
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 001-41132

Crescent Energy Company

(Exact name of registrant as specified in its charter)

Delaware

87-1133610

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

600 Travis Street, Suite 7200
Houston, Texas 77002
(713) 332-7001

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.0001	CRGY	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 (§232.405 of this chapter) 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
Non-accelerated filer

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 7(a)(2)(B) of the Securities Act.

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

As of July 29, 2024, there were approximately 111,516,601 and 65,948,124 shares outstanding of the registrant's Class A and Class B common stock, respectively.

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GLOSSARY

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in the oil and natural gas industry:

barrel or Bbl — One stock tank barrel, or 42 United States gallons liquid volume.

Boe — One barrel of oil equivalent determined using the ratio of six Mcf of natural gas to one barrel of crude oil or condensate.

Boe/d — Barrels of oil equivalent per day.

Brent — the reference price paid in U.S. dollars for a barrel of light sweet crude oil produced from the Brent field in the UK sector of the North Sea.

Btu — British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water one degree Fahrenheit.

Henry Hub — Henry Hub is the major exchange for pricing natural gas futures on the New York Mercantile Exchange. It is frequently referred to as the Henry Hub index.

MBbls — One thousand Bbls or other liquid hydrocarbons.

MBbl/d — One thousand Bbls or other liquid hydrocarbons per day.

MBoe — One thousand Boe.

MBoe/d — One thousand Boe per day.

Mcf — One thousand cubic feet of natural gas.

Mcf/d — One thousand Mcf per day.

MMBoe — One million Boe.

MMBtu — One million Btus.

MMcf — One million Mcf.

MMcf/d — One million Mcf per day.

NYMEX — The New York Mercantile Exchange.

Proved developed reserves — Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well or through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Proved reserves — Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

Proved undeveloped reserves — Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion. The U.S. Securities and Exchange Commission (the "SEC") provides a complete definition of undeveloped oil and gas reserves in Rule 4-10(a)(31) of Regulation S-K.

Working interest — The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production.

WTI — A light crude oil produced in the United States with an American Petroleum Institute gravity of approximately 38-40 and sulfur content of approximately 0.3%.

Cautionary Statement Regarding Forward-Looking Statements

The information in this Quarterly Report on Form 10-Q (this "Quarterly Report") contains or incorporates by reference information that includes or is based upon "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 Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, increases in oil, natural gas and natural gas liquids ("NGL") production, the number of anticipated wells to be drilled or completed after the date hereof, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "believe," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, among others:

- our ability to integrate operations or realize any anticipated operational or corporate synergies and other benefits of the SilverBow Merger (as defined herein);
- the risk that the SilverBow Merger may not be accretive, and may be dilutive, to Crescent's earnings per share, which may negatively affect the market price of Crescent shares;
- the possibility that Crescent and SilverBow will incur significant transaction and other costs in connection with the SilverBow Merger, which may be in excess of those anticipated by Crescent or SilverBow (as defined herein);
- the risk that problems may arise in successfully integrating the business of Crescent and SilverBow, which may result in the combined company not operating as effectively and efficiently as expected;
- the risk of any litigation relating to the SilverBow Merger;
- commodity price volatility;
- our business strategy;
- our ability to identify and select possible additional acquisition and disposition opportunities;
- capital requirements and uncertainty of obtaining additional funding on terms acceptable to us;
- risks and restrictions related to our debt agreements and the level of our indebtedness;
- our reliance on KKR Energy Assets Manager LLC as our external manager;
- our hedging strategy and results;
- realized oil, natural gas and NGL prices;
- political and economic conditions and events in the U.S. and in foreign oil, natural gas and NGL producing countries, including embargoes, upcoming elections and associated political volatility, continued hostilities in the Middle East, including the Israel-Hamas conflict and rising tensions with Iran, and other sustained military campaigns, the armed conflict in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America and China and acts of terrorism or sabotage;
- general economic conditions, including the impact of inflation, elevated interest rates and associated changes in monetary policy;
- the impact of central bank policy actions and disruptions in the capital markets;
- the severity and duration of public health crises and any resultant impact on governmental actions, commodity prices, supply and demand considerations, and storage capacity;
- timing and amount of our future production of oil, natural gas and NGLs;
- a decline in oil, natural gas and NGL production, and the impact of general economic conditions on the demand for oil, natural gas and NGLs and the availability of capital;
- unsuccessful drilling and completion ("D&C") activities and the possibility of resulting write downs;
- our ability to meet our proposed drilling schedule and to successfully drill wells that produce oil, natural gas and NGLs in commercially viable quantities;
- shortages of equipment, supplies, services and qualified personnel and increased costs for such equipment, supplies, services and personnel, including any delays and/or supply chain disruptions due to increased hostilities in the Middle East;
- adverse variations from estimates of reserves, production, prices and expenditure requirements, and our inability to replace our reserves through exploration and development activities;
- incorrect estimates associated with properties we acquire relating to estimated proved reserves, the presence or recoverability of estimated oil, natural gas and NGL reserves and the actual future production rates and associated costs of such acquired properties;
- hazardous, risky drilling operations, including those associated with the employment of horizontal drilling techniques, and adverse weather and environmental conditions;
- limited control over non-operated properties;

- title defects to our properties and inability to retain our leases;
- our ability to successfully develop our large inventory of undeveloped acreage;
- our ability to retain key members of our senior management and key technical employees;
- risks relating to managing our growth, particularly in connection with the integration of significant acquisitions, including the Western Eagle Ford Acquisitions (as defined herein);
- risks related to the Western Eagle Ford Acquisitions, including the risk that we may fail to realize the expected benefits of the Western Eagle Ford Acquisitions;
- our ability to successfully execute our growth strategies;
- impact of environmental, occupational health and safety, and other governmental regulations, and of current or pending legislation that may negatively impact the future production of oil and natural gas or drive the substitution of renewable forms of energy for oil and natural gas;
- federal and state regulations and laws, including the Inflation Reduction Act of 2022 (the "IRA 2022");
- our ability to predict and manage the effects of actions of the Organization of the Petroleum Exporting Countries ("OPEC") and agreements to set and maintain production levels, including as a result of recent production cuts by OPEC, which may be exacerbated by the increased hostilities in the Middle East and rising tensions with Iran;
- information technology failures or cyberattacks;
- changes in tax laws;
- effects of competition; and
- seasonal weather conditions.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties incident to the development, production, gathering and sale of oil, natural gas and NGLs, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability and cost of drilling and production equipment and services, other risks related to the SilverBow Merger, project construction delays, environmental risks, drilling and other operating risks, lack of availability or capacity of midstream gathering and transportation infrastructure, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, cash flow and access to capital, including restrictions due to elevated interest rates, the timing of development expenditures and the other risks described under "Risk Factors" in this Quarterly Report, in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report") and our reports and registration statements filed from time to time with the SEC.

Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimates depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development program. Accordingly, reserve estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties described in this Quarterly Report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report.

Part I – Financial Information

Item 1. Financial Statements

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share data)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 778,115	\$ 2,974
Accounts receivable, net	474,626	504,630
Accounts receivable – affiliates	6,332	2,108
Derivative assets – current	16,880	54,321
Prepaid expenses	46,101	40,406
Other current assets	12,288	11,213
Total current assets	1,334,342	615,652
Property, plant and equipment:		
Oil and natural gas properties at cost, successful efforts method		
Proved	8,822,944	8,574,478
Unproved	285,024	283,324
Oil and natural gas properties at cost, successful efforts method	9,107,968	8,857,802
Field and other property and equipment, at cost	202,185	198,570
Total property, plant and equipment	9,310,153	9,056,372
Less: accumulated depreciation, depletion, amortization and impairment	(3,266,044)	(2,940,546)
Property, plant and equipment, net	6,044,109	6,115,826
Derivative assets – noncurrent	2,898	8,066
Investments in equity affiliates	6,153	6,076
Other assets	93,321	57,715
TOTAL ASSETS	\$ 7,480,823	\$ 6,803,335

The accompanying notes to financial statements are an integral part of these condensed consolidated financial statements

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share data)

	June 30, 2024	December 31, 2023
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 583,667	\$ 613,543
Accounts payable – affiliates	24,255	52,607
Derivative liabilities – current	52,073	42,051
Financing lease obligations – current	4,017	4,233
Other current liabilities	48,302	37,823
Total current liabilities	712,314	750,257
Long-term debt	2,403,679	1,694,375
Derivative liabilities – noncurrent	619	—
Asset retirement obligations	407,176	418,319
Deferred tax liability	305,730	262,581
Financing lease obligations – noncurrent	5,318	7,066
Other liabilities	58,897	35,019
Total liabilities	3,893,733	3,167,617
Commitments and contingencies (Note 9)		
Redeemable noncontrolling interests	1,445,946	1,901,208
Equity:		
Class A common stock, \$0.0001 par value; 1,000,000,000 shares authorized, 112,588,154 and 92,680,353 shares issued, 111,516,601 and 91,608,800 shares outstanding as of June 30, 2024 and December 31, 2023, respectively	11	9
Class B common stock, \$0.0001 par value; 500,000,000 shares authorized and 65,948,124 and 88,048,124 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	7	9
Preferred stock, \$0.0001 par value; 500,000,000 shares authorized and 1,000 Series I preferred shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Treasury stock, at cost; 1,071,553 shares of Class A common stock as of June 30, 2024 and December 31, 2023, respectively	(17,143)	(17,143)
Additional paid-in capital	2,054,432	1,626,501
Retained earnings	82,795	95,447
Noncontrolling interests	21,042	29,687
Total equity	2,141,144	1,734,510
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	\$ 7,480,823	\$ 6,803,335

