Vital Energy

4Q-23 & FY-23 Earnings Presentation

Forward-Looking / Cautionary Statements

This presentation, including any oral statements made regarding the contents of this presentation, contains forward-looking statements as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities that Vital Energy, Inc. (together with its subsidiaries, the “Company”, “Vital” or “VTLE”) assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management’s current belief, based on currently available information, as to the outcome and timing of future events. Such statements are not guarantees of future performance and involve risks, assumptions and uncertainties.

General risks relating to Vital Energy include, but are not limited to, continuing and worsening inflationary pressures and associated changes in monetary policy that may cause costs to rise; changes in domestic and global production, supply and demand for commodities, including as a result of actions by the Organization of Petroleum Exporting Countries and other producing countries ("OPEC+") and the Russian-Ukrainian or Israel-Hamas military conflicts, the decline in prices of oil, natural gas liquids and natural gas and the related impact to financial statements as a result of asset impairments and revisions to reserve estimates, reduced demand due to shifting market perception towards the oil and gas industry; competition in the oil and gas industry; the ability of the Company to execute its strategies, including its ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to its financial results and to successfully integrate acquired businesses, assets and properties, pipeline transportation and storage constraints in the Permian Basin, the effects and duration of the outbreak of disease and any related government policies and actions, long-term performance of wells, drilling and operating risks, the possibility of production curtailment, the impact of new laws and regulations, including those regarding the use of hydraulic fracturing, and under the Inflation Reduction Act (the “IRA"), including those related to climate change, the impact of legislation or regulatory initiatives intended to address induced seismicity on our ability to conduct our operations; uncertainties in estimating reserves and production results; hedging activities, tariffs on steel, the impacts of severe weather, including the freezing of wells and pipelines in the Permian Basin due to cold weather, technological innovations and scientific developments, physical and transition risks associated with climate change, increased attention to ESG and sustainability-related matters, risks related to our public statements with respect to such matters that may be subject to heightened scrutiny from public and governmental authorities related to the risk of potential "greenwashing," i.e., misleading information or false claims overstating potential sustainability-related benefits, risks regarding potentially conflicting anti-ESG initiatives from certain U.S. state or other governments, possible impacts of litigation and regulations, the impact of the Company's transactions, if any, with its securities from time to time, the impact of new environmental, health and safety requirements applicable to the Company's business activities, the possibility of the elimination of federal income tax deductions for oil and gas exploration and development and imposition of any additional taxes under the IRA or otherwise, and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2022 and those set forth from time to time in other filings with the Securities and Exchange Commission ("SEC").

Any forward-looking statement speaks only as of the date on which such statement is made. Vital does not intend to, and disclaims any obligation to, correct, update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation includes financial measures that are not in accordance with generally accepted accounting principles (“GAAP”), such as Adjusted Free Cash Flow, PV-10, Net Debt and Consolidated EBITDAX. While management believes that such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. For definitions of such non-GAAP financial measures and their reconciliations to the most comparable GAAP measures, please see the Appendix.
Unless otherwise specified, references to “average sales price” refer to average sales price excluding the effects of the Company’s derivative transactions. All amounts, dollars and percentages presented in this presentation are rounded and therefore approximate.

Executing Core Strategy Drives Long-Term Value Creation

GENERATE
ADJUSTED FREE CASH FLOW[1]

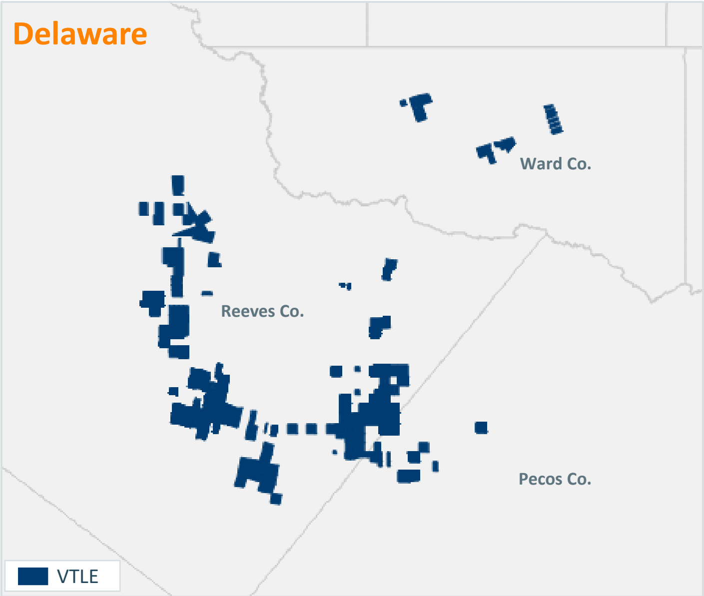
REDUCE
DEBT AND LEVERAGE

EXPAND
DEVELOPMENT PORTFOLIO

ADVANCE
SUSTAINABILITY

INTEGRATE
DIGITAL SOLUTIONS

Permian Basin Summary	
Net Acres[2]	~265,000
4Q-23 Total Production	113.7 MBOE/d
% Oil	47%
Inventory Locations[2]	~830



[1]See Appendix for definitions and reconciliations of non-GAAP financial measures. [2]As of 12/31/2023.

Strong Fourth-Quarter 2023 Financial and Operational Performance

✓ $69.0 million
Adjusted Free Cash Flow[1]

✓ $233.7 million
Cash Flows from Operating Activities

1 Recorded Company-record total and oil production

- Exceeded high-end of guidance for both total and oil production
- New wells across portfolio are outperforming expectations

2 Solid operational performance

- Consistently replicating Midland Basin operational success on Delaware Basin properties
- Established Company records for completed stages per day and drilled feet per day

3 Successfully integrating acquired properties

- Improving base performance on acquisitions from early 2023
- Delaware Basin performance exceeding expectations
- Closed three Permian Basin acquisitions and announced fourth transaction to increase working interests on a portion of the acquired properties

Total Production, MBOE/d

Oil Production, MBO/d

Capital Investments, $MM

[1]See Appendix for definitions and reconciliations of non-GAAP financial measures.

Successful 2023 Positions Company for Sustainable Value Creation

Closed six high-value Permian Basin acquisitions for $1.6 billion

- Established a core operating position in the Delaware Basin
- Acquisitions expanded Permian acreage by almost 90,000 acres

Expanded high-margin inventory

- ~85% increase in oil-weighted inventory
- Reduced total portfolio breakeven by $5 per barrel to <$55 WTI

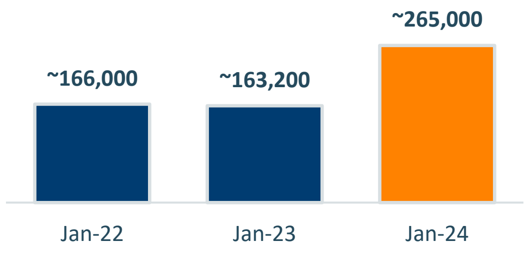
Significantly increased production and scale

- 1Q-24E total production up ~50% from 1Q-23
- FY-24E activity levels approximately 15% higher than FY-23[4]

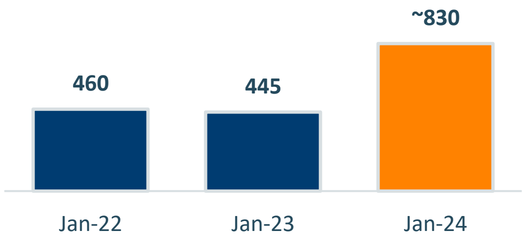
Strengthened financial profile

- Expect to grow Adjusted Free Cash Flow[2] by ~60% in 2024
- Reduced Company's expected YE-24 leverage ratio to <1.0x

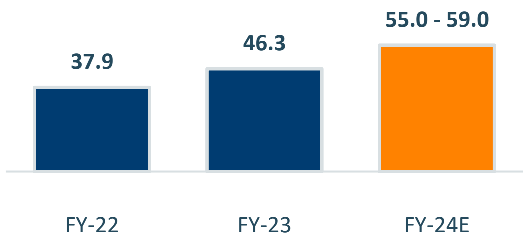
Net Acres[1]



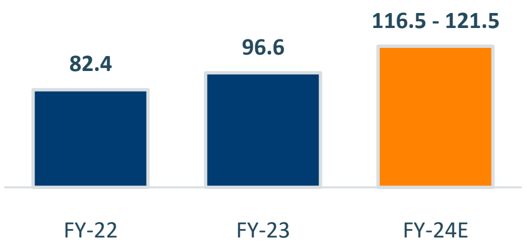
Gross Oil-Weighted Locations[1]



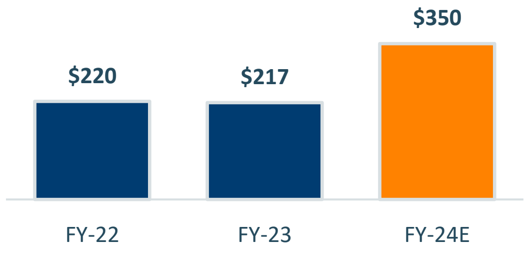
Oil Production, MBO/d



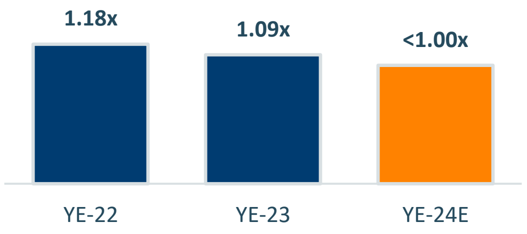
Total Production, MBOE/d



Adjusted Free Cash Flow, $MM[2,3]



