustments
- Closed March 14, 2022, simultaneously with the acquisition of Sinclair Oil by HF Sinclair Corporation

### Leadership & Operations

- HEP to continue operating as Holly Energy Partners, L.P. under existing senior management

### Governance

- Appointed 1 Sinclair director to HEP Board on March 15, 2022
- Customary lock up, voting and standstill restrictions and registration rights for Sinclair's owners' equity

### Acquired Sinclair Business

- Expected \$70-80 million of Adjusted EBITDA uplift<sup>1</sup>
- 70-75% of revenues to be supported by long-term MVCs<sup>2</sup>
- 1,200 miles of integrated crude and refined product pipelines
- Terminal assets including 8 product terminals and 2 crude terminals
- Interests in 3 midstream JVs for crude gathering and product offtake
  - Includes 25% acquisition of the UNEV pipeline of which HEP already owns 75%



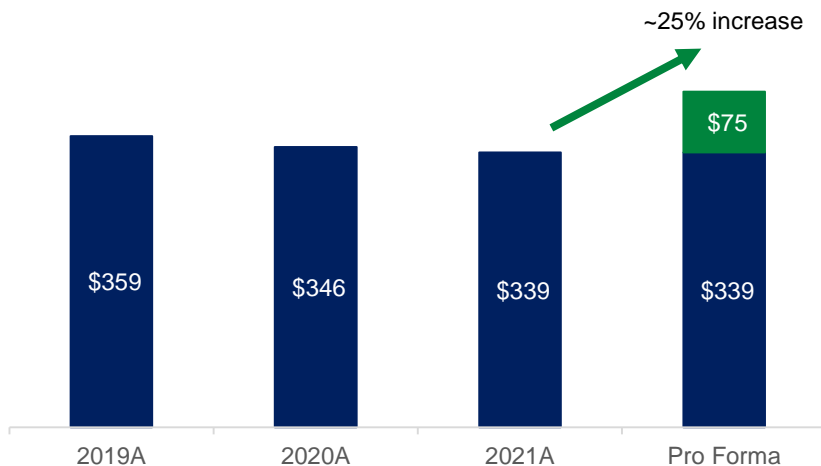
# HEP Pro Forma Earnings Profile<sup>1</sup>



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## Incremental Earnings Uplift

- Expected \$70-80 million of Adjusted EBITDA uplift from Sinclair's logistics assets
  - Amount differs from historical results, reflecting new minimum volume commitments between HEP and HF Sinclair, expected growth in JV earnings, and the exclusion of transaction-related expenses
- Consistent with HEP's current business model, ~75% of expected revenues from Sinclair logistics assets to be supported by long-term minimum volume commitments with HF Sinclair



■ HEP Adjusted EBITDA ■ Incremental Sinclair Further Adjusted EBITDA

HEP 2021A  
Adjusted EBITDA:  
**\$339 million**



Incremental  
Sinclair Further  
Adjusted EBITDA:  
**~\$70 - \$80 million**



HEP Pro Forma  
Further Adjusted  
EBITDA:  
**\$400-\$450 million**



# Cushing Connect Joint Venture



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## Asset Description

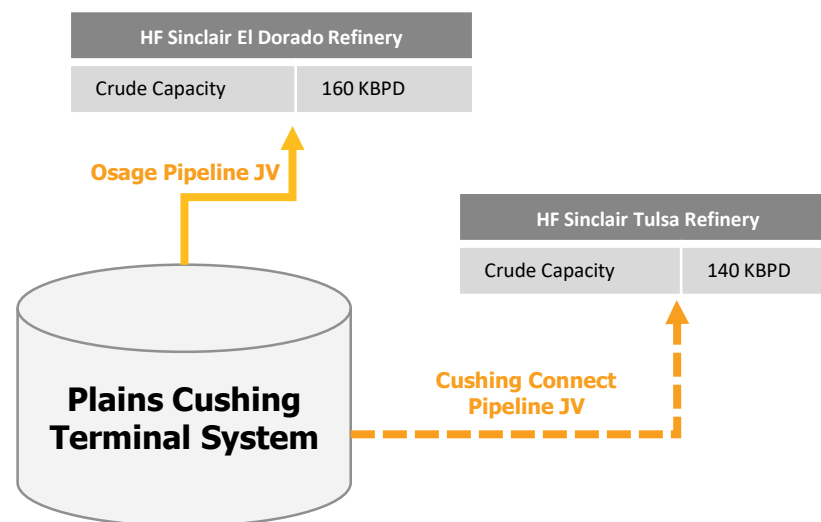
- HEP formed a 50/50 JV with Plains All American Pipeline, L.P. (PAA) consisting of:
  - New build, 50-mile, 160 KBPD common carrier crude pipeline from Cushing to Tulsa
  - 1.5 million barrels of crude storage in Cushing
- Terminal in-service 2Q 2020
- Pipeline in-service 3Q 2021