The accompanying notes to financial statements are an integral part of these condensed consolidated financial statements

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues:				
Oil	\$ 499,622	\$ 393,248	\$ 973,516	\$ 765,584
Natural gas	51,274	52,054	131,218	214,075
Natural gas liquids	66,903	33,851	133,850	76,374
Midstream and other	35,484	13,186	72,172	26,443
Total revenues	653,283	492,339	1,310,756	1,082,476
Expenses:				
Lease operating expense	122,454	113,051	253,142	244,005
Workover expense	17,581	18,683	29,883	31,254
Asset operating expense	26,899	15,872	58,249	38,090
Gathering, transportation and marketing	65,851	51,525	135,420	98,928
Production and other taxes	31,065	24,825	63,588	79,748
Depreciation, depletion and amortization	212,382	159,904	388,946	306,387
Exploration expense	193	1,541	193	1,541
Midstream and other operating expense	29,783	1,735	57,525	5,514
General and administrative expense	47,140	41,166	89,855	62,404
(Gain) loss on sale of assets	(19,449)	—	(19,449)	—
Total expenses	533,899	428,302	1,057,352	867,871
Income (loss) from operations	119,384	64,037	253,404	214,605
Other income (expense):				
Gain (loss) on derivatives	4,132	33,587	(101,470)	183,897
Interest expense	(42,359)	(31,128)	(85,045)	(60,448)
Loss from extinguishment of debt	—	—	(22,582)	—
Other income (expense)	624	39	774	289
Income (loss) from equity affiliates	(49)	117	78	280
Total other income (expense)	(37,652)	2,615	(208,245)	124,018
Income (loss) before taxes	81,732	66,652	45,159	338,623
Income tax benefit (expense)	(11,527)	(9,178)	(7,318)	(25,538)
Net income (loss)	70,205	57,474	37,841	313,085
Less: net (income) loss attributable to noncontrolling interests	1,818	(256)	(1,681)	(405)
Less: net (income) loss attributable to redeemable noncontrolling interests	(34,476)	(52,067)	(22,781)	(247,735)
Net income (loss) attributable to Crescent Energy	\$ 37,547	\$ 5,151	\$ 13,379	\$ 64,945
Net income (loss) per share:				
Class A common stock – basic	\$ 0.34	\$ 0.11	\$ 0.13	\$ 1.34
Class A common stock – diluted	\$ 0.33	\$ 0.11	\$ 0.13	\$ 1.34
Class B common stock – basic and diluted	\$ —	\$ —	\$ —	\$ —
Weighted average shares outstanding:				
Class A common stock – basic	111,517	48,665	103,155	48,475
Class A common stock - diluted	113,225	49,017	104,559	48,842
Class B common stock – basic and diluted	65,948	118,342	75,140	118,493

The accompanying notes to financial statements are an integral part of these condensed consolidated financial statements

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(in thousands)

	Crescent Energy Company												
	Class A Common		Series I Preferred				Treasury Stock		Additional			Noncontrolling Interests	Total
	Stock	Shares	Stock	Shares	Stock	Shares	Paid-in Capital	Retained Earnings					
Balance at January 1, 2023	48,282	\$ 5	118,645	\$ 12	1	\$ —	1,151	\$ (18,448)	\$ 804,587	\$ 61,957	\$ 14,178	\$ 862,291	
Net income (loss)	—	—	—	—	—	—	—	—	—	59,794	149	59,943	
Contributions	—	—	—	—	—	—	—	—	—	—	—	3	
Distributions	—	—	—	—	—	—	—	—	—	—	—	(917)	
Dividend to Class A common stock	—	—	—	—	—	—	—	—	—	(8,208)	—	(8,208)	
Equity-based compensation	—	—	—	—	—	—	—	—	1,812	—	1,553	3,365	
Balance at March 31, 2023	48,282	\$ 5	118,645	\$ 12	1	\$ —	1,151	\$ (18,448)	\$ 806,399	\$ 113,543	\$ 14,966	\$ 916,477	
Net income (loss)	—	—	—	—	—	—	—	—	—	5,151	256	5,407	
Contributions	—	—	—	—	—	—	—	—	—	—	4,735	4,735	
Distributions	—	—	—	—	—	—	—	—	—	—	(1,600)	(1,600)	
Dividend to Class A common stock	—	—	—	—	—	—	—	—	—	(5,803)	—	(5,803)	
Equity-based compensation	80	—	—	—	—	—	(80)	1,305	6,695	—	2,118	10,118	
Change in deferred taxes related to basis differences associated with the	—	—	—	—	—	—	—	—	—	(69,708)	—	(69,708)	
Class A Conversion	—	—	—	—	—	—	—	—	—	—	—	—	
Change in equity associated with the	27,597	3	(27,597)	(3)	—	—	—	—	618,732	—	—	618,732	
Balance at June 30, 2023	75,959	\$ 8	91,048	\$ 9	1	\$ —	1,071	\$ (17,143)	\$ 1,362,118	\$ 112,891	\$ 20,475	\$ 1,478,358	

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(in thousands)

	Crescent Energy Company												
	Class A Common				Series I Preferred				Additional				
	Stock	Shares	Stock	Shares	Stock	Shares	Treasury Stock	Shares	Amount	Paid-in Capital	Retained Earnings	Noncontrolling Interests	Total
Balance at January 1, 2024	91,609	\$ 9	88,048	\$ 9	1	\$ —	1,071	\$(17,143)	\$1,626,501	\$ 95,447	\$ 29,687	\$ 1,734,510	
Net income (loss)	—	—	—	—	—	—	—	—	—	—	(24,168)	3,499	(20,669)
Distributions	—	—	—	—	—	—	—	—	—	—	—	(8,037)	(8,037)
Dividend to Class A common stock	—	—	—	—	—	—	—	—	—	—	(12,649)	—	(12,649)
Equity-based compensation	—	—	—	—	—	—	—	—	14,556	—	276	—	14,832
Change in deferred taxes related to basis differences associated with the 2024 Equity Transactions	—	—	—	—	—	—	—	—	(30,713)	—	—	—	(30,713)
Change in equity associated with the 2024 Equity Transactions	13,800	2	(16,100)	(2)	—	—	—	—	318,963	—	—	—	318,963
Balance at March 31, 2024	105,409	\$ 11	71,948	\$ 7	1	\$ —	1,071	\$(17,143)	\$1,929,307	\$ 58,630	\$ 25,425	\$ 1,996,237	
Net income (loss)	—	—	—	—	—	—	—	—	—	—	37,547	(1,818)	35,729
Distributions	—	—	—	—	—	—	—	—	—	—	—	(2,512)	(2,512)
Dividend to Class A common stock	—	—	—	—	—	—	—	—	—	—	(13,382)	—	(13,382)
Equity-based compensation	108	—	—	—	—	—	—	—	13,578	—	(53)	—	13,525
Change in deferred taxes related to basis differences associated with the 2024 Equity Transactions	—	—	—	—	—	—	—	—	(17,563)	—	—	—	(17,563)
Repurchase of redeemable noncontrolling interest	—	—	—	—	—	—	—	—	122	—	—	—	122
Change in equity associated with the 2024 Equity Transactions	6,000	—	(6,000)	—	—	—	—	—	128,988	—	—	—	128,988
Balance at June 30, 2024	111,517	\$ 11	65,948	\$ 7	1	\$ —	1,071	\$(17,143)	\$2,054,432	\$ 82,795	\$ 21,042	\$ 2,141,144	

The accompanying notes are an integral part of these condensed consolidated financial statements