Net Debt to Consolidated EBITDAX[2,3,5]

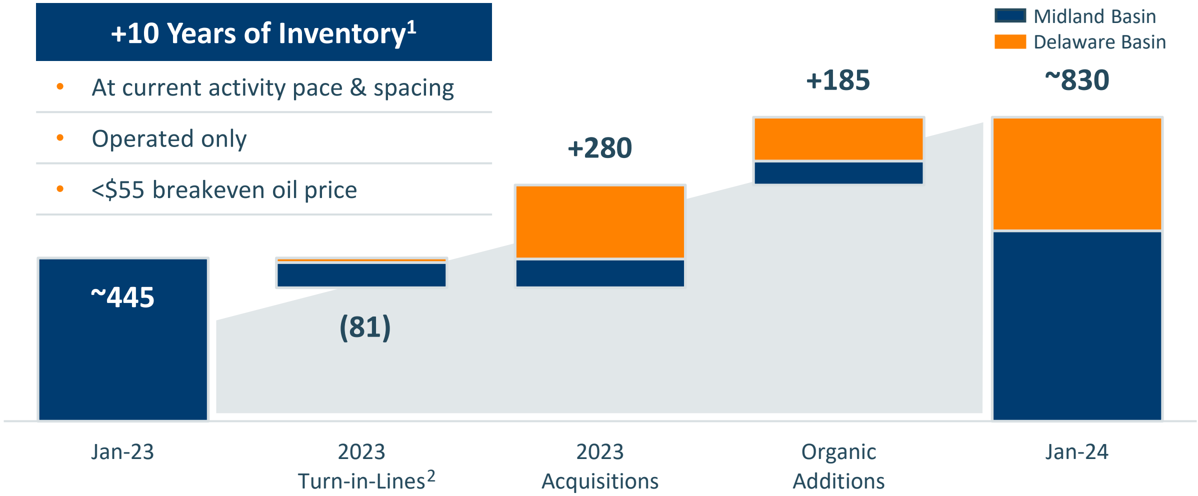


[1]As of year-end 2021, 2022 and 2023. [2]See Appendix for definitions and reconciliations of non-GAAP financial measures. Because FY-24E Adjusted Free Cash Flow and FY-24E Net Debt to Consolidated EBITDAX are based in part on management's current expectations, we cannot provide a reconciliation to the most closely comparable GAAP metric without unreasonable effort.
[3]Assumes the following commodity prices: FY-24 $75 oil / $2.50 gas. [4]Activity levels based on gross completed lateral feet. [5]Calculation conforms to credit facility covenant which requires various treatment of asset transaction impacts.

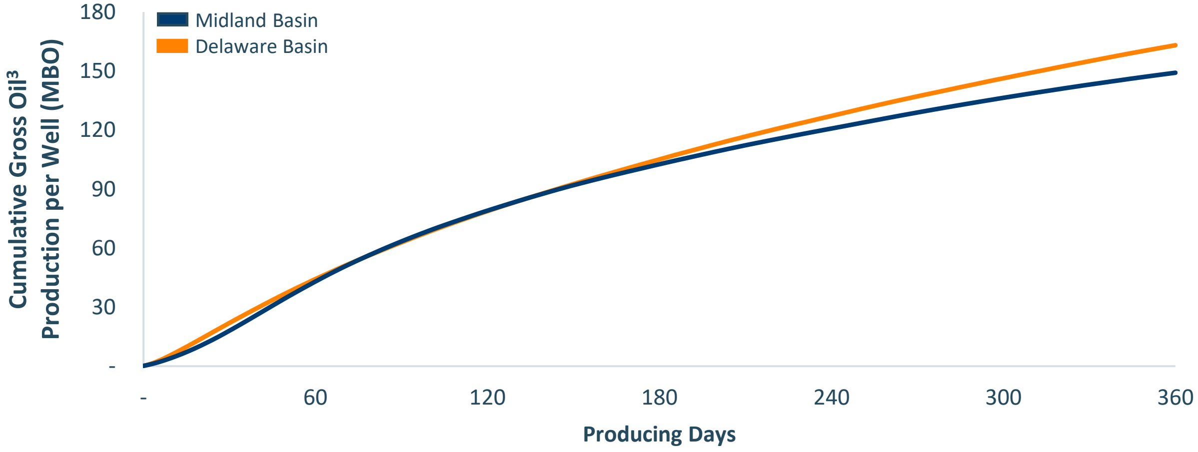
Expanded Permian Position Provides Over a Decade of High-Return Development

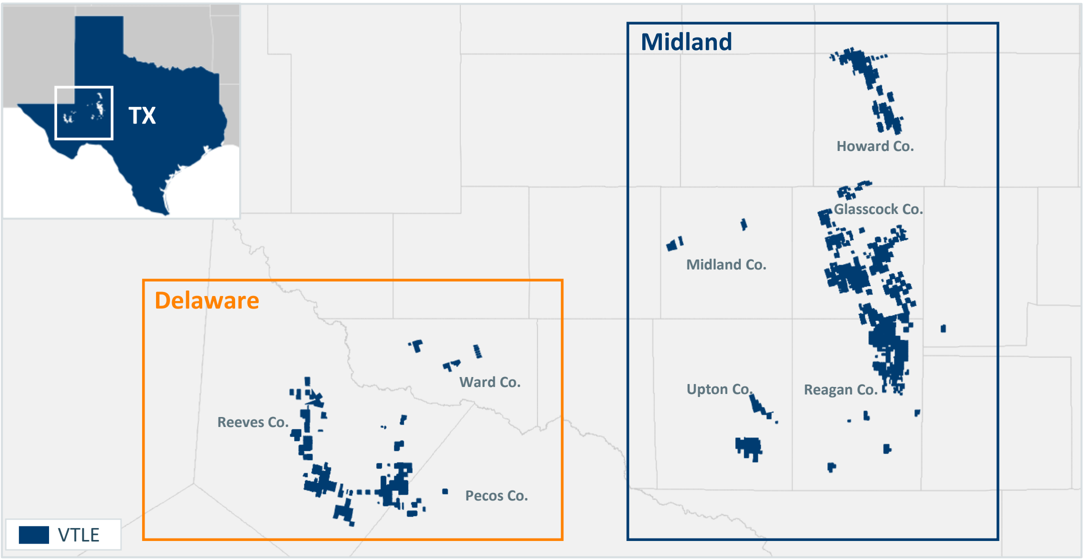
+10 Years of Inventory[1]

- At current activity pace & spacing
- Operated only
- <$55 breakeven oil price



Competitive Well Performance Across the Portfolio





	Delaware	Midland	Combined
Net Acres	~67,000	~198,000	~265,000
Inventory Locations	~310 Gross	~520 Gross	~830 Gross
Lateral Length	10,750’	11,200’	11,050’
DC&E Well Cost[4]	$10.5 MM	$8.5MM	-
Wells per Rig per Year[4]	15 wells	25 wells	-
Inventory Ownership	76% WI | 58% NRI	85% WI | 65% NRI	82% WI | 62% NRI
PDP Ownership	76% WI | 58% NRI	71% WI | 54% NRI	72% WI | 55% NRI

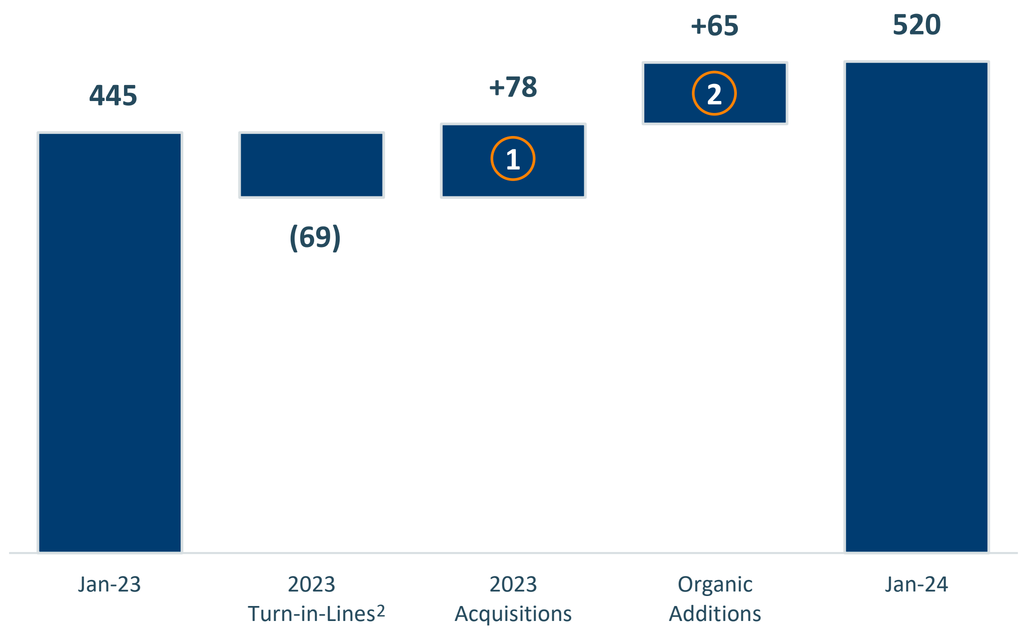
Vital Energy

[1]Gross operated locations as of January 2024 (adjusted for 2023 turn-in-lines). [2]2023 turn-in-lines includes additional acquired wells in process at acquisition closing.
[3]Production data normalized to 10,000’ lateral length and wells turned-in-line on acreage acquired since 2019. [4]Data normalized to 10,000’ lateral length.