## Deal Highlights

- JV estimated total capital of \$130 million with expected initial EBITDA<sup>1</sup> multiple of 8x-9x.
- HEP built and operates pipeline, PAA to build terminal connections and operate terminal
- HF Sinclair entered into 15-year MVC of 100 KBPD with HEP, which commenced in 3Q 2021

## Strategic Rationale

- Generates HEP growth while providing long-term control of a strategic asset
- Insources HF Sinclair's logistics spend to HEP
- New pipeline provides capability to supply 100% of HF Sinclair's Tulsa Refinery crude throughput





# HEP Capital Allocation Strategy<sup>1</sup>



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## Transaction Delivers:



Sustainable  
Free Cash Flow



Visible Deleveraging  
Pathway



Increased unitholder  
returns

## Near-term

- Continue to reduce leverage
- Pay sustainable quarterly distribution of \$0.35/unit

## Mid to Long-term Strategy

- Focus on funding all capex and distributions within operating cash flow
- Reduce leverage to 3.0x-3.5x
- Maintain distributable cash flow coverage of at least 1.3x

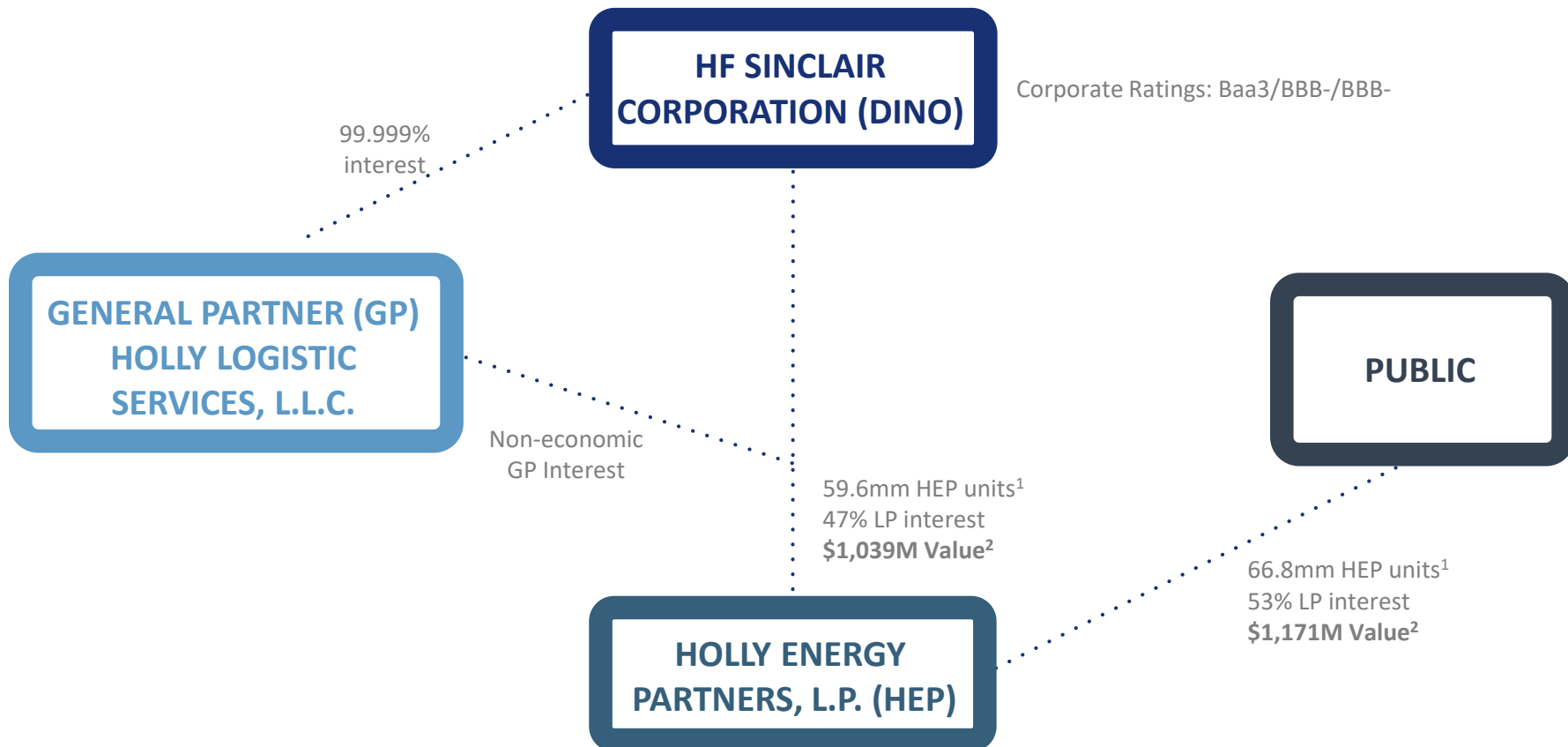


# HEP Ownership Structure



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Eliminated IDR in 2017 to simplify structure



Holly Energy Partners (NYSE: HEP)

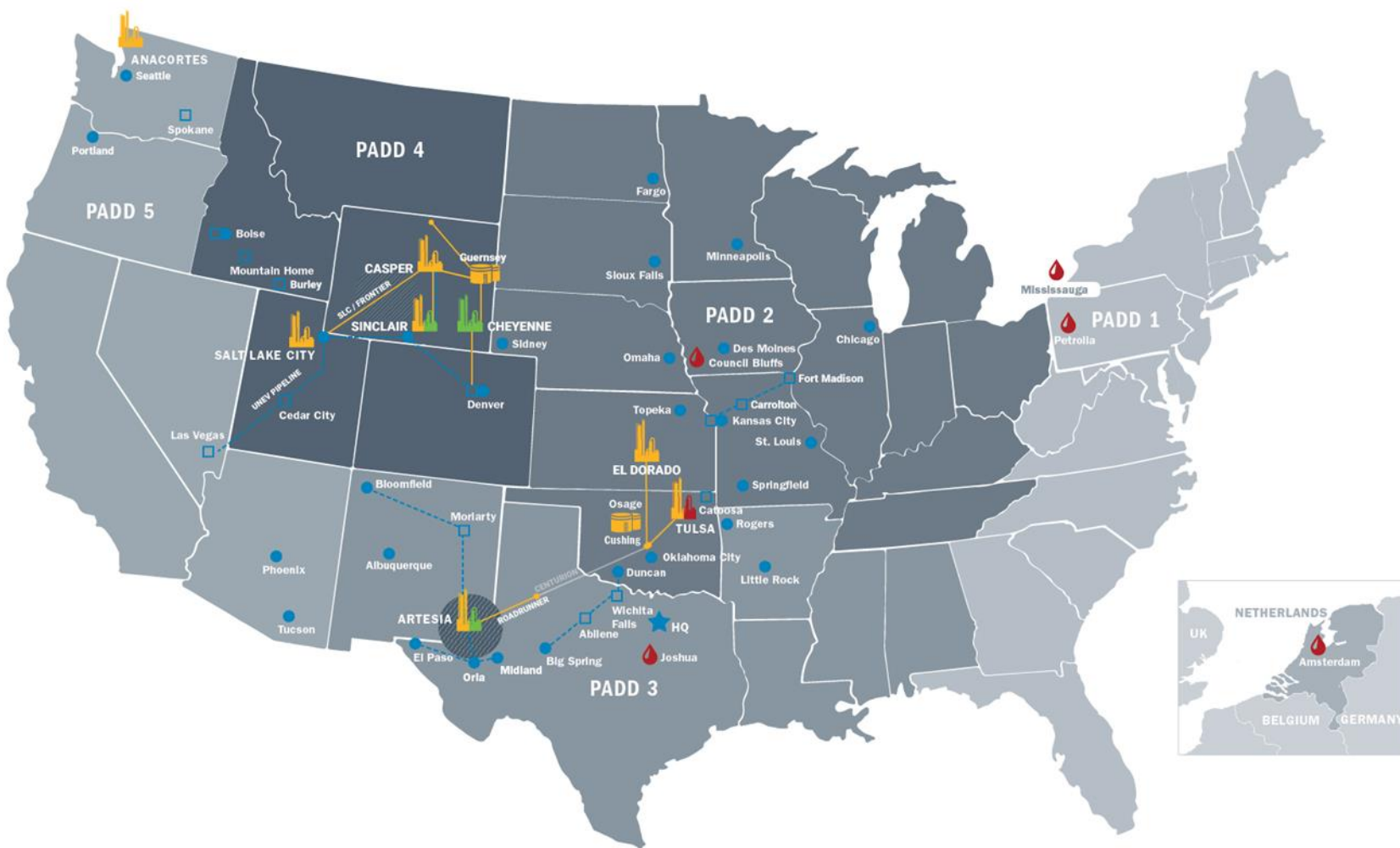
1) Unit Count as of June 30, 2022.