CRESCENT ENERGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ 37,841	\$ 313,085
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	388,946	306,387
Deferred tax expense (benefit)	(5,127)	24,158
(Gain) loss on derivatives	101,470	(183,897)
Net cash (paid) received on settlement of derivatives	(48,220)	(55,805)
Non-cash equity-based compensation expense	50,465	35,156
Amortization of debt issuance costs, premium and discount	5,795	5,743
Loss from debt extinguishment	22,582	—
(Gain) loss on sale of oil and natural gas properties	(19,449)	—
Settlement of acquired derivative contracts	—	(34,978)
Other	(13,307)	(7,263)
Changes in operating assets and liabilities:		
Accounts receivable	36,826	20,012
Accounts receivable – affiliates	(4,224)	(118)
Prepaid and other current assets	(3,611)	(22,260)
Accounts payable and accrued liabilities	(51,960)	21,229
Accounts payable – affiliates	(26,504)	3,406
Other	(827)	(1,299)
Net cash provided by operating activities	470,696	423,556
Cash flows from investing activities:		
Development of oil and natural gas properties	(288,554)	(383,240)
Acquisitions of oil and natural gas properties, net of cash acquired	(19,532)	(14,996)
Proceeds from the sale of oil and natural gas properties	23,178	21,437
Purchases of restricted investment securities – HTM	(3,553)	(8,875)
Maturities of restricted investment securities – HTM	3,600	8,922
Other	(1,701)	1,808
Net cash used in investing activities	(286,562)	(374,944)
Cash flows from financing activities:		
Proceeds from the issuance of Senior Notes, after premium, discount and underwriting fees	1,430,063	394,000
Repurchase of Senior Notes, including extinguishment costs	(714,817)	—
Revolving Credit Facility borrowings	980,600	548,000
Revolving Credit Facility repayments	(1,004,100)	(857,449)
Payment of debt issuance costs	(12,611)	(2,903)
Redeemable noncontrolling interest contributions	—	709
Redeemable noncontrolling interest distributions	(293)	(417)
Dividend to Class A common stock	(26,031)	(14,011)
Distributions to redeemable noncontrolling interests related to Class A common stock dividend	(16,188)	(34,407)
Distributions to redeemable noncontrolling interests related to Manager Compensation	(11,952)	(18,942)
Contributions from (distributions to) redeemable noncontrolling interests related to income taxes	(129)	23
Repurchase of redeemable noncontrolling interests related to 2024 Equity Transactions	(22,701)	—
Repurchase of redeemable noncontrolling interests	(858)	—
Noncontrolling interest distributions	(4,370)	(2,517)
Noncontrolling interest contributions	—	1,771
Other	(2,152)	(1,812)
Net cash (used in) provided by financing activities	594,461	12,045
Net change in cash, cash equivalents and restricted cash	778,595	60,657
Cash, cash equivalents and restricted cash, beginning of period	8,729	15,304
Cash, cash equivalents and restricted cash, end of period	\$ 787,324	\$ 75,961

The accompanying notes are an integral part of these condensed consolidated financial statements

CRESCENT ENERGY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Except as noted within the context of each footnote disclosure, the dollar amounts presented in the tabular data within these footnote disclosures are stated in thousands of dollars.)

Unless otherwise stated or the context otherwise indicates, all references to "we," "us," "our," "Crescent" and the "Company" or similar expressions refer to Crescent Energy Company and its subsidiaries.

NOTE 1 – Organization and Basis of Presentation

Organization

Crescent is a differentiated U.S. energy company committed to delivering value for shareholders through a disciplined growth through acquisition strategy and consistent return of capital. Our long-life, balanced portfolio combines stable cash flows from low-decline production with deep, high-quality development inventory. Our activities are focused in Texas and the Rocky Mountain region.

Corporate Structure

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol "CRGY." We are structured as an "Up-C," and Crescent is a holding company, the sole material asset of which are units ("OpCo Units") of Crescent Energy OpCo LLC ("OpCo"). The assets and liabilities of OpCo represent substantially all of our consolidated assets and liabilities, with the exception of certain current and deferred taxes and certain liabilities under the Management Agreement, as defined within *NOTE 11 – Related Party Transactions*. Certain restrictions and covenants related to the transfer of assets from OpCo are discussed further in *NOTE 7 – Debt*. Shares of Crescent Class A common stock, par value \$ 0.0001 per share ("Class A Common Stock") have both voting and economic rights with respect to Crescent. Holders of Crescent Class B common stock, par value \$0.0001 per share ("Class B Common Stock"), which shares of Class B Common Stock have voting (but no economic) rights with respect to Crescent, hold a corresponding amount of economic, non-voting OpCo Units. OpCo Units may be redeemed or exchanged for Class A Common Stock or, at our election, cash on the terms and conditions set forth in the Amended and Restated Limited Liability Company Agreement of OpCo ("OpCo LLC Agreement"). Additionally, an affiliate of KKR & Co. Inc. (together with its subsidiaries, the "KKR Group") is the sole holder of Crescent's non-economic Series I preferred stock, par value \$0.0001 per share, which entitles the holder thereof to appoint the Board of Directors of Crescent and to certain other approval rights.

2024 Equity Transactions

On April 1, 2024, Independence Energy Aggregator L.P., the entity through which certain private investors in affiliated KKR entities hold their interests in us, exchanged 6.0 million OpCo Units (and we cancelled a corresponding number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock (the "April 2024 Class A Conversion"). The shares of Class A Common Stock were sold at a price per share of \$10.74, pursuant to Rule 144, through a broker-dealer. We did not receive any proceeds or incur any material expenses related to the April 2024 Class A Conversion.

In March 2024, 16.1 million OpCo Units were acquired from Independence Energy Aggregator L.P. and we cancelled a corresponding number of shares of Class B Common Stock (the "March 2024 Redemption"). Of the total OpCo Units acquired, 13.8 million were acquired for shares of Class A Common Stock, which were subsequently sold in an underwritten public offering at a price to the public of \$10.50 per share, or a net price of \$ 9.87 per share after deducting the underwriters' discounts and commissions, from which we did not receive any proceeds, nor incur any material expenses with respect to such acquisition. In connection with the underwritten public offering, we repurchased 2.3 million OpCo Units from Independence Energy Aggregator L.P. for \$22.7 million in cash and we cancelled a corresponding number of shares of Class B Common Stock (the "March 2024 Repurchase," together with the March 2024 Redemption, the "March 2024 Equity Transactions").

As a result of the April 2024 Class A Conversion and the March 2024 Equity Transactions (the "2024 Equity Transactions"), the total number of shares of our Class A Common Stock increased by 19.8 million shares and the total number of shares of our Class B Common Stock decreased by 22.1 million shares. Redeemable noncontrolling interests decreased by \$470.7 million while APIC increased by \$448.0 million as a result of the 2024 Equity Transactions to reflect the new ownership of OpCo as of June 30, 2024.

2023 Equity Transactions

On June 30, 2023, an affiliate of KKR exchanged approximately 27.6 million OpCo Units (and we cancelled a corresponding number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock (the "June 2023 Class A Conversion") and subsequently distributed such shares to certain of its legacy investors in privately-managed funds and accounts on July 3, 2023. We did not receive any proceeds or incur any expenses associated with the June 2023 Class A Conversion.

Basis of Presentation

Our unaudited condensed consolidated financial statements (the "financial statements") include the accounts of the Company and its subsidiaries after the elimination of intercompany transactions and balances, are presented in accordance with U.S. general accepted accounting principles ("GAAP") and reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the respective interim periods. We have no elements of other comprehensive income for the periods presented. These condensed consolidated financial statements should be read in conjunction with the audited combined and consolidated financial statements and notes thereto included in our Annual Report.

Crescent is a holding company that conducts substantially all of its business through its consolidated subsidiaries, including (i) OpCo, which at June 30, 2024 is owned approximately 63% by Crescent and approximately 37% by holders of our redeemable noncontrolling interests, and (ii) Crescent Energy Finance LLC, OpCo's wholly owned subsidiary. Crescent and OpCo have no operations, or material cash flows, assets or liabilities other than their investment in Crescent Energy Finance LLC. The assets and liabilities of OpCo represent substantially all of our consolidated assets and liabilities with the exception of certain current and deferred taxes and certain liabilities under the Management Agreement (as defined within *NOTE 11 – Related Party Transactions*). Certain restrictions and covenants related to the transfer of assets from OpCo are discussed further in *NOTE 7 – Debt*.

The financial statements include undivided interests in oil and natural gas properties. We account for our share of oil and natural gas properties by reporting our proportionate share of assets, liabilities, revenues, costs and cash flows within the accompanying condensed consolidated balance sheets, condensed consolidated statements of operations, and condensed consolidated statements of cash flows.

NOTE 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We use historical experience and various other assumptions and information that are believed to be reasonable under the circumstances in developing our estimates and judgments. Estimates and assumptions about future events and their effects cannot be predicted with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. While we believe that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results may differ from these estimates. Our significant estimates include the fair value of acquired assets and liabilities, oil and natural gas reserves, impairment of proved and unproved oil and natural gas properties and income taxes.

Restricted Cash

Restricted cash consists of funds earmarked for a special purpose and therefore not available for immediate and general use. The majority of our restricted cash is composed of cash that is contractually required to be restricted to pay for the future abandonment of certain wells. Restricted cash is included in Other current assets and Other assets on our consolidated balance sheets.