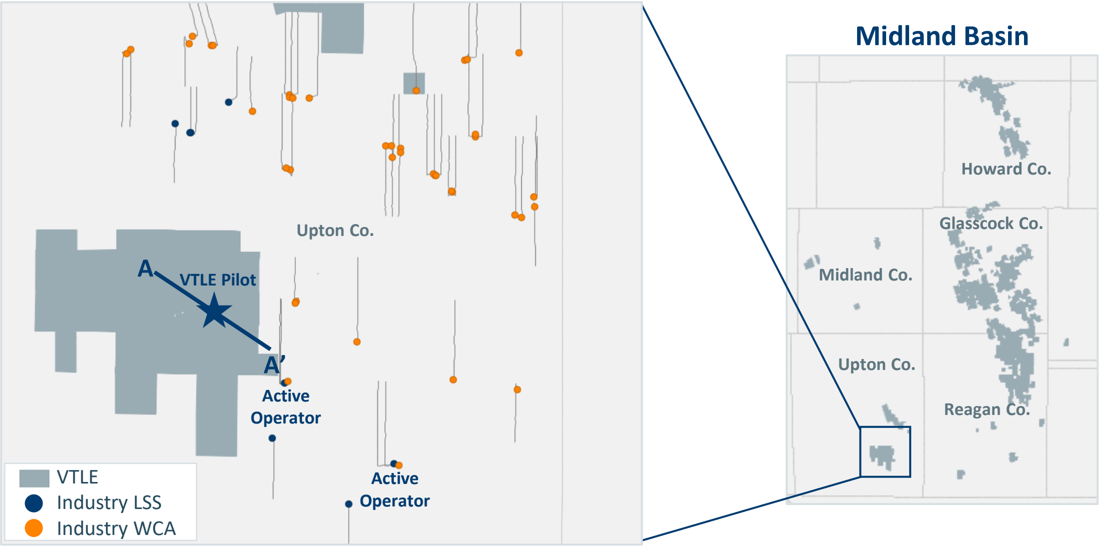
Midland Basin Inventory Expands with Additional Horizons

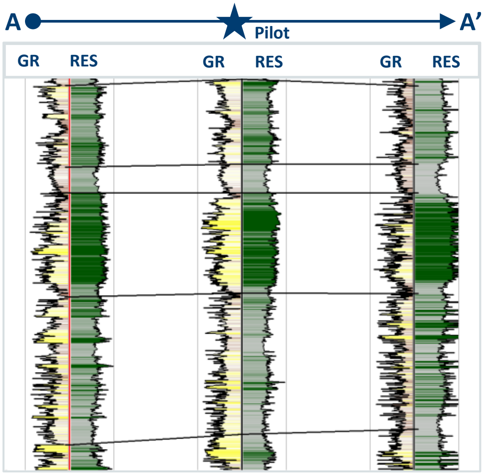
1. **Initial Acquisition Underwriting Identified ~78 Locations**
2. **Organically Added ~65 Locations via Detailed Technical Evaluation**
   - Vital Energy drilled vertical pilot hole in 2023 acquiring robust data
   - Stacked pay identified across the position with consistent reservoir quality
   - Early time production from offset operator supports WCA & LSS locations

Midland Basin Inventory[1]

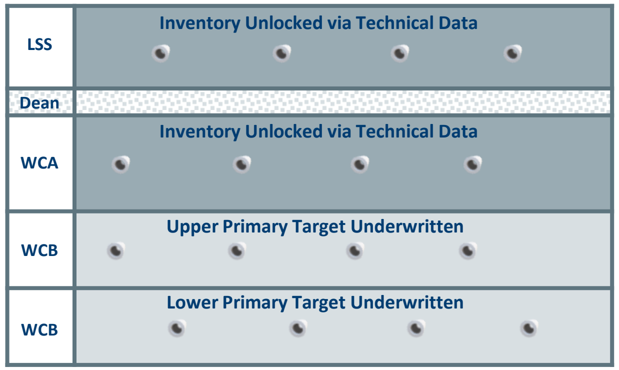


Incremental Technical Evaluation Delineates Additional Midland Locations





Development Spacing

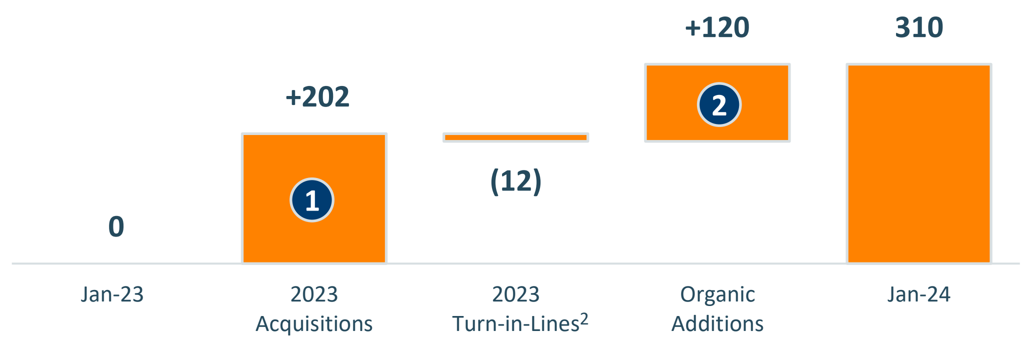


[1]Gross operated locations as of January 2024 (adjusted for 2023 turn-in-lines). [2]2023 turn-in-lines includes additional acquired wells in process at acquisition closing.

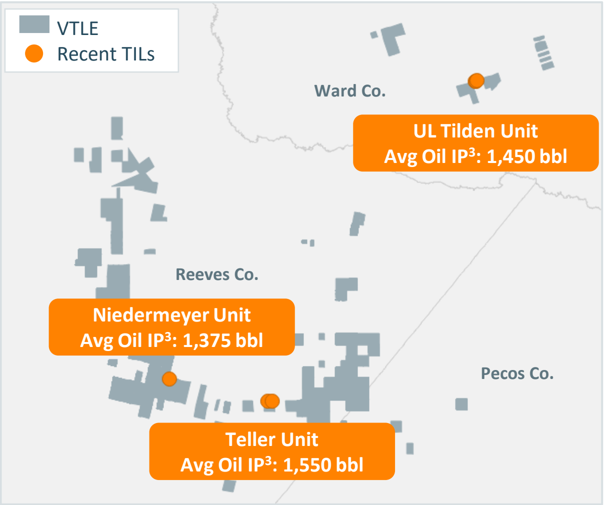
Delaware Basin Well Performance and Cost Reductions Drive Inventory Additions

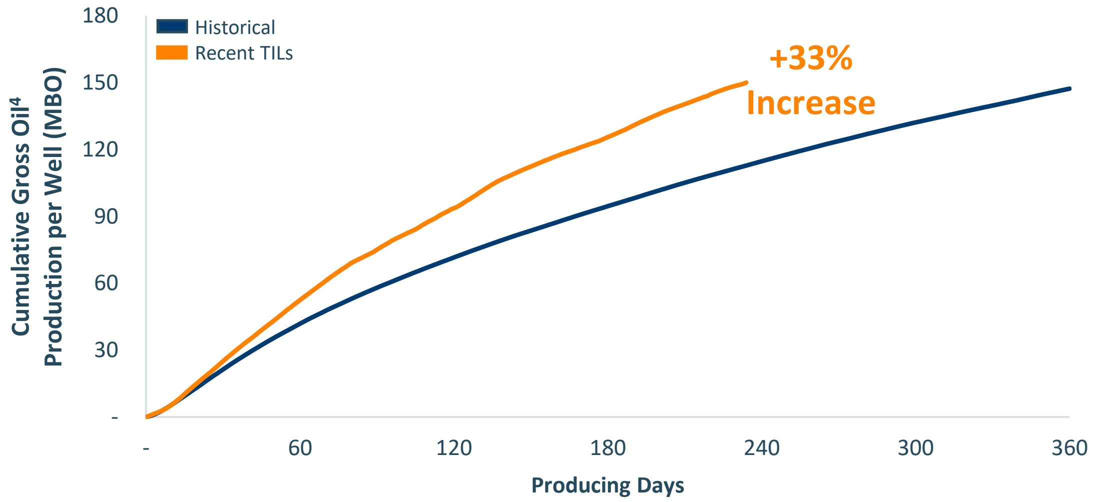
1. **Initial Acquisition Underwriting Identified ~202 Locations**
2. **Organically Added ~120 Locations from Improved Economics**
   - Robust production data across position
   - Consistent production outperformance versus expectations
   - 10% capital reduction improves returns

Delaware Basin Inventory[1]