2) Based on HEP unit closing price on August 11, 2022.

# HF Sinclair Business Segment Highlights



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HF SINCLAIR REFINERIES



RENEWABLE DIESEL FACILITY



HF SINCLAIR REFINERY + LUBRICANTS PRODUCTION



LUBRICANTS FACILITY



HEP TERMINAL / HF SINCLAIR PRODUCT MARKETS



HF SINCLAIR PRODUCT MARKETS



HEP PRODUCT PIPELINES



HEP PIPELINES



CRUDE HUB



CRUDE GATHERING



Holly Energy Partners (NYSE: HEP)

Note: Cheyenne Renewable Diesel facility mechanically complete in Q4 2021 and fully operational in Q1 2022. Artesia Renewable Diesel facility completed and fully operational in Q2 2022.

# HF Sinclair Business Segment Highlights

## Financially Strong Investment Grade Parent Positioned for Value Creation Across all Segments



### REFINING

- 7 refineries in the Mid-Continent, West and Pacific Northwest regions
- 678,000 BPD<sup>1</sup> of refining capacity
- Flexible refining system with fleet wide discount to WTI
- Premium product markets versus Gulf Coast
- Organic initiatives to drive growth and enhance returns



### MARKETING

- Iconic DINO brand and customer loyalty
- Over 300 distributors and over 1,300 branded retail sites located across 30 states from coast to coast
- ~300 branded sites under license program outside of supply footprint
- Sinclair branded wholesale business generates an uplift versus unbranded sales



### RENEWABLES

- 10,000 BPD<sup>1</sup> Renewable Diesel Unit at Sinclair, WY Refinery
- 6,000 BPD<sup>1</sup> Renewable Diesel Unit at Cheyenne, WY Refinery mechanically complete in Q4 2021 and fully operational in Q1 2022
- 9,000 BPD<sup>1</sup> Renewable Diesel Unit at Artesia, NM Refinery completed and fully operational in Q2 2022
- Pre-Treatment Unit at Artesia, NM Refinery completed and fully operational in Q1 2022



### SPECIALTY LUBRICANTS

- Integrated specialty lubricants producer with 34,000 BPD<sup>1</sup> of production capacity
- Sells finished lubricants & products in >80 countries under Petro-Canada Lubricants, Sonneborn, Red Giant Oil & HollyFrontier product lines
- Production facilities in Mississauga, Ontario; Tulsa, Oklahoma; Petroliia, Pennsylvania; & the Netherlands
- One of the largest North American white oil & group III base oil producers