The following table provides a reconciliation of cash and restricted cash presented on our balance sheets to amounts shown in our consolidated statements of cash flows:

	As of June 30,	
	2024	2023
	(in thousands)	
Cash and cash equivalents	\$ 778,115	\$ 2,253
Restricted cash – current	3,420	68,500
Restricted cash – noncurrent	5,789	5,208
Total cash, cash equivalents and restricted cash	<u><u>\$ 787,324</u></u>	<u><u>\$ 75,961</u></u>

Redeemable Noncontrolling Interests

Pursuant to the OpCo LLC Agreement, holders of OpCo Units, other than the Company, may redeem all or a portion of their OpCo Units for either (a) shares of Class A Common Stock or (b) at the election of the Company, an approximately equivalent amount of cash as determined pursuant to the terms of the OpCo LLC Agreement. In connection with such redemption, a corresponding number of shares of Class B Common Stock will be cancelled. The cash redemption election is not considered to be within the control of the Company because the holders of Class B Common Stock and their affiliates control the Company through direct representation on the Board of Directors. As a result, we present the noncontrolling interests in OpCo as redeemable noncontrolling interests outside of permanent equity. Redeemable noncontrolling interests are recorded at the greater of the carrying value or redemption amount with a corresponding adjustment to Additional paid-in capital. The cash redemption amount for OpCo Units for this purpose is based on the 10-day volume-weighted average closing price of Class A Common Stock at the end of the reporting period. Changes in the redemption value are recognized immediately as they occur, as if the end of the reporting period was also the redemption date for the instrument, with an offsetting entry to Additional paid-in capital. Additionally, certain other subsidiaries have agreements whereby certain employees have the option to sell their noncontrolling interest in such subsidiaries back to us at fair value and these interests are treated as redeemable noncontrolling interests outside of permanent equity.

During the first six months of 2024, the 2024 Equity Transactions reduced the number of shares of our Class B Common Stock by 22.1 million shares. In addition, the 2024 Equity Transactions resulted in the transfer of 19.8 million OpCo Units to Crescent and the repurchase, by OpCo, of 2.3 million OpCo Units for \$22.7 million in cash. As a result of the transfer of additional OpCo Units to Crescent, we reclassified \$ 448.0 million from Redeemable noncontrolling interests to Additional paid-in capital.

During the first six months of 2023, the June 2023 Class A Conversion reduced the number of shares of our Class B Common Stock outstanding by 27.6 million shares. A corresponding amount of OpCo Units were transferred to Crescent, which reduced the value of our redeemable noncontrolling interests by \$618.7 million.

From December 31, 2023 through June 30, 2024, we recorded adjustments to the value of our redeemable noncontrolling interests as shown below:

	Redeemable Noncontrolling Interests (in thousands)
Balance as of December 31, 2023	\$ 1,901,208
Net loss attributable to redeemable noncontrolling interests	(11,695)
Distributions	(88)
Distributions from OpCo related to Class A common stock dividend and income taxes, net	(8,362)
Accrued OpCo distribution related to Manager Compensation	(5,627)
Equity-based compensation	12,950
Change in redeemable noncontrolling interests associated with the 2024 Equity Transactions	(341,664)
Balance as of March 31, 2024	\$ 1,546,722
Net income attributable to redeemable noncontrolling interests	34,476
Distributions	(205)
Distributions from OpCo related to Class A common stock dividend and income taxes, net	(7,954)
Accrued OpCo distribution related to Manager Compensation	(5,155)
Equity-based compensation	8,030
Repurchase of redeemable noncontrolling interest	(980)
Change in redeemable noncontrolling interests associated with the 2024 Equity Transactions	(128,988)
Balance as of June 30, 2024	\$ 1,445,946

Income Taxes

Crescent is a holding company of which our sole material assets are OpCo Units. OpCo is a partnership and is generally not subject to U.S. federal and certain state taxes. Crescent is subject to U.S. federal and certain state taxes on its allocable share of any taxable income of OpCo. For the three and six months ended June 30, 2024, we recognized income tax expense of \$11.5 million and income tax expense of \$ 7.3 million for an effective tax rate of 14.1% and 16.2%, respectively. For the three and six months ended June 30, 2023, we recognized income tax expense of \$ 9.2 million and an income tax expense of \$25.5 million for an effective tax rate of 13.8% and 7.5%, respectively. Our effective tax rate is lower than the U.S. federal statutory income tax rate of 21% primarily due to effects of removing income and losses related to our noncontrolling interests and redeemable noncontrolling interests.

We evaluate and update the estimated annual effective income tax rate on a quarterly basis based on current and forecasted operating results and tax laws. Consequently, based upon the mix and timing of our actual earnings compared to annual projections, our effective tax rate may vary quarterly and may make quarterly comparisons not meaningful. The quarterly income tax provision is generally composed of tax expense on income or benefit on loss at the most recent estimated annual effective tax rate. The tax effect of discrete items is recognized in the period in which they occur at the applicable statutory rate.

We continually assess the available positive and negative evidence to determine if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation a valuation allowance is recorded to recognize only the portion of the deferred tax assets that are more likely than not to be realized. The amount of the deferred tax asset considered realizable; however, could be adjusted in the future.

We have U.S. federal net operating loss carryforwards ("NOLs") and recognized built-in-loss ("RBIL") property that are subject to limitation under Section 382. Pursuant to Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended, utilization of our NOLs and RBIL carryforwards is subject to an annual limitation. These annual limitations may result in the expiration of NOLs and RBIL carryforwards prior to utilization; accordingly, we have maintained a valuation allowance related to U.S. federal NOLs and RBIL carryforwards that we do not believe are recoverable due to these Section 382 limitations.

As of June 30, 2024 and December 31, 2023, we did not have any uncertain tax positions.

Supplemental Cash Flow Disclosures

The following are our supplemental cash flow disclosures for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
(in thousands)		
Supplemental cash flow disclosures:		
Interest paid, net of amounts capitalized	\$ 51,432	\$ 38,747
Income tax payments (refunds)	805	3,305
Non-cash investing and financing activities:		
Capital expenditures included in accounts payable and accrued liabilities	\$ 110,068	\$ 58,217
Right-of-use assets obtained in exchange for leases	41,377	8,694

NOTE 3 – Acquisitions and Divestitures

Acquisitions

SilverBow Merger

In May 2024, we entered into an Agreement and Plan of Merger ("the Merger Agreement") with SilverBow Resources, Inc., a Delaware corporation ("SilverBow"), pursuant to which we agreed to acquire SilverBow through a series of mergers (the "SilverBow Merger"). Subject to the terms and conditions of the Merger Agreement, each share of SilverBow's common stock, par value \$0.01 per share ("SilverBow Common Stock") issued and outstanding immediately prior to the merger close date, was converted into the right to receive, pursuant to an election made and not revoked, one of the following forms of consideration: (A) 3.125 shares of Crescent Class A Common Stock, (B) a combination of 1.866 shares of Crescent Class A Common Stock and \$ 15.31 in cash or (C) \$38.00 in cash, subject to an aggregate cap of \$ 400.0 million on the total cash consideration payable for the SilverBow Common Stock in the SilverBow Merger. The Merger Agreement also provided that each outstanding SilverBow restricted stock unit, performance-based stock unit (assuming maximum performance) and in-the money stock option, whether vested or unvested, held by certain employees and directors of SilverBow (collectively, the "SilverBow Equity Awards") became fully vested and was canceled and converted into a right to receive a cash payment (less the exercise price in the case of stock options) or, in the case of the restricted stock units and performance-based stock units, a partial cash payment and partial settlement in shares of Crescent Class A Common Stock. Each stock option with an exercise price that equaled or exceeded the amount of such cash payment was cancelled for no consideration. The SilverBow Merger closed on July 30, 2024, subsequent to the end of the second quarter. As such, we have not yet completed the initial purchase accounting for the SilverBow Merger. In conjunction with closing, we issued 51.6 million shares, including 1.2 million net shares to partially settle the SilverBow Equity Awards, of our Class A Common Stock. The preliminary calculation of purchase consideration is as follows:

	Purchase Consideration
	(in thousands, except exchange ratio and per share data)
Equity consideration:	
Shares of SilverBow common stock outstanding	25,540
Weighted-average exchange ratio	1.972
Shares of Class A Common Stock issued to settle shares of SilverBow common stock outstanding	50,363
Closing price of Class A Common Stock on July 30, 2024	\$ 11.82
Class A Common Stock issued for outstanding shares of SilverBow Common Stock	\$ 595,294
Cash consideration	358,092
Settlement of SilverBow Equity Awards in Class A Common Stock	16,129
Settlement of SilverBow Equity Awards in cash	18,858
Total consideration transferred	<u><u>\$ 988,373</u></u>

The SilverBow Merger will be accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, Business Combinations, with Crescent being identified as the acquirer for accounting purposes. Under the acquisition method of accounting, the assets and liabilities of SilverBow will be recorded at their respective fair values as of the July 30, 2024 acquisition date.