Strong New Well Performance vs. Historical Results





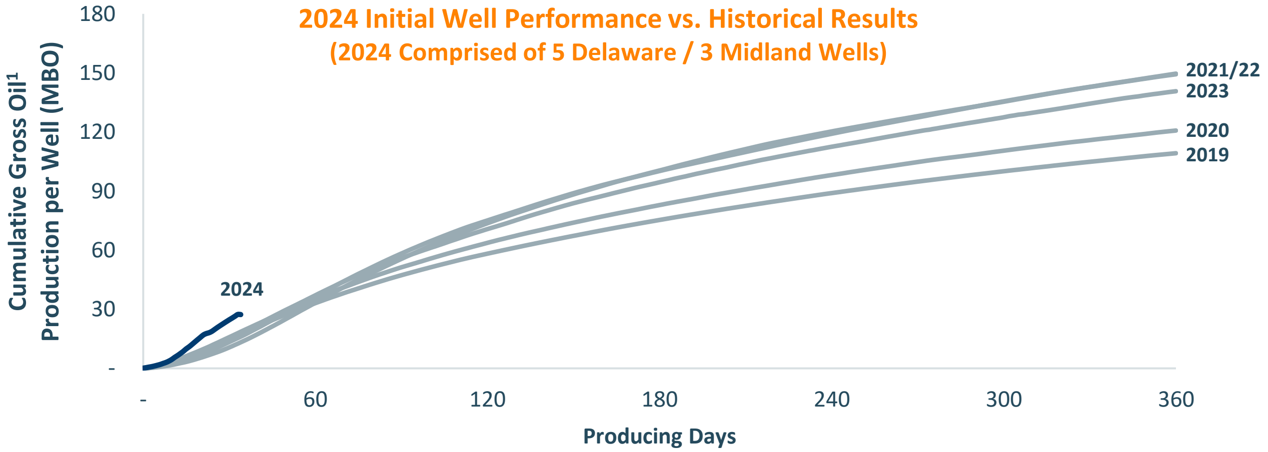
Lower DC&E Capital[4] per Well

[1]Gross operated locations as of January 2024 (adjusted for 2023 turn-in-lines). [2]2023 turn-in-lines includes additional acquired wells in process at acquisition closing.
[3]Drilling unit average per well max 24-hour oil rate normalized for 10,000' lateral length. [4]Data normalized to 10,000' lateral length.

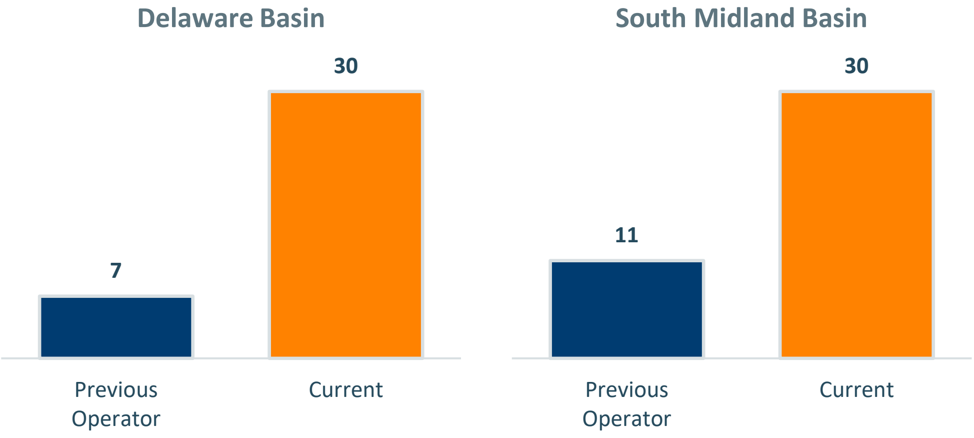
Improving Productivity with Successful Integration of Acquired Properties

1. Successful development of acquired properties substantially improved average well productivity over the past three years
2. Early 2024 results surpassing historical averages over comparable time frame
3. Base production from Delaware Basin and Upton County acquisitions outperforming initial expectations
4. Established operating platform reduces capital cost and drives production efficiencies

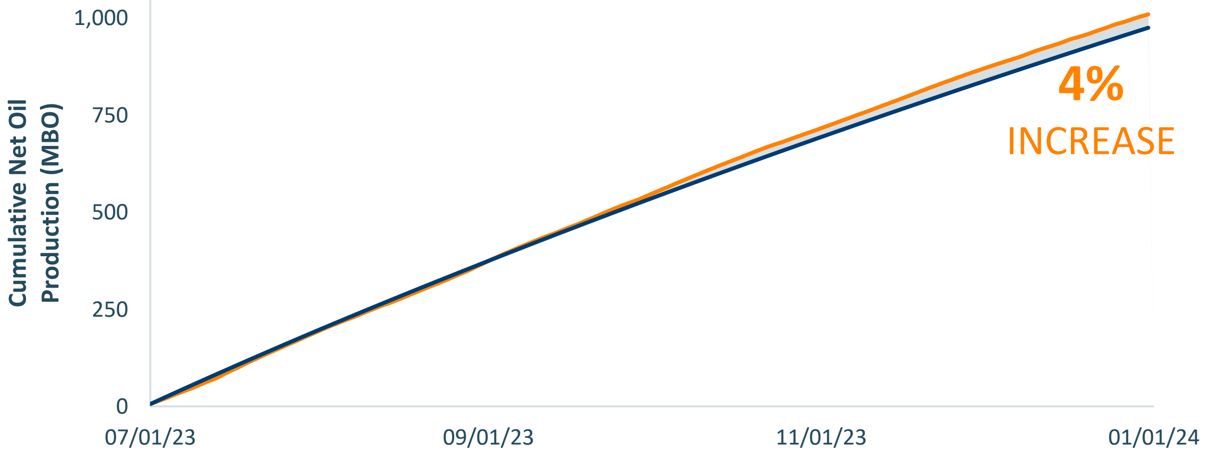
Improving Well Productivity by Year



Optimizing Routes to Reduce Costs (Wells per Lease Operator)



2H-23 Acquisition Base[2] Performance vs. Initial Expectations



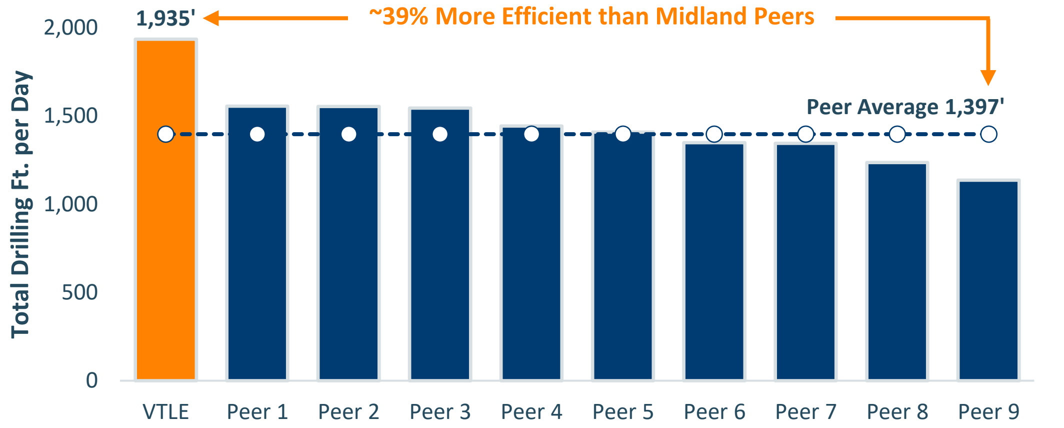
[1]Production data normalized to 10,000' lateral length. [2]Inclusive of Driftwood and Forge wells turned-in-line by January 1, 2023.

Vital Energy

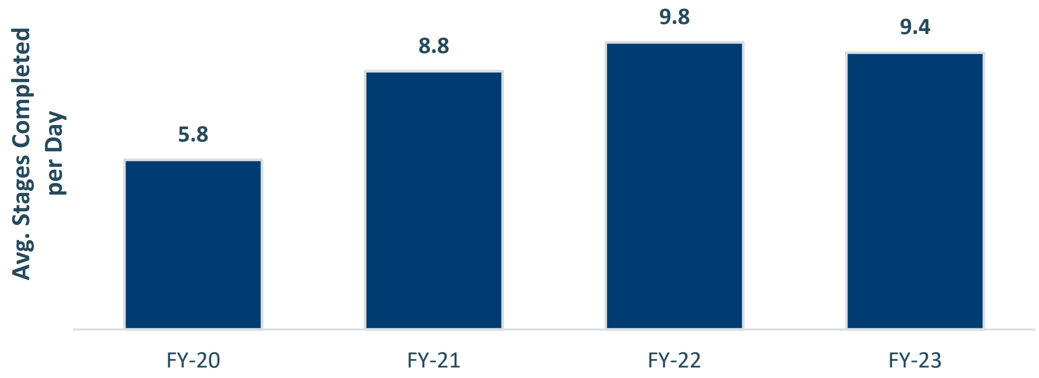
Peer-Leading Operational Performance Strengthens Development Returns

- Drilled Howard County 10,000’ lateral in Company-record 6.5 days
- ~15% reduction in Delaware Basin drilling days for a 10,000’ lateral since entering the basin
- Accelerating production across the portfolio by reducing cycle times with incremental stages completed per day
- Increasing lateral lengths from 10,000’ to 15,000’ improves well returns by ~20%

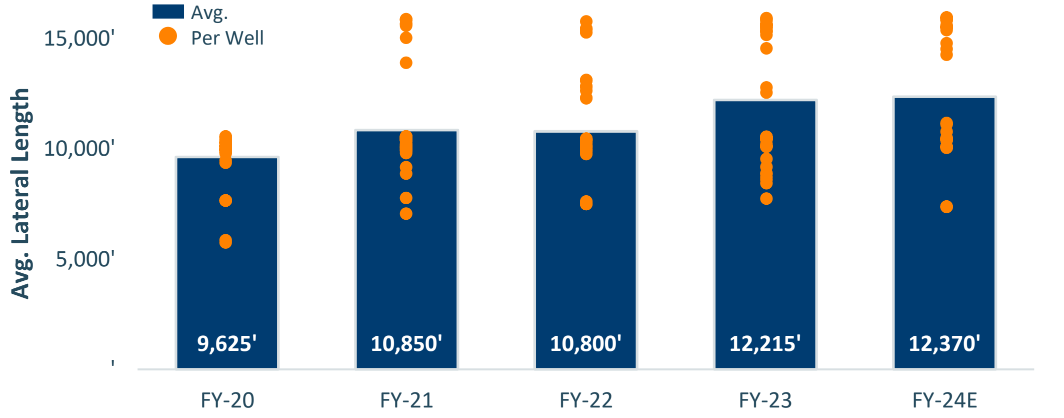
Leading Drilling Performance in the Midland Basin[1]



Maintaining Completions Efficiency When Integrating New Assets



Extended Laterals Drive Improved Capital Efficiency



[1]Sourced from Rystad Energy Drilling Services Report 1Q 2024 dated January 2024. Peer group includes CVX, CIVI, Endeavor, XOM, OXY, OVV, PXD, Surge, Vencer.