### MIDSTREAM

- Operate crude and product pipelines, loading racks, processing units, terminals and tanks in and around HF Sinclair's refining assets
- HF Sinclair owns 47% of the LP Interest in HEP and the non-economic GP interest
- Eliminated IDRs in 2017 to simplify structure
- Approximately 70% of Total Tariffs and Fees tied to long-term contracts and minimum volume commitments<sup>2</sup>

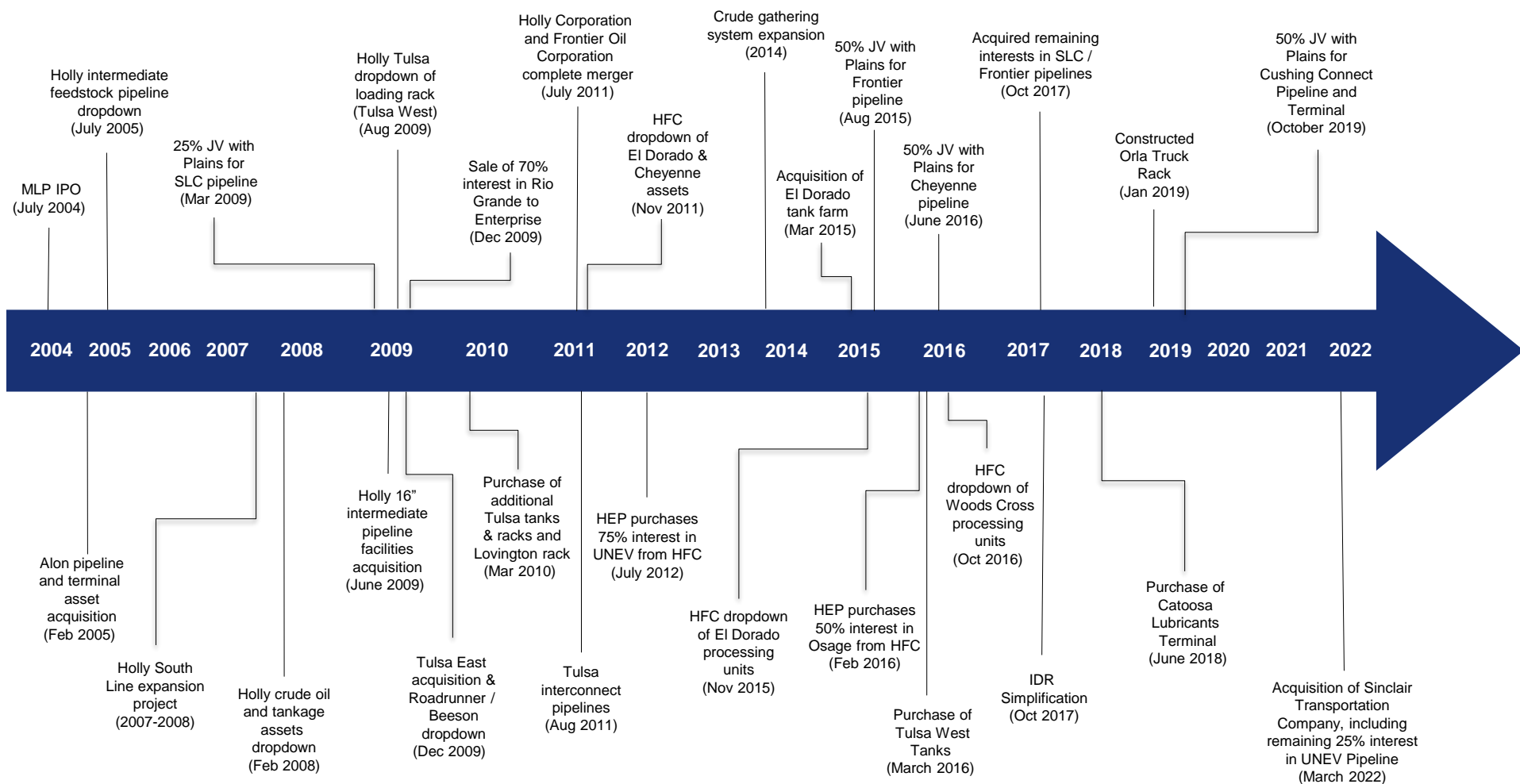


# HEP Historical Growth



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## Committed to Continuing Successful Track Record of Growth