Although this Quarterly Report on Form 10-Q was filed after the completion of the SilverBow Merger, information set forth herein only relates to the results of operations for Crescent Energy Company for the quarter and year-to-date periods ended June 30, 2024 and 2023 and does not include any financial information for SilverBow for such periods.

Other Acquisitions

In February 2024, we acquired a portfolio of oil and natural gas mineral interests located in the Karnes Trough of the Eagle Ford Basin from an unrelated third-party (the "Eagle Ford Minerals Acquisition") for total cash consideration of approximately \$25.0 million, including customary purchase price adjustments. The purchase price was funded using borrowings under our Revolving Credit Facility.

In July 2023, we consummated the acquisition contemplated by the Purchase and Sale Agreement, dated as of May 2, 2023, between our subsidiary and Comanche Holdings, LLC ("Comanche Holdings") and SN EF Maverick, LLC ("SN EF Maverick," and together with Comanche Holdings, the "Seller"), pursuant to which we agreed to acquire operatorship and incremental working interests (the "July Western Eagle Ford Acquisition") in certain of our existing Western Eagle Ford assets from the Seller for aggregate cash consideration of approximately \$592.7 million, including capitalized transaction costs and certain final purchase price adjustments.

In October 2023, we consummated an unrelated acquisition contemplated by the Purchase and Sale Agreement, dated as of August 22, 2023, between our subsidiary and an unaffiliated third party, pursuant to which we agreed to acquire certain incremental working interests in oil and natural gas properties (the "October Western Eagle Ford Acquisition," and together with the July Western Eagle Ford Acquisition, the "Western Eagle Ford Acquisitions") in certain of our existing Western Eagle Ford assets from the seller for aggregate cash consideration of approximately \$235.1 million, including certain customary purchase price adjustments.

Consideration Transferred

The following table summarizes the consideration transferred and the net assets acquired for our asset acquisitions during 2024 and 2023 that impact the periods presented:

	Eagle Ford Minerals Acquisition	July Western Eagle Ford Acquisition	October Western Eagle Ford Acquisition
	(in thousands)		
Consideration transferred:			
Cash consideration	\$ 25,000	\$ 592,735	\$ 235,069
Total	\$ 25,000	\$ 592,735	\$ 235,069
Assets acquired and liabilities assumed:			
Prepaid and other current assets	\$ —	\$ 355	\$ —
Oil and natural gas properties - proved	12,865	595,025	239,573
Oil and natural gas properties - unproved	12,135	22,310	9,819
Accounts payable and accrued liabilities	—	(12,668)	(5,790)
Asset retirement obligations	—	(10,541)	(7,908)
Other liabilities	—	(1,746)	(625)
Fair value of net assets acquired	\$ 25,000	\$ 592,735	\$ 235,069

Divestitures

During the three and six months ended June 30, 2024, we sold non-core assets to unrelated third-party buyers for \$ 23.2 million in aggregate net cash proceeds and recorded a gain on the sale of assets of approximately \$19.4 million.

NOTE 4 – Derivatives

In the normal course of business, we are exposed to certain risks including changes in the prices of oil, natural gas and NGLs which may impact the cash flows associated with the sale of our future oil and natural gas production. We enter into derivative contracts with lenders under our Revolving Credit Facility that consists of either a single derivative instrument or a combination of instruments to manage our exposure to these risks.

As of June 30, 2024, our commodity derivative instruments consisted of fixed price swaps and collars which are described below:

Fixed Price and Basis Swaps : Fixed price swaps receive a fixed price and pay a floating market price to the counterparty on the notional amount. Our basis swaps fix the basis differentials between the index price at which we sell our production as compared to the index price used in the basis swap. Under a swap contract, we will receive payment if the settlement price is less than the fixed price and will be required to make a payment to the counterparty if the settlement price is greater than the fixed price.

Collars: Collars provide a minimum and maximum price on a notional amount of sales volume. Under a collar, we will receive payment if the settlement price is less than the minimum price of the range and make a payment to the counterparty if the settlement price is greater than the maximum price of the range. We would not be required to make a payment or receive payment if the settlement price falls within the range.

The following table details our net volume positions by commodity as of June 30, 2024:

Production Period	Volumes (in thousands)	Weighted Average	Fair Value (in thousands)
		Fixed Price	
Crude oil swaps – WTI (Bbls):			
2024	4,238	\$68.54	\$ (44,833)
Crude oil swaps – Brent (Bbls):			
2024	97	\$75.52	(755)
Crude oil collars – WTI (Bbls):			
2024	5,244	\$63.16 - \$81.71	(14,053)
2025	2,738	\$60.00 - \$79.42	(5,920)
2025 ⁽¹⁾	1,460	\$60.00 - \$85.00	(1,779)
Crude oil collars – Brent (Bbls):			
2024	110	\$65.00 - \$100.00	(10)
2025	365	\$65.00 - \$91.61	(11)
Natural gas swaps (MMBtu):			
2024	20,644	\$3.69	16,924
Natural gas collars (MMBtu):			
2024	9,200	\$3.38 - \$4.56	5,699
2025	58,765	\$3.00 - \$6.03	10,631
Crude oil basis swaps (Bbls):			
2024	4,111	\$1.51	404
2025	2,373	\$1.83	(45)
Natural gas basis swaps (MMBtu):			
2024	24,886	\$(0.30)	1,963
2025	45,187	\$(0.25)	739
Calendar Month Average roll swaps (Bbls):			
2024	4,184	\$0.46	(1,763)
2025	1,460	\$0.45	(150)
Natural gas Index swaps (MMBtu):			
2024	1,840	\$0.03	45
Total			\$ (32,914)

⁽¹⁾ Represents outstanding crude oil collar options exercisable by the counterparty until December 16, 2024.

We use derivative commodity instruments and enter into swap contracts that are governed by International Swaps and Derivatives Association master agreements. The following table shows the effects of master netting arrangements on the fair value of our derivative contracts as of June 30, 2024 and December 31, 2023:

	Gross Fair Value	Effect of Counterparty Netting		Net Carrying Value						
	(in thousands)									
June 30, 2024										
Assets:										
Derivative assets – current	\$ 43,822	\$ (26,942)	\$ 16,880							
Derivative assets – noncurrent	15,095	(12,197)	2,898							
Total assets	\$ 58,917	\$ (39,139)	\$ 19,778							
Liabilities:										
Derivative liabilities – current	\$ (79,015)	\$ 26,942	\$ (52,073)							
Derivative liabilities – noncurrent	(12,816)	12,197	(619)							
Total liabilities	\$ (91,831)	\$ 39,139	\$ (52,692)							
December 31, 2023										
Assets:										
Derivative assets – current	\$ 93,720	\$ (39,399)	\$ 54,321							
Derivative assets – noncurrent	22,686	(14,620)	8,066							
Total assets	\$ 116,406	\$ (54,019)	\$ 62,387							
Liabilities:										
Derivative liabilities – current	\$ (81,450)	\$ 39,399	\$ (42,051)							
Derivative liabilities – noncurrent	(14,620)	14,620	—							
Total liabilities	\$ (96,070)	\$ 54,019	\$ (42,051)							

See *NOTE 5 – Fair Value Measurements* for more information.

The amounts recognized in Gain (loss) on derivatives in our condensed consolidated statements of operations were as follows for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Derivatives not designated as hedging instruments:				
Realized gain (loss) on oil positions	\$ (51,064)	\$ (26,407)	\$ (95,126)	\$ (64,512)
Realized gain (loss) on natural gas positions	25,650	6,680	46,906	(9,856)
Realized gain (loss) on NGL positions	—	11,079	—	18,563
Total realized gain (loss) on derivatives	(25,414)	(8,648)	(48,220)	(55,805)
Unrealized gain (loss) on commodity hedges	29,546	42,235	(53,250)	239,702
Gain (loss) on derivatives	\$ 4,132	\$ 33,587	\$ (101,470)	\$ 183,897

NOTE 5 – Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Generally, the determination of fair value requires the use of significant judgment and different approaches and models under varying circumstances. Under a market-based approach, we consider prices of similar assets, consult with brokers and experts or employ other valuation techniques. Under an income-based approach, we generally estimate future cash flows and then discount them at a risk-adjusted rate. We classify the inputs used to measure the fair value of our financial assets and liabilities into the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active or other than quoted prices that are observable, either directly or indirectly, and can be corroborated by observable market data.

Level 3: Unobservable inputs that reflect management's best estimates and assumptions of what market participants would use in measuring the fair value of an asset or liability.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of significance for a particular input to the fair value measurement requires judgment and may affect our valuation of the fair value assets and liabilities within the fair value hierarchy levels.