Vital Energy

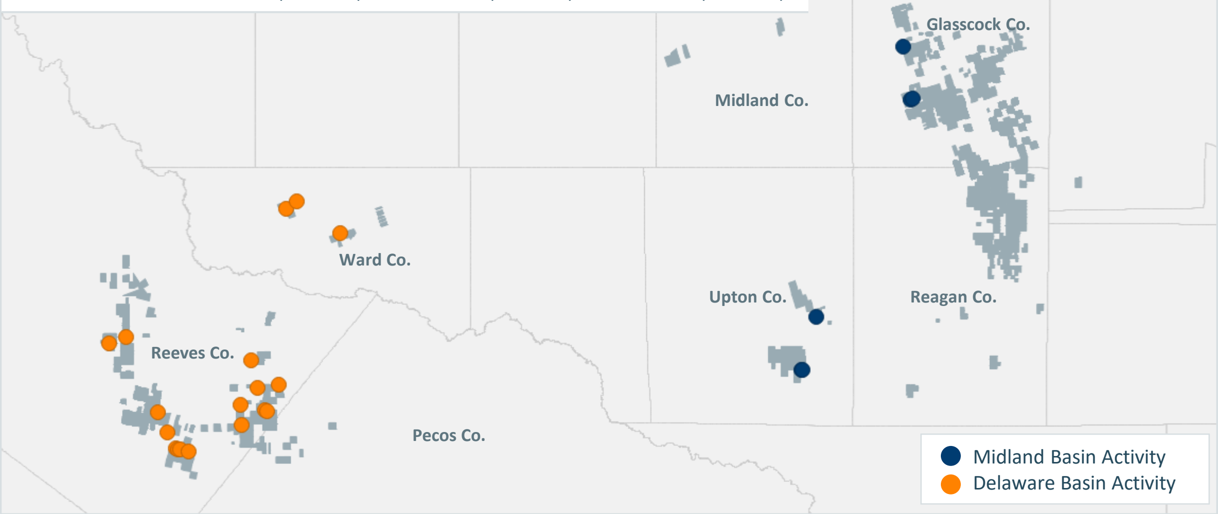
Optimized 2024 Development Program

$750 - $850
Capital Investments (MM)

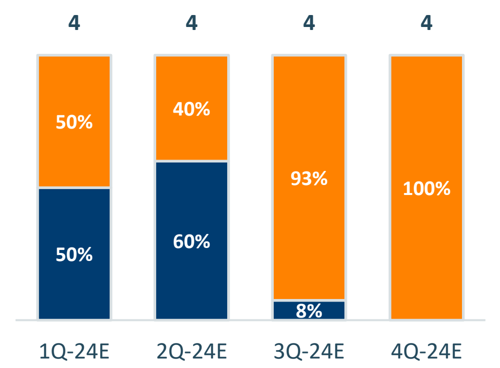
55.0 - 59.0
Oil Production (MBO/d)

116.5 - 121.5
Total Production (MBOE/d)

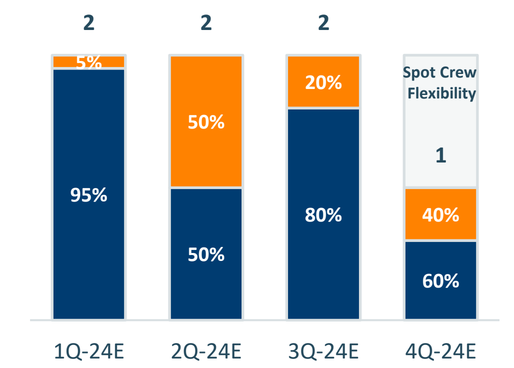
	Delaware	Midland	Combined
Rig Count	2.8	1.2	4.0
Frac Crews	0.4	1.3	1.7
Spuds	40 Gross (29.3 Net)	26 Gross (24.2 Net)	66 Gross (53.5 Net)
Completions	15 Gross (9.6 Net)	57 Gross (50.9 Net)	72 Gross (60.5 Net)
Turn-in-Lines	20 Gross (13.7 Net)	62 Gross (55.7 Net)	82 Gross (69.4 Net)