Holly Energy Partners (NYSE: HEP)



## Environmental

### GHG Intensity Target

- Established goal to reduce net emissions intensity by 25% by 2030, through offsets and reductions versus 2020 levels

### Renewable Fuels Investments

- Made significant investments in 3 renewable diesel projects in Artesia, NM, Cheyenne, WY and Sinclair, WY
- Renewable diesel is a cleaner burning fuel with 50% to 80% (results dependent upon the feedstock) lower lifecycle GHG emissions than conventional diesel

### Recycling and Water Conservation

- Our Navajo refinery implemented a project to sell wastewater from its operations to upstream operators to reduce the amount of freshwater used in upstream operations in Artesia, NM, a high-risk region for water scarcity

### Product Innovation

- Developed SonneNatural, a line of 100% natural plant-based products, ENVIRON™ MV, a line of biodegradable hydraulic oils, and other oils and lubricants designed to promote improved fuel economy, higher energy efficiency and support alternative energy systems

## Social

**“One HF Sinclair Culture” program instilled at every level with focus and commitment to safety, integrity, teamwork, ownership and inclusion**

- Our combined Total Recordable Incident Rate for 2021 was 0.27 versus an industry benchmark of 0.41
- Active volunteering and philanthropic involvement in communities where we operate
- Commitment to attracting, retaining and developing a diverse and inclusive workforce, including through partnerships with historically Black colleges and universities to offer full-time and summer internship opportunities
- Supporting our employees and communities by investing in racially and ethnically underrepresented groups, women, and veterans through program sponsorships
- Investing in professional development programs, scholarship programs and education assistance programs that enable employees of all levels to enhance their skills and grow professionally

## Governance

**Board leadership provides significant industry expertise, alongside diverse business, financial and environmental, health and safety expertise**

- Board level committees with specific oversight over ESG matters include the Compensation Committee, Environmental, Health, Safety, and Public Policy Committee and the Nominating, Governance and Social Responsibility Committee
- 10 of 12 directors independent, including chair
- 2 female board members
- 3 ethnically diverse board members
- Long standing commitment to ethical behavior is inherently tied to how we do business
- Code of Business Conduct and Ethics among governing principles

**Executive compensation strongly aligned with shareholders and long-term performance**

- ROCE, TSR, Operational Efficiency, and Safety drive performance pay



# Appendix



**Holly Energy Partners owns and operates substantially all of the refined product pipeline and terminaling assets that support HF Sinclair's refining and marketing operations in the Mid-Continent, Southwest and Northwest regions of the United States**



- Approximately 4,400 miles of crude oil and petroleum product pipelines
- Approximately 18.5 million barrels of refined product and crude oil storage with 19 terminals and 7 loading rack facilities in 13 western and mid-continent states
- Refinery processing units in Woods Cross, Utah and El Dorado, Kansas
- 50% joint venture interest in Cheyenne Pipeline LLC – the owner of an 87-mile crude oil pipeline from Fort Laramie, Wyoming to Cheyenne, Wyoming.
- 50% joint venture interest in Osage Pipe Line Company, LLC – the owner of a 135-mile crude oil pipeline from Cushing, Oklahoma to El Dorado, Kansas
- 50% joint venture interest in Cushing Connect Pipeline & Terminal LLC – the owner of a 50-mile, 160,000 barrel per day crude oil pipeline from Cushing, Oklahoma to Tulsa, Oklahoma and 1.5 million barrels of crude oil storage in Cushing, Oklahoma
- 49.995% joint venture interest in Pioneer Investments Corp. – the owner of a 310-mile, 65,000 barrel per day refined product pipeline from Sinclair, Wyoming to the North Salt Lake Terminal with 655,000 barrels of refined product storage capacity
- 25.06% joint venture interest in Saddle Butte Pipeline III, LLC – the owner of a 220 mile, 60,000 barrel per day crude oil pipeline from the Powder River Basin in Wyoming to Casper, Wyoming and 160,000 barrels of crude oil storage at the Highland Flats Terminal in Wyoming