Recurring Fair Value Measurements

The following table presents the fair value of our derivative assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 by level within the fair value hierarchy:

	Fair Value Measurement Using				(in thousands)
	Level 1	Level 2	Level 3	Total	
June 30, 2024					
Financial assets:					
Derivative assets	\$	—	\$ 58,917	\$ —	\$ 58,917
Financial liabilities:					
Derivative liabilities	\$	—	\$ (91,831)	\$ —	\$ (91,831)
December 31, 2023					
Financial assets:					
Derivative assets	\$	—	\$ 116,406	\$ —	\$ 116,406
Financial liabilities:					
Derivative liabilities	\$	—	\$ (96,070)	\$ —	\$ (96,070)

Non-Recurring Fair Value Measurements

Certain nonfinancial assets and liabilities are measured at fair value on a non-recurring basis. We utilize fair value measurement on a non-recurring basis to value our oil and natural gas properties when the carrying value of such property exceeds the respective undiscounted future cash flows. The inputs used to determine such fair value are primarily based upon internally developed cash flow models, as well as market-based valuations and are classified within Level 3. Significant Level 3 assumptions associated with discounted cash flows include estimates of future prices, production costs, development expenditures, anticipated production, appropriate risk-adjusted discount rates, and other relevant data.

Our other non-recurring fair value measurements include the estimates of the fair value of assets and liabilities acquired through business combinations. Oil and natural gas properties are valued based on an income approach using a discounted cash flow model utilizing Level 3 inputs, including internally generated development and production profiles and price and cost

assumptions. Net derivative liabilities assumed in acquisitions are valued based on Level 2 inputs similar to the Company's other commodity price derivatives.

Other Fair Value Measurements

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments. Our long-term debt obligations under our Revolving Credit Facility also approximate fair value because the associated variable rates of interest are market based. The fair value of the Senior Notes (as defined below) as of June 30, 2024 and December 31, 2023 was approximately \$2.5 billion and \$1.8 billion based on quoted market prices.

NOTE 6 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	(in thousands)	
Accounts payable and accrued liabilities:		
Accounts payable	\$ 76,658	\$ 125,010
Accrued lease and asset operating expense	81,451	58,847
Accrued capital expenditures	94,437	74,206
Accrued general and administrative expense	15,595	16,441
Accrued gathering, transportation and marketing expense	56,743	56,088
Accrued revenue and royalties payable	147,835	154,345
Accrued interest expense	52,893	45,546
Accrued severance taxes	34,630	58,100
Other	23,425	24,960
Total accounts payable and accrued liabilities	\$ 583,667	\$ 613,543

NOTE 7 – Debt

Senior Notes

2033 Notes

In June 2024, we issued \$ 750.0 million aggregate principal amount of 7.375% senior notes due 2033 (the "2033 Notes") at par (the "2033 Notes Offering"). The proceeds from the 2033 Notes Offering were approximately \$734.8 million, after deducting the initial purchasers' discount and offering expenses. We used the net proceeds from the 2033 Notes Offering to fund the cash paid to the SilverBow stockholders and holders of SilverBow restricted stock units in connection with the SilverBow Merger and to repay SilverBow's existing indebtedness outstanding at the completion of the SilverBow Merger.

The 2033 Notes bear interest at an annual rate of 7.375%, which is payable on January 15 and July 15 of each year, and mature on January 15, 2033. We may, at our option, redeem all or a portion of the 2033 Notes at any time on or after July 15, 2027 at certain redemption prices. We may also redeem up to 40% of the aggregate principal amount of the 2033 Notes before July 15, 2027 with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 107.375% of the principal amount of the 2033 Notes being redeemed, plus accrued and unpaid interest, in any, to, but excluding the redemption date, if at least 50% of the aggregate principal amount of the Notes remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. In addition, prior to July 15, 2027, we may redeem some or all of the 2033 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest, if any, to but excluding the redemption date.

2032 Notes

In March 2024, we issued \$ 700.0 million aggregate principal amount of 7.625% senior notes due 2032 (the "2032 Notes") at par (the "2032 Notes Offering"). The proceeds from the 2032 Notes Offering were approximately \$686.2 million, after

deducting the initial purchasers' discount and offering expenses. We used the net proceeds and additional borrowing under our Revolving Credit Facility to finance the consideration of the Tender Offer and Redemption (each term as defined below) of all of the aggregate principal amount of the 2026 Notes outstanding for \$714.8 million after including extinguishment costs, as discussed further below.

The 2032 Notes bear interest at an annual rate of 7.625%, which is payable on April 1 and October 1 of each year, and mature on April 1, 2032. We may, at our option, redeem all or a portion of the 2032 Notes at any time on or after April 1, 2027 at certain redemption prices. We may also redeem up to 40% of the aggregate principal amount of the 2032 Notes before April 1, 2027 with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 107.625% of the principal amount of the 2032 Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date. In addition, prior to April 1, 2027, we may redeem some or all of the 2032 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding the redemption date.

2028 Notes

In February 2023, we issued \$400.0 million aggregate principal amount of 9.250% senior notes due 2028 (the "2028 Notes") at par. In July 2023, we issued an additional \$300.0 million, aggregate principal amount of 2028 Notes at 98.000% of par. In September 2023, we issued an additional \$150.0 million aggregate principal amount of 2028 Notes at 101.125% of par. In December 2023, we issued an additional \$150.0 million aggregate principal amount of 2028 Notes at 102.125% of par. The aggregate proceeds from the offerings of the 2028 Notes were \$977.4 million, after adjusting for discounts, premiums and offering expenses, but excluding accrued interest payable by purchasers of the 2028 Notes. We used the aggregate net proceeds to repay a portion of our outstanding balance under our Revolving Credit Facility (as defined herein) and to fund a portion of the Western Eagle Ford Acquisitions.

All issuances of the 2028 Notes are treated as a single series of securities under the indenture governing the 2028 Notes, will vote together as a single class, and have substantially identical terms, other than the issue date, the issue price, and the first interest payment date.

The 2028 Notes bear interest at an annual rate of 9.250%, which is payable on February 15 and August 15 of each year and mature on February 15, 2028. We may, at our option, redeem all or a portion of the 2028 Notes at any time on or after February 15, 2025 at certain redemption prices. In addition, prior to February 15, 2025, we may redeem some or all of the 2028 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding the redemption date.

2026 Notes

At December 31, 2023 we had \$700.0 million outstanding aggregate principal amount of 7.250% senior notes due 2026 (the "2026 Notes") that were subject to the indenture dated May 6, 2021, as supplemented to the date hereof, between us and our trustee (the "2021 Indenture"). In March 2024, pursuant to a cash tender offer (the "Tender Offer") and redemption of any remaining 2026 Notes following the Tender Offer (the "Redemption"), we extinguished all of our 2026 Notes. After the Tender Offer and the Redemption, the 2021 Indenture was satisfied and discharged on March 26, 2024, and we have no further obligations under the 2021 Indenture at March 31, 2024. We repurchased all of the 2026 Notes at a blended price of 101.857% of par and thus incurred a Loss on the extinguishment of debt of \$22.6 million, including the write-off of our remaining deferred financing costs.

After the completion of the Tender Offer and Redemption, the 2028 Notes, the 2032 Notes and 2033 Notes (collectively, the "Senior Notes") are our senior unsecured obligations and the Senior Notes and the related guarantees rank equally in right of payment with the borrowings under our Revolving Credit Facility and any of our other future senior indebtedness and senior to any of our future subordinated indebtedness. The Senior Notes are guaranteed on a senior unsecured basis by each of our existing and future subsidiaries that will guarantee our Revolving Credit Facility. The Senior Notes and the guarantees are effectively subordinated to all of our secured indebtedness (including all borrowings and other obligations under our Revolving Credit Facility) to the extent of the value of the collateral securing such indebtedness and structurally subordinated in right of payment to all existing and future indebtedness and other liabilities (including trade payables) of any future subsidiaries that do not guarantee the Senior Notes.

The indentures governing the Senior Notes contain covenants that, among other things, limit the ability of our restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends or distributions in respect of its equity or redeem, repurchase or retire its equity or subordinated indebtedness; (iii) transfer or sell

assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from any non-Guarantor restricted subsidiary to it; (vii) consolidate, merge or transfer all or substantially all of its assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries.

If we experience certain kinds of changes of control accompanied by a ratings decline, holders of the Senior Notes may require us to repurchase all or a portion of their notes at certain redemption prices. The Senior Notes are not listed, and we do not intend to list the notes in the future, on any securities exchange, and currently there is no public market for the notes.

Revolving Credit Facility

Overview

We are party to a senior secured reserve-based revolving credit agreement (as amended, restated, amended and restated or otherwise modified to date, the "Revolving Credit Facility") with Wells Fargo Bank, N.A., as administrative agent for the lenders and letter of credit issuer, and the lenders from time to time party thereto. Our Revolving Credit Facility matures on April 10, 2029, but contains terms that if certain conditions regarding our outstanding 2028 Notes exist on November 16, 2027, it will mature on November 16, 2027.

At June 30, 2024, we had no outstanding borrowings and \$21.5 million in letters of credit outstanding under the Revolving Credit Facility. Subsequent to the balance sheet date and in connection with the closing of the SilverBow Merger, we borrowed \$724.0 million under the Revolving Credit Facility.