Rig Count

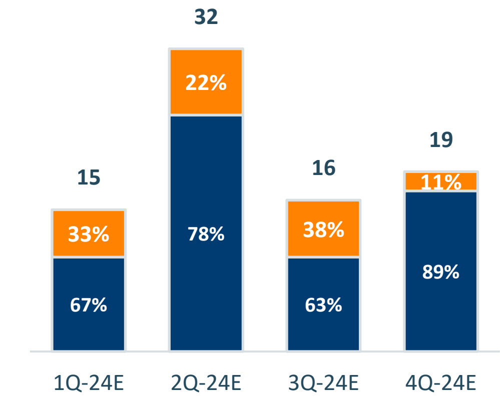


Completion Crews

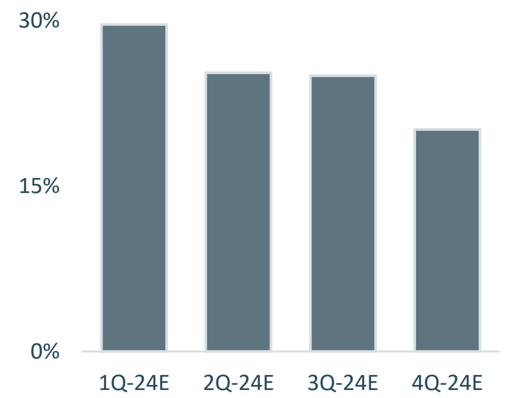


Midland Basin Delaware Basin

Turn-in-Lines



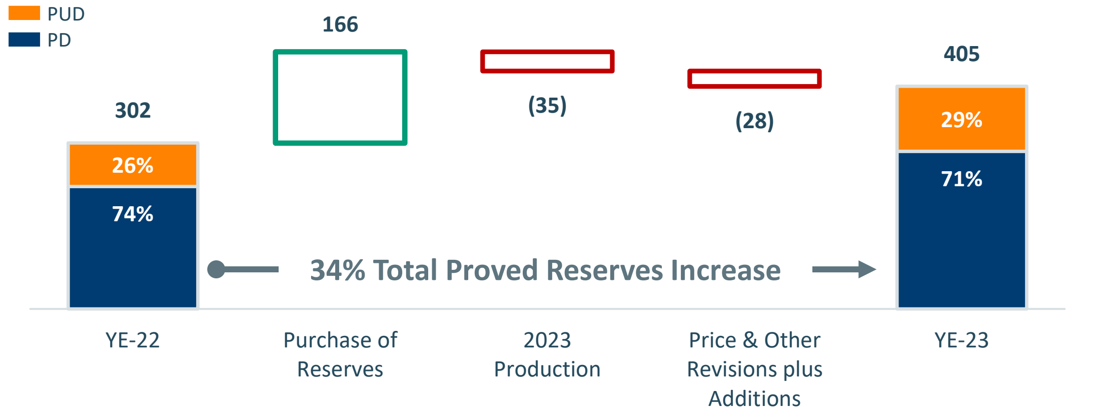
Quarterly Capital % of Total



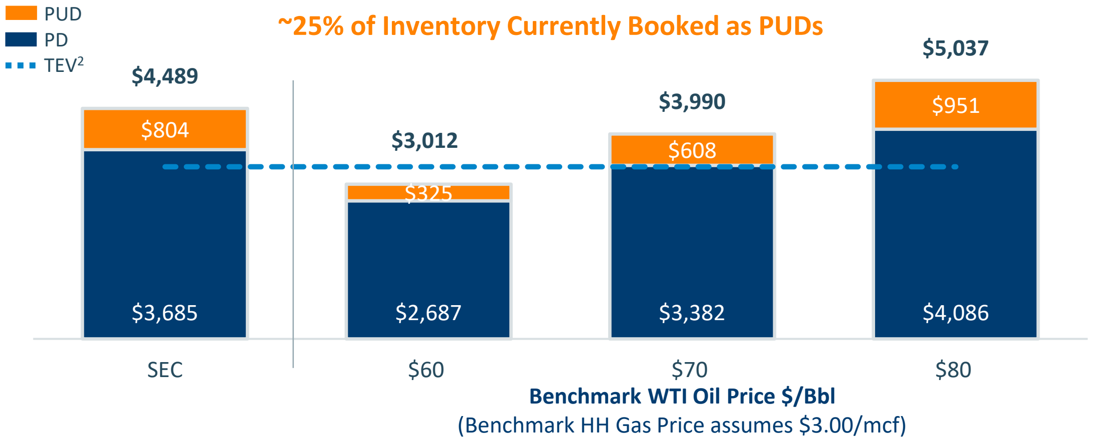
Vital Energy

Vital Energy Trades at Discount to Proved Reserves Value

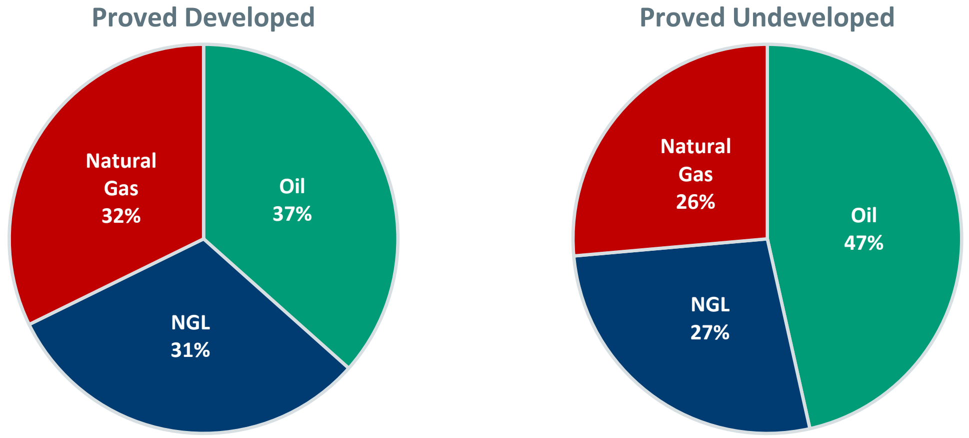
Total Proved Reserves, MMBOE



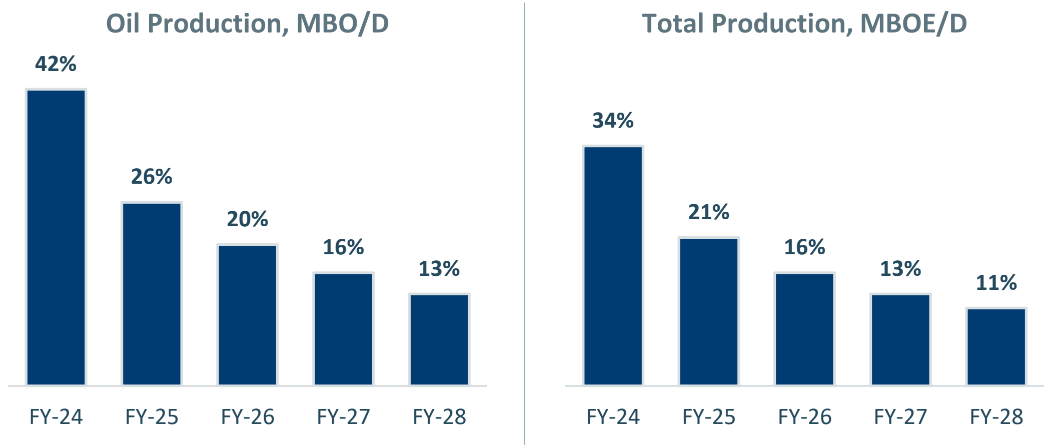
PV-10 Reserve Value Sensitivity, $MM[1]



Proved Reserves Components, YE-23



YE-23 PDP Base Production Decline Expectations[3]

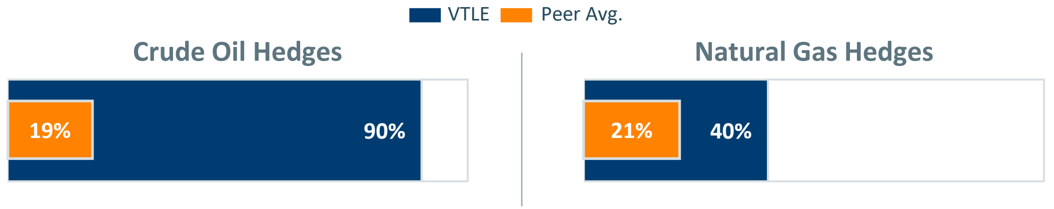


[1]SEC pricing $78.22 benchmark oil and $2.64 benchmark gas. [2]As of February 20, 2024. [3]Based only on wells categorized as Proved Developed as of YE-23 and decline calculated Dec to Dec.

Strong Financial Structure and Cash Flows Protected by Robust 2024 Hedges

- ~90% of anticipated 2024 oil volume hedged at $75 WTI
- 2024 Adj. Free Cash Flow[1] targeted for debt reduction
- Advantageous debt maturity profile

Active 2024 Hedge Program Protecting Adj. Free Cash Flow[1,2]

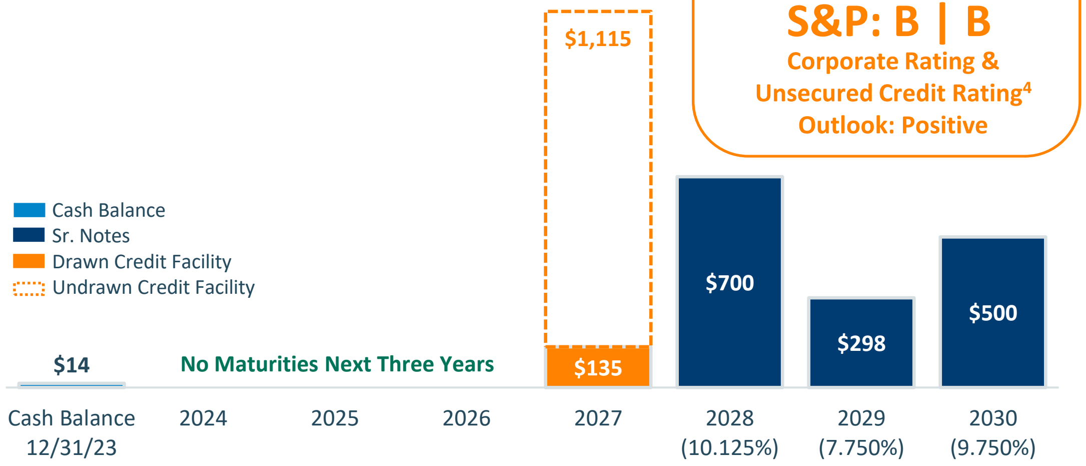


Current Maturity Profile[3], $MM

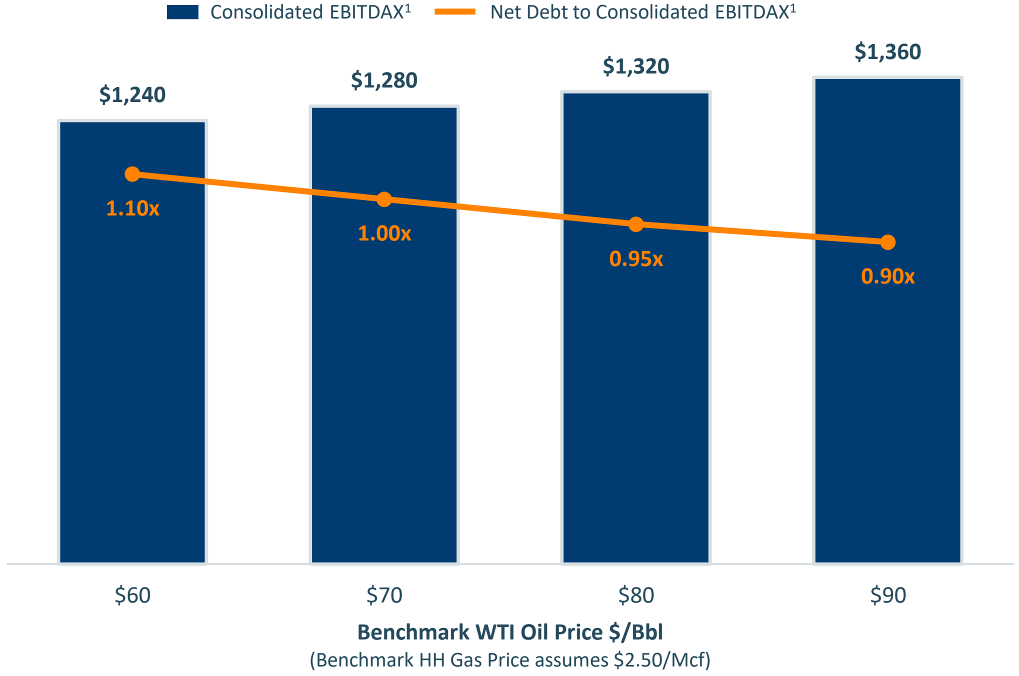
Borrowing Base	$1.50B
Elected Commitments	$1.25B
Total Liquidity	$1.13B

Moody's: B1 | B2
Corporate Rating & Unsecured Credit Rating[4]
Outlook: Stable

S&P: B | B
Corporate Rating & Unsecured Credit Rating[4]
Outlook: Positive



FY-24E Consolidated EBITDAX[1] and YE-24E Leverage Price Sensitivities



Vital Energy

[1]See Appendix for definitions and reconciliations of non-GAAP financial measures. [2]Sourced from Capital One Research dated 2/14/2024. Peer group includes CPE, OVV, CIVI, MTDR, PR, FANG, SM, CHRD.
[3]As of December 31, 2023. [4]Ratings are not recommendations to buy, sell or hold securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