# Adjusted EBITDA Reconciliation



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Holly Energy Partners		HEP 12/31/2021	HEP PF Sinclair 12/31/2021
<b>Net income attributable to the partners</b>	\$	<b>214,946</b>	\$ <b>218,727</b>
+ Interest expense		53,818	76,055
- Interest income		(29,925)	(29,925)
+ State income tax expense		32	32
+ Depreciation and amortization		93,800	109,961
<b>EBITDA</b>	\$	<b>332,671</b>	\$ <b>374,850</b>
- Gain on sales-type leases		(24,677)	(24,677)
- Gain on significant asset sales		(5,263)	(5,263)
+ Goodwill impairment		11,034	11,034
+ Tariffs not included in revenues		31,863	31,863
- Lease payments not included in operating costs		(6,425)	(6,425)
<b>Adjusted EBITDA</b>	\$	<b>339,203</b>	\$ <b>381,382</b>
Expected Sinclair EBITDA uplift <sup>(1)</sup>			34,756
<b>Further Adjusted EBITDA</b>			\$ <b>416,138</b>

- 1) Expected Sinclair EBITDA uplift reflects (1) the expected pricing uplift from new minimum volume commitments ("MVCs") entered into between HEP and HF Sinclair for the acquired Sinclair midstream assets, (2) expected growth in equity in earnings from joint ventures associated capital investments and (3) the exclusion of non-recurring transaction-related expenses. The uplift was determined by applying market MVC contract rates to anticipated revenue from the new MVCs on the acquired Sinclair midstream assets. Consistent with HEP's current business model, it is estimated that 70% to 75% of expected revenues from Sinclair midstream assets will be supported by long-term MVCs. We may not fully realize such pricing uplift within the anticipated timeframe, or may not do so at all. Accordingly, you should not view our presentation of this adjustment as a projection that we will achieve this pricing uplift. Our ability to realize this anticipated pricing uplift is subject to significant uncertainties and you should not place undue reliance on this or any other adjustment in evaluating our anticipated results.



# Total Tariffs and Fees Reconciliation



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Holly Energy Partners		Six Months Ended June 30, 2022
Revenues	\$	255,968
Tariffs and fees not included in revenues		38,507
<b>Total Tariffs and Fees</b>	<b>\$</b>	<b>294,475</b>

Total Tariffs and Fees are calculated as revenues plus tariffs and fees not included in revenues due to impacts from lease accounting for certain tariffs and fees. Portions of our minimum guaranteed pipeline and terminal tariffs and fees for assets subject to sales-type lease accounting are recorded as interest income with the remaining amounts recorded as a reduction in net investment in leases. These tariffs and fees were previously recorded as revenues prior to the renewal of the throughput agreement, which triggered sales-type lease accounting.





# Definitions



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**CAGR:** The compound annual growth rate is calculated by dividing the ending value by the beginning value, raise the result to the power of one divided by the period length, and subtract one from the subsequent result. CAGR is the mean annual growth rate of an investment over a specified period of time longer than one year.