The obligations under the Revolving Credit Facility remain secured by first priority liens on substantially all of the Company's and the guarantors' tangible and intangible assets, including without limitation, oil and natural gas properties and associated assets and equity interests owned by the Company and such guarantors. In connection with each redetermination of the borrowing base, the Company must maintain mortgages on at least 85% of the net present value, discounted at 9% per annum ("PV-9") of the oil and natural gas properties that constitute borrowing base properties. The Company's domestic direct and indirect subsidiaries are required to be guarantors under the Revolving Credit Facility, subject to certain exceptions.

The borrowing base is subject to semi-annual scheduled redeterminations on or about April 1 and October 1 of each year, as well as (i) elective borrowing base interim redeterminations at our request not more than twice during any consecutive 12-month period or the required lenders not more than once during any consecutive 12-month period and (ii) elective borrowing base interim redeterminations at our request following any acquisition of oil and natural gas properties with a purchase price in the aggregate of at least 5.0% of the then effective borrowing base. The borrowing base will be automatically reduced upon (i) the issuance of certain permitted junior lien debt and other permitted additional debt, (ii) the sale or other disposition of borrowing base properties if the aggregate PV-9 of such properties sold or disposed of is in excess of 5.0% of the borrowing base then in effect and (iii) early termination or set-off of swap agreements (a) the administrative agent relied on in determining the borrowing base or (b) if the value of such swap agreements so terminated is in excess of 5.0% of the borrowing base then in effect.

Subsequent to the balance sheet date and in connection with the closing of the SilverBow Merger, we entered into the Tenth Amendment to the Revolving Credit Facility to increase the aggregate elected commitment amount to \$2.0 billion and increase the borrowing base from \$ 1.7 billion to \$2.6 billion.

Interest

Borrowings under the Revolving Credit Facility bear interest at either (i) a U.S. dollar alternative base rate (based on the prime rate, the federal funds effective rate or an adjusted secured overnight financing rate ("SOFR"), plus an applicable margin or (ii) SOFR, plus an applicable margin, at the election of the borrowers. The applicable margin varies based upon our borrowing base utilization then in effect. The fee payable for the unused revolving commitments at June 30, 2024 is 0.375% per year and fees incurred are included within interest expense on our condensed consolidated statements of operations. Our weighted average interest rate on loan amounts outstanding at December 31, 2023 was 9.75%. We had no borrowings outstanding under the Revolving Credit Facility at June 30, 2024.

Covenants

The Revolving Credit Facility contains certain covenants that restrict the payment of cash dividends, certain borrowings, sales of assets, loans to others, investments, merger activity, commodity swap agreements, liens and other transactions without the adherence to certain financial covenants or the prior consent of our lenders. We are subject to (i) maximum leverage ratio and

(ii) current ratio financial covenants calculated as of the last day of each fiscal quarter. The Revolving Credit Facility also contains representations, warranties, indemnifications and affirmative and negative covenants, including events of default relating to nonpayment of principal, interest or fees, inaccuracy of representations or warranties in any material respect when made or when deemed made, violation of covenants, bankruptcy and insolvency events, certain unsatisfied judgments and change of control. If an event of default occurs and we are unable to cure such default, the lenders will be able to accelerate maturity and exercise other rights and remedies.

Letters of Credit

From time to time, we may request the issuance of letters of credit for our own account. Letters of credit accrue interest at a rate equal to the margin associated with SOFR borrowings. At June 30, 2024 and December 31, 2023, we had letters of credit outstanding of \$21.5 million and \$14.4 million, respectively, which reduce the amount available to borrow under our Revolving Credit Facility.

Total Debt Outstanding

The following table summarizes our debt balances as of June 30, 2024 and December 31, 2023:

	Debt	Letters of Credit			Maturity
	Outstanding	Issued	Borrowing Base		
	(in thousands)				
June 30, 2024					
Revolving Credit Facility	\$ —	\$ 21,486	\$ 1,700,000		4/10/2029
9.250% Senior Notes due 2028	1,000,000	—	—		2/15/2028
7.625% Senior Notes due 2032	700,000	—	—		4/1/2032
7.375% Senior Notes due 2033	750,000	—	—		1/15/2033
Less: Unamortized discount, premium and issuance costs	(46,321)				
Total long-term debt	\$ 2,403,679				
December 31, 2023					
Revolving Credit Facility	\$ 23,500	\$ 14,408	\$ 2,000,000		9/23/2027
7.250% Senior Notes due 2026	700,000	—	—		5/1/2026
9.250% Senior Notes due 2028	1,000,000	—	—		2/15/2028
Less: Unamortized discount, premium and issuance costs	(29,125)				
Total long-term debt	\$ 1,694,375				

NOTE 8 – Asset Retirement Obligations

Our ARO liabilities are based on our net ownership in wells and facilities and management's estimate of the costs to abandon and remediate those wells and facilities together with management's estimate of the future timing of the costs to be incurred. The following table summarizes activity related to our ARO liabilities for the six months ended June 30, 2024:

	Six Months Ended June 30, 2024
	(in thousands)
Balance at beginning of period	\$ 445,060
Additions	1,374
Retirements	(6,227)
Sale	(17,301)
Accretion expense	15,337
Balance at end of period	438,243
Less: current portion	(31,067)
Balance at end of period, noncurrent portion	<u>407,176</u>

NOTE 9 – Commitments and Contingencies

From time to time, we may be a plaintiff or defendant in a pending or threatened legal proceeding arising in the normal course of business. In accordance with ASC 450, *Contingencies*, an accrual is recorded for a material loss contingency when its occurrence is probable and damages are reasonably estimable based on the anticipated most likely outcome or the minimum amount within a range or possible outcomes.

Legal proceedings are inherently unpredictable, and unfavorable resolutions can occur. Assessing contingencies is highly subjective and requires judgement about uncertain future events. When evaluating contingencies related to legal proceedings, we may be unable to estimate losses due to a number of factors, including potential defenses, the procedural status of the matter in question, the presence of complex legal and/or factual issues, and the ongoing discovery and/or development of information important to the matter. We are unable to make an estimate of the range of reasonably possible losses related to our contingencies, but we are currently unaware of any proceedings that, in the opinion of management, will individually or in the aggregate have a material adverse effect on our financial position, results of operations or cash flows.

We are subject to extensive federal, state and local environmental laws and regulations. These laws and regulations regulate the discharge of materials into the environment and may require us to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. We believe we are currently in compliance with all applicable federal, state and local laws and regulations and do not have any material liabilities recorded at June 30, 2024.

NOTE 10 – Equity-Based Compensation Arrangements

Overview

We and certain of our subsidiaries have entered into incentive compensation award agreements to grant profits interests, restricted stock units ("RSUs"), performance stock units ("PSUs") and other incentive awards to our employees, our Manager, and non-employee directors. Our equity-based compensation awards may contain certain service-based, performance-based, and market-based vesting conditions. The following table summarizes compensation expense we recognized in connection with our equity-based compensation awards for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Equity-based compensation expense (income):	(in thousands)			
Liability-classified profits interest awards	\$ 639	\$ (2,267)	\$ 1,032	\$ (2,479)
Equity-classified profits interest awards	(53)	2,118	223	3,671
Equity-classified LTIP RSU awards	844	400	1,141	791
Equity-classified LTIP PSU awards	159	—	318	—
Equity-classified Manager PSUs	20,702	27,300	47,751	33,173
Total equity-based compensation expense (income)	<u>\$ 22,291</u>	<u>\$ 27,551</u>	<u>\$ 50,465</u>	<u>\$ 35,156</u>

Equity-classified LTIP RSU Awards

During the three and six months ended June 30, 2024, we granted 116 thousand equity-classified LTIP RSUs under the Crescent Energy Company 2021 Equity Incentive Plan to certain directors, officers and employees. Each LTIP RSU represents the contingent right to receive one share of Class A Common Stock. The grant date fair value was \$11.68 per LTIP RSU, and the LTIP RSUs will vest over a period of one to three years, with equity-based compensation expense recognized ratably over the applicable vesting period. Compensation cost for these awards is presented within General and administrative expense on the condensed consolidated statements of operations with a corresponding credit to Additional paid-in capital and Redeemable noncontrolling interest on the condensed consolidated balance sheets. In addition, during the three and six months ended June 30, 2024 we had 116 thousand shares that vested related to outstanding LTIP RSU awards.

Equity-classified Manager PSUs

During the three and six months ended June 30, 2024, in conjunction with the 2024 Equity Transactions, the number of shares of our Class A Common Stock increased by 6.1 million and 19.9 million shares. As a result, the number of equity-classified PSU target shares of Class A Common Stock related to the Crescent Energy Company 2021 Manager Incentive Plan increased by 0.6 million shares and 2.0 million shares during the three and six months ended June 30, 2024. We accounted for this increase as a change in estimate and recognized additional expense of \$7.0 million and \$21.1 million for the three and six months ended June 30, 2024. Subsequent to the balance sheet date and in connection with the closing of the SilverBow Merger, the number of shares of our Class A Common Stock increased by approximately 51.6 million. As a result, the number of equity-classified PSU target shares of Class A Common Stock related to the Crescent Energy Company 2021 Manager Incentive Plan increased by approximately 5.2 million. See *NOTE 3 – Acquisitions and Divestitures* for more information.