2023 Sustainability Report Highlights[1]

Significant Progress Toward Our Environmental Targets

	Category	2019 Baseline	Target	2022 Performance	Target Status
by 2025	**Scope 1 GHG emissions intensity**	26.03 $mtCO_2e$ / MBOE	below 12.5 $mtCO_2e$ / MBOE (52% reduction from baseline)	**10.70** $mtCO_2e$ / MBOE	**Achieved** (59% reduction from baseline)
	Methane emissions	0.87%[2]	below 0.20% (77% reduction from baseline)	**0.11%**	**Achieved** (87% reduction from baseline)
	Routine flaring	867 MMCF / year	Zero	**500** MMCF / year	**42%** reduction to date
	Recycled water	35% water recycling rate 8 million bbls recycled	50% for completion operations	**49%** water recycling rate 18.5 million bbls recycled	**99%** toward our target
by 2030	**Combined Scope 1 and 2 GHG emissions intensity**	26.53 $mtCO_2e$ / MBOE	below 10 $mtCO_2e$ / MBOE (62% reduction from baseline)	**12.37** $mtCO_2e$ / MBOE	**86%** toward our target **53%** reduction to date

Social and Governance Highlights

Safety

0 Employee safety incidents

0 Employee or contractor fatalities

0.61 Combined Total Recordable Incident Rate (TRIR), the lowest in Company history

Diversity, Equity and Inclusion

60% Board diversity

75% Board Committees led by diverse directors

55% Employee new hires were diverse

Governance

2 New board directors

50% Of directors have environmental and sustainability expertise

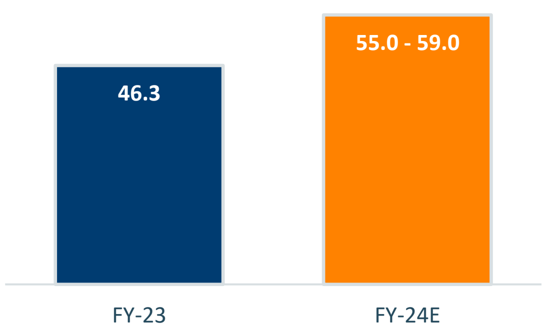
20% Of STIP and 15% of executive LTIP tied to sustainability and safety performance

[1]Additional information and definitions/explanations for all terms used can be found in the 2023 Sustainability Report which can be found on our website at https://vitalenergy.com/sustainability/sustainability-report-archive/. All data shown is for 2022.
[2]As a percentage of natural gas produced.

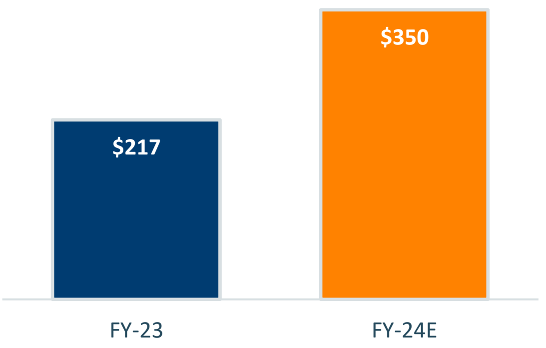
Investment Opportunity Driven by Expected Value Creation in 2024

- **PROVEN TRACK RECORD OF INTEGRATING ACQUISITIONS**
- **GROWING ADJUSTED FREE CASH FLOW[1] SUPPORTED BY CAPITAL DISCIPLINE**
- **REDUCING LEVERAGE AND IMPROVING FINANCIAL FLEXIBILITY**
- **CONSISTENTLY ADDING HIGH-RETURN LOCATIONS AND INCREASING SCALE**

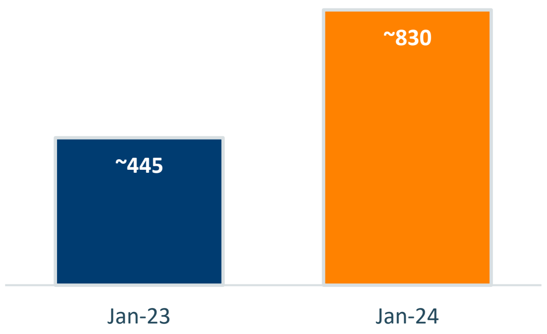
Oil Production, MBO/d



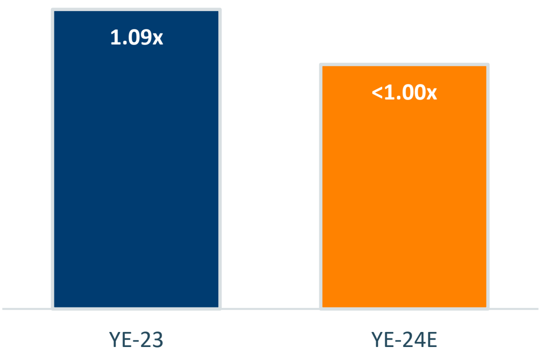
Adjusted Free Cash Flow[1,2], $MM



Gross Oil-Weighted Locations



Net Debt to Consolidated EBITDAX[1,2,3]



Vital Energy

[1]See Appendix for definitions and reconciliations of non-GAAP financial measures. [2]Assumes the following commodity prices: FY-24 $75 oil / $2.50 gas.
[3]Calculation conforms to credit facility covenant which requires various treatment of asset transaction impacts.

Appendix

1Q-24 & FY-24 Guidance

Guidance

	1Q-24	FY-24
Production:		
Total Production (MBOE/D)	117.5 - 122.5	116.5 - 121.5
Crude Oil Production (MBO/D)	54.5 - 58.5	55.0 - 59.0
Capital Expenditures ($MM):	$225 - $250	$750 - $850
Average Sales Price Realizations (excluding derivatives):		
Crude Oil (% of WTI)	101%	—
Natural Gas Liquids (% of WTI)	23%	—
Natural Gas (% of Henry Hub)	51%	—
Net Settlements Received (Paid) for Matured Commodity Derivatives ($MM):		
Crude Oil ($MM)	$(14)	—
Natural Gas Liquids ($MM)	$0	—
Natural Gas ($MM)	$7	—
Operating Costs and Expenses ($/BOE):		
Lease Operating Expenses	$8.40	—
Production and Ad Valorem Taxes (% of Oil, NGL & Natural Gas Revenues)	6.30%	—
Oil Transportation and Marketing Expenses	$0.90	—
Gas Gathering, Processing and Transportation Expenses[1]	$0.35	—
General and Administrative Expenses (excluding LTIP & Transaction Expense)	$2.10	—
General and Administrative Expenses (LTIP Cash)	$0.10	—
General and Administrative Expenses (LTIP Non-Cash)	$0.25	—
Depletion, Depreciation and Amortization	$14.75	—

Commodity Prices Used for 1Q-24

	Jan-24	Feb-24	Mar-24	1Q-24 Avg.
Crude Oil:				
WTI NYMEX ($/BBO)	$73.86	$76.81	$78.32	$76.32
WTI Midland ($/BBO)	$75.29	$78.39	$79.96	$77.87
WTI Houston ($/BBO)	$75.65	$78.80	$80.23	$78.22
Natural Gas:				
Henry Hub ($/MMBTU)	$2.62	$2.49	$1.61	$2.23
Waha ($/MMBTU)	$1.86	$2.23	$0.82	$1.62
Natural Gas Liquids:				
C2 ($/BBL)	$8.48	$8.07	$7.40	$7.98
C3 ($/BBL)	$34.37	$39.12	$37.75	$37.03
IC4 ($/BBL)	$48.25	$46.72	$46.57	$47.19
NC4 ($/BBL)	$43.69	$45.02	$44.05	$44.23
C5+ ($/BBL)	$61.38	$64.10	$66.41	$63.96
Composite ($/BBL)[2]	$27.91	$29.70	$29.11	$28.89

[1]Represents a limited number of gas contracts; majority of gas GP&T expenses are included in natural gas and natural gas liquids realized pricing.
[2]Current NGL composition C2 (42%), C3 (33%), IC4 (3%), NC4 (11%) and C5+ (11%).

Active Hedge Program Protecting Adjusted Free Cash Flow and Returns

		1Q-24	2Q-24	3Q-24	4Q-24	FY-24	1Q-25	2Q-25	3Q-25	4Q-25	FY-25
Crude Oil (Volume MBO; Price $/BBO)[1]	WTI Swaps	4,571	4,569	4,986	4,709	**18,836**	1,530	1,547	184	184	**3,445**
	Price	$73.37	$74.58	$76.78	$76.59	**$75.37**	$75.58	$75.58	$75.00	$75.00	**$75.52**
	WTI Three-Way Collars	61	56	52	49	**217**	-	-	-	-	-
	Sold Put	$50.00	$50.00	$50.00	$50.00	**$50.00**	-	-	-	-	-
	Bought Put	$66.57	$66.50	$66.47	$66.45	**$66.51**	-	-	-	-	-
	Sold Call	$87.14	$87.09	$87.06	$87.05	**$87.09**	-	-	-	-	-
	WTI Midland Basis Swaps	82	75	70	66	**293**	-	-	-	-	-
	Price	$0.11	$0.11	$0.11	$0.12	**$0.11**	-	-	-	-	-
Natural Gas (Volume MMBTU; Price $/MMBTU)[1]	Henry Hub Swaps	6,479,500	6,475,350	6,562,600	6,558,250	**26,075,700**	-	-	-	-	-
	Price	$3.48	$3.48	$3.47	$3.47	**$3.47**	-	-	-	-	-
	Henry Hub Collars	243,128	214,333	169,320	149,511	**776,292**	-	-	-	-	-
	WTD Floor Price	$3.40	$3.36	$3.44	$3.40	**$3.40**	-	-	-	-	-
	WTD Ceiling Price	$6.11	$6.00	$6.22	$6.12	**$6.11**	-	-	-	-	-
	Waha Basis Swaps	6,722,628	6,689,683	6,731,920	6,707,761	**26,851,992**	-	-	-	-	-
	Price	($0.74)	($0.74)	($0.74)	($0.74)	**($0.74)**	-	-	-	-	-

Vital Energy

[1]Hedges executed as of February 20, 2024.