**DISTRIBUTABLE CASH FLOW:** Distributable cash flow is not a calculation based upon GAAP. However, the amounts included in the calculation are derived from amounts presented in our consolidated financial statements, with the general exception of maintenance capital expenditures. Distributable cash flow should not be considered in isolation or as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Distributable cash flow is not necessarily comparable to similarly titled measures of other companies. Distributable cash flow is presented here because it is a widely accepted financial indicator used by investors to compare partnership performance. It is also used by management for internal analysis and for our performance units. We believe that this measure provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating. Historical distributable cash flow for prior years and fiscal quarters is reconciled to net income in a footnote to the table in "Item 6. Selected Financial Data" in HEP's 10-Ks prior to the 10-K for the year ended December 31, 2021 and in a footnote to the "Income, Distributable Cash Flow, Volumes and Balance Sheet Data" table in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in HEP's 10-Qs, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**EBITDA:** Earnings before interest, taxes, depreciation and amortization which is calculated as net income attributable to the partners plus (i) interest expense, net of interest income, (ii) state income tax expense and (iii) depreciation and amortization. EBITDA is not a calculation based upon GAAP. However, the amounts included in the EBITDA calculation are derived from amounts included in our consolidated financial statements. EBITDA should not be considered as an alternative to net income attributable to the partners or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. EBITDA is also used by our management for internal analysis and as a basis for compliance with financial covenants. Our historical EBITDA for the past is reconciled to net income attributable to the partners in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of HEP's Form 10-K for the year ended December 31, 2021. Historical EBITDA for prior years and fiscal quarters is reconciled to net income in a footnote to the table in "Item 6. Selected Financial Data" in HEP's 10-Ks prior to the 10-K for the year ended December 31, 2021 and in a footnote to the "Income, Distributable Cash Flow, Volumes and Balance Sheet Data" table in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in HEP's 10-Qs, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**ADJUSTED EBITDA:** Adjusted EBITDA is calculated as EBITDA plus (i) goodwill impairment, (ii) acquisition integration and regulatory costs and (iii) tariffs and fees not included in revenues due to impacts from lease accounting for certain tariffs and fees minus (iv) gain on sales-type leases, (v) gain on significant asset sales and (vi) pipeline lease payments not included in operating costs and expenses. Portions of our minimum guaranteed pipeline and terminal tariffs and fees for assets subject to sales-type lease accounting are recorded as interest income with the remaining amounts recorded as a reduction in net investment in leases. These tariffs and fees were previously recorded as revenues prior to the renewal of the throughput agreement, which triggered sales-type lease accounting. Similarly, certain pipeline lease payments were previously recorded as operating costs and expenses, but the underlying lease was reclassified from an operating lease to a financing lease, and these payments are now recorded as interest expense and reductions in the lease liability. Adjusted EBITDA is not a calculation based upon GAAP. However, the amounts included in the Adjusted EBITDA calculation are derived from amounts included in our consolidated financial statements. Adjusted EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Adjusted EBITDA is not necessarily comparable to similarly titled measures of other companies. Adjusted EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. Adjusted EBITDA is reconciled to net income attributable to the partners in a footnote to the "Income, Distributable Cash Flow and Volumes" table in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in HEP's Form 10-K for the year ended December 31, 2021 or in a footnote to the "Income, Distributable Cash Flow and Volumes" table in HEP's quarterly earnings releases, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**FREE CASH FLOW AFTER DISTRIBUTIONS:** Free cash flow after distributions is calculated by taking operating cash flow and subtracting capital expenditures and distributions to HEP unitholders. Free cash flow after distributions is not based upon GAAP. Free cash flow after distributions should not be considered in isolation or as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Free cash flow after distributions is not necessarily comparable to similarly titled measures of other companies. Free cash flow after distributions is presented here because it is a widely accepted financial indicator used by investors to compare partnership performance. We believe that this measure provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating.

**FURTHER ADJUSTED EBITDA:** Further Adjusted EBITDA is calculated as Adjusted EBITDA plus Expected Sinclair EBITDA uplift (see slide 22 for definition). Further Adjusted EBITDA is not a calculation based upon GAAP. However, the amounts included in the Further Adjusted EBITDA calculation are derived from amounts included in our consolidated financial statements. Further Adjusted EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Further Adjusted EBITDA is not necessarily comparable to similarly titled measures of other companies. Further Adjusted EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance.

**KBPD:** Thousand barrels per day.

**NON GAAP MEASUREMENTS:** We report certain financial measures that are not prescribed or authorized by GAAP. We discuss management's reasons for reporting these non-GAAP measures below. Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures are not alternatives to revenue, operating income, income from continuing operations, net income, or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and/or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

**TOTAL TARIFFS AND FEES:** Total Tariffs and Fees are calculated as revenues plus tariffs and fees not included in revenues due to impacts from lease accounting for certain tariffs and fees. Portions of our minimum guaranteed pipeline and terminal tariffs and fees for assets subject to sales-type lease accounting are recorded as interest income with the remaining amounts recorded as a reduction in net investment in leases. These tariffs and fees were previously recorded as revenues prior to the renewal of the throughput agreement, which triggered sales-type lease accounting.

**TTM:** Trailing Twelve Months.