Common Stock Outstanding

	February 13, 2023	December 31, 2023	December 31, 2022
Common Stock Outstanding	36,310,029	35,413,551	16,762,127
2.0% Cumulative Mandatorily Convertible Series A Preferred Stock	1,575,376	595,104	—

Vital Energy

Supplemental Non-GAAP Financial Measures

Adjusted Free Cash Flow

Adjusted Free Cash Flow is a non-GAAP financial measure that the Company defines as net cash provided by operating activities (GAAP) before net changes in operating assets and liabilities and non-budgeted acquisition costs, less capital investments, excluding non-budgeted acquisition costs. Management believes Adjusted Free Cash Flow is useful to management and investors in evaluating operating trends in its business that are affected by production, commodity prices, operating costs and other related factors. There are significant limitations to the use of Adjusted Free Cash Flow as a measure of performance, including the lack of comparability due to the different methods of calculating Adjusted Free Cash Flow reported by different companies.

The following table presents a reconciliation of net cash provided by operating activities (GAAP) to Adjusted Free Cash Flow (non-GAAP) for the periods presented:

	Three Months Ended	Year Ended	
(in thousands, unaudited)	December 31, 2023	December 31, 2023	December 31, 2022
Net cash provided by operating activities	$233,734	$812,956	$829,620
Less:			
Net changes in operating assets and liabilities	(11,285)	(71,444)	29,103
General and administrative (transaction expenses)	(8,221)	(11,341)	—
Cash flows from operating activities before net changes in operating assets and liabilities and non-budgeted acquisition costs	253,240	895,741	800,517
Less capital investments, excluding non-budgeted acquisition costs:			
Oil and natural gas properties[1]	179,696	663,025	566,831
Midstream and other fixed assets[1]	4,511	15,601	13,745
Total capital investments, excluding non-budgeted acquisition costs	184,207	678,626	580,576
Adjusted Free Cash Flow (*non-GAAP*)	**$69,033**	**$217,115**	**$219,941**

[1]Includes capitalized share-settled equity-based compensation and asset retirement costs.

Supplemental Non-GAAP Financial Measures

Consolidated EBITDAX

Consolidated EBITDAX is a non-GAAP financial measure defined in the Company's Senior Secured Credit Facility as net income or loss (GAAP) plus adjustments for share-settled equity-based compensation, depletion, depreciation and amortization, impairment expense, organizational restructuring expenses, gains or losses on disposal of assets, mark-to-market on derivatives, accretion expense, interest expense, income taxes and other non-recurring income and expenses. Consolidated EBITDAX provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital movement or tax position. Consolidated EBITDAX does not represent funds available for future discretionary use because it excludes funds required for debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, management believes Consolidated EBITDAX is useful to an investor because this measure:

- is used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon accounting methods, the book value of assets, capital structure and the method by which assets were acquired, among other factors;
- helps investors to more meaningfully evaluate and compare the results of the Company's operations from period to period by removing the effect of the Company's capital structure from the Company's operating structure; and
- is used by management for various purposes, including (i) as a measure of operating performance, (ii) as a measure of compliance under the Senior Secured Credit Facility, (iii) in presentations to the board of directors and (iv) as a basis for strategic planning and forecasting.

There are significant limitations to the use of Consolidated EBITDAX as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect the Company's net income or loss and the lack of comparability of results of operations to different companies due to the different methods of calculating Consolidated EBITDAX, or similarly titled measures, reported by different companies. The Company is subject to financial covenants under the Senior Secured Credit Facility, one of which establishes a maximum permitted ratio of Net Debt, as defined in the Senior Secured Credit Facility, to Consolidated EBITDAX. See Note 7 in the 2023 Annual Report for additional discussion of the financial covenants under the Senior Secured Credit Facility. Additional information on Consolidated EBITDAX can be found in the Company's Eleventh Amendment to the Senior Secured Credit Facility, as filed with the SEC on September 13, 2023.

Supplemental Non-GAAP Financial Measures

Consolidated EBITDAX

The following table presents a reconciliation of net income (GAAP) to Consolidated EBITDAX (non-GAAP) for the periods presented:

	Trailing twelve months ended	
(in thousands, unaudited)	**December 31, 2023**	**December 31, 2022**
Net income	$695,078	$631,512
Plus:		
Share-settled equity-based compensation	10,994	8,403
Depletion, depreciation and amortization	463,244	311,640
Impairment expense	–	40
Organizational restructuring expenses	1,654	10,420
(Gain) loss on disposal of assets, net	(672)	1,079
Mark-to-market on derivatives:		
(Gain) loss on derivatives, net	(96,230)	298,723
Settlements paid for matured derivatives, net	(17,068)	(486,753)
Settlements received for contingent consideration	1,813	2,457
Accretion expense	3,703	3,879
Interest expense	149,819	125,121
Loss on extinguishment of debt, net	4,039	1,459
Income tax (benefit) expense	(183,337)	5,502
General and administrative (transaction expenses)	11,341	_
Consolidated EBITDAX (*non-GAAP*)	**$1,044,378**	**$913,482**
Transaction adjustments (Senior Secured Credit Facility covenant calculation)[1]	444,314	_
Consolidated EBITDAX (*non-GAAP*) (Senior Secured Credit Facility covenant calculation)[1]	**$1,488,692**	**$913,482**

[1]Calculation conforms to Senior Secured Credit Facility covenant which requires various treatment of asset transaction impacts.

Supplemental Non-GAAP Financial Measures

Consolidated EBITDAX

The following table presents a reconciliation of net cash provided by operating activities (GAAP) to Consolidated EBITDAX (non-GAAP) for the periods presented:

	Trailing twelve months ended	
(in thousands, unaudited)	**December 31, 2023**	**December 31, 2022**
Net cash provided by operating activities	$812,956	$829,620
Plus:		
Interest expense	149,819	125,121
Organizational restructuring expenses	1,654	10,420
Current income tax expense	5,723	6,121
Net changes in operating assets and liabilities	71,444	(29,103)
General and administrative (transaction expenses)	11,341	–
Settlements received for contingent consideration	1,813	2,457
Other, net	(10,372)	(31,154)
Consolidated EBITDAX (*non-GAAP*)	**$1,044,378**	**$913,482**
Transaction adjustments (Senior Secured Credit Facility covenant calculation) [1]	**444,314**	–
Consolidated EBITDAX (*non-GAAP*) (Senior Secured Credit Facility covenant calculation)[1]	**$1,488,692**	**$913,482**

[1]Calculation conforms to Senior Secured Credit Facility covenant which requires various treatment of asset transaction impacts.

Supplemental Non-GAAP Financial Measures

Net Debt

Net Debt is a non-GAAP financial measure defined in the Company's Senior Secured Credit Facility as the face value of long-term debt plus any outstanding letters of credit, less cash and cash equivalents, where cash and cash equivalents are capped at $50 million when there are borrowings on the Senior Secured Credit Facility. Management believes Net Debt is useful to management and investors in determining the Company's leverage position since the Company has the ability, and may decide, to use a portion of its cash and cash equivalents to reduce debt.

(in thousands, unaudited)	December 31, 2023	December 31, 2022
Total senior unsecured notes	$1,498,523	$1,054,151
Senior Secured Credit Facility	135,000	70,000
Total long-term debt	1,633,523	1,124,151
Less: cash and cash equivalents	14,061	44,435
Net Debt (*non-GAAP*)	**$1,619,462**	**$1,079,716**

Net Debt to Consolidated EBITDAX

Net Debt to Consolidated EBITDAX is a non-GAAP financial measure defined in the Company's Senior Secured Credit Facility as Net Debt divided by Consolidated EBITDAX for the previous four quarters, which requires various treatment of asset transaction impacts. Net Debt to Consolidated EBITDAX is used by the Company’s management for various purposes, including as a measure of operating performance, in presentations to its board of directors and as a basis for strategic planning and forecasting.

Supplemental Non-GAAP Financial Measures

PV-10

PV-10 is a non-GAAP financial measure that is derived from the standardized measure of discounted future net cash flows, which is the most directly comparable GAAP financial measure. PV-10 is a computation of the standardized measure of discounted future net cash flows on a pre-tax basis. PV-10 is equal to the standardized measure of discounted future net cash flows at the applicable date, before deducting future income taxes, discounted at 10 percent. Management believes that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to the Company's estimated proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of the Company's proved oil, NGL and natural gas assets. Further, investors may utilize the measure as a basis for comparison of the relative size and value of proved reserves to other companies. The Company uses this measure when assessing the potential return on investment related to proved oil, NGL and natural gas assets. However, PV-10 is not a substitute for the standardized measure of discounted future net cash flows. The PV-10 measure and the standardized measure of discounted future net cash flows do not purport to present the fair value of the Company's oil, NGL and natural gas reserves of the property.

(in millions, unaudited)	**December 31, 2023**
Standardized measure of discounted future net cash flows	$4,151
Less: present value of future income taxes discounted at 10%	(338)
PV-10 (*non-GAAP*)	**$4,489**