NOTE 11 – Related Party Transactions

KKR Group

Management Agreement

We have a management agreement (the "Management Agreement") with KKR Energy Assets Manager LLC (the "Manager"). Pursuant to the Management Agreement, the Manager provides the Company with its senior executive management team and certain management services. The Management Agreement has an initial term of three years that began in 2021 and shall renew automatically at the end of the initial term for an additional three-year period unless the Company or the Manager elects not to renew the Management Agreement.

As consideration for the services rendered pursuant to the Management Agreement and the Manager's overhead, including compensation of the executive management team, the Manager is entitled to receive compensation ("Manager Compensation") on a quarterly basis equal to our pro rata share (based on our relative ownership of OpCo) of an annual \$55.5 million fee. This amount will increase over time as our ownership percentage of OpCo increases. In addition, as our business and assets expand, Manager Compensation may increase by an amount equal to 1.5% per annum of the net proceeds from all future issuances of our equity securities (including in connection with acquisitions). However, incremental Manager Compensation will not apply to the issuance of our shares upon the redemption or exchange of OpCo Units. On May 15, 2024, in connection with its entry into the Merger Agreement, Crescent entered into an amendment to the Management Agreement, pursuant to which the incremental Manager Compensation related to the shares issuable in the SilverBow Merger will not exceed \$9.0 million. Subsequent to the balance sheet date and in conjunction with the closing of the SilverBow Merger the Manager Compensation increased to an annual fee of \$64.5 million. See *NOTE 3 – Acquisitions and Divestitures* for more information. During the three

and six months ended June 30, 2024, we recorded general and administrative expense of \$ 8.7 million and \$17.0 million, respectively, and made cash distributions of \$5.2 million and \$12.0 million, respectively, to our redeemable noncontrolling interests related to the Management Agreement. In addition, at June 30, 2024 we accrued \$5.2 million distribution to redeemable noncontrolling interests that will be paid during the third quarter of 2024. During the three and six months ended June 30, 2023, we recorded general and administrative expense of \$6.1 million and \$9.9 million, respectively, and made cash distributions of \$9.5 million and \$18.9 million, respectively, to our redeemable noncontrolling interests related to the Management Agreement. At both June 30, 2024 and December 31, 2023, we had \$13.9 million, included within Accounts payable – affiliates on our consolidated balance sheets associated with the Management Agreement.

Additionally, the Manager is entitled to receive incentive compensation ("Incentive Compensation") under which the Manager is targeted to receive 10% of our outstanding Class A Common Stock based on the achievement of certain performance-based measures. The Incentive Compensation consists of five tranches that settle over a five-year period beginning in 2024, and each tranche relates to a target number of shares of Class A Common Stock equal to 2% of the outstanding Class A Common Stock as of the time such tranche is settled. So long as the Manager continuously provides services to us until the end of the performance period applicable to a tranche, the Manager is entitled to settlement of such tranche with respect to a number of shares of Class A Common Stock ranging from 0% to 4.8% of the outstanding Class A Common Stock at the time each tranche is settled. During the three and six months ended June 30, 2024, we recorded general and administrative expense of \$20.7 million and \$47.8 million, respectively, related to Incentive Compensation. During the three and six months ended June 30, 2023, we recorded general and administrative expense of \$27.3 million and \$33.2 million, respectively, related to Incentive Compensation. See *NOTE 10 – Equity-Based Compensation Arrangements* for more information.

KKR Funds

From time to time, we may invest in upstream oil and gas assets alongside EIGF II and/or other KKR funds ("KKR Funds") pursuant to the terms of the Management Agreement. In these instances, certain of our consolidated subsidiaries enter into Master Service Agreements ("MSA") with entities owned by KKR Funds, pursuant to which our subsidiaries provide certain services to such KKR Funds, including the allocation of the production and sale of oil, natural gas and NGLs, collection and disbursement of revenues, operating expenses and general and administrative expenses in the respective oil and natural gas properties, and the payment of all capital costs associated with the ongoing operations of the oil and natural gas assets. Our subsidiaries settle balances due to or due from KKR Funds on a monthly basis. The administrative costs associated with these MSAs are allocated by us to KKR Funds based on (i) an actual basis for direct expenses we may incur on their behalf or (ii) an allocation of such charges between the various KKR Funds based on the estimated use of such services by each party. As of June 30, 2024 and December 31, 2023, we had a related party receivable of \$3.1 million and \$0.1 million, respectively, included within Accounts receivable – affiliates and a related party payable of \$1.4 million and \$27.9 million, respectively, included within Accounts payable – affiliates on our condensed consolidated balance sheets associated with KKR Funds transactions.

KKR Capital Markets LLC ("KCM")

We may engage KCM, an affiliate of KKR Group, for capital market transactions including notes offerings and equity offerings. The following table summarizes fees, discounts and commissions paid to KCM by Crescent in connection with our debt and equity transactions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Amounts paid to KCM	\$ 1,866	\$ —	\$ 3,704	\$ 1,100

Other Transactions

In March 2024, OpCo repurchased 2.3 million OpCo Units from Independence Energy Aggregator L.P., the entity through which certain private investors in affiliated KKR entities hold their interests in us, for 22.7 million. Refer to further discussion in *NOTE 1 – Organization and Basis of Presentation*. During the three and six months ended June 30, 2024, we made cash distributions of \$8.0 million and \$16.3 million, respectively, to our redeemable noncontrolling interests related to their pro rata share of cash distributions made to Crescent Energy to pay dividends and income taxes. During the three and six months ended June 30, 2023, we made cash distributions of \$14.2 million and \$34.4 million, respectively, to our redeemable noncontrolling interests related to their pro rata share of cash distributions made to Crescent Energy to pay dividends and income taxes. In addition, during the three and six months ended June 30, 2024, we reimbursed KKR \$0.1 million and \$1.4 million for costs incurred on our behalf. In 2023 we entered into an office sublease agreement with KKR in which we incurred costs for our allocable share of leasehold improvements under the office sublease. At December 31, 2023, we had \$6.6 million of leasehold improvement costs included in Accounts payable - affiliates on the consolidated balance sheet that was subsequently paid during the six months ended June 30, 2024.

Board of Directors

In March 2023, we signed a ten-year office lease with an affiliate of Crescent Real Estate LLC. John C. Goff, the Chairman of our Board of Directors, is affiliated with Crescent Real Estate LLC. The terms of the lease provide for annual base rent of approximately \$0.3 million, increasing over the term of the lease, and the payment by one of our subsidiaries of certain other customary expenses. In addition, the lease provides for reimbursement of our costs up to \$1.1 million for tenant improvement expenses. During the three and six months ended June 30, 2024, we received \$ 1.1 million reimbursement for our leasehold improvements. During the three and six months ended June 30, 2024, we entered into an amendment to the original lease agreement for additional office space. Under the amended agreement our annual base rent is \$0.4 million increasing to \$0.5 million over the life of the agreement.

NOTE 12 – Earnings Per Share

We have two classes of common stock in the form of Class A Common Stock and Class B Common Stock. Our shares of Class A Common Stock are entitled to dividends and shares of Class B Common Stock do not have rights to participate in dividends or undistributed earnings. However, shareholders of Class B Common Stock receive pro rata distributions from OpCo through their ownership of OpCo Units. We apply the two-class method for purposes of calculating earnings per share. The two-class method determines earnings per share of Common Stock and participating securities according to dividends or dividend equivalents declared during the period and each security's respective participation rights in undistributed earnings and losses.

The following table sets forth the computation of basic and diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except share and per share amounts)			
Numerator:				
Net income (loss)	\$ 70,205	\$ 57,474	\$ 37,841	\$ 313,085
Less: net (income) loss attributable to noncontrolling interests	1,818	(256)	(1,681)	(405)
Less: net (income) loss attributable to redeemable noncontrolling interests	(34,476)	(52,067)	(22,781)	(247,735)
Net income (loss) attributable to Crescent Energy - basic	37,547	5,151	13,379	64,945
Add: Reallocation of net income attributable to redeemable noncontrolling interest for the dilutive effect of RSUs	15	2	5	40
Add: Reallocation of net income attributable to redeemable noncontrolling interest for the dilutive effect of PSUs	89	82	12	446
Net income (loss) attributable to Crescent Energy - diluted	<u>\$ 37,651</u>	<u>\$ 5,235</u>	<u>\$ 13,396</u>	<u>\$ 65,431</u>
Denominator:				
Weighted-average Class A common stock outstanding – basic	111,516,601	48,664,867	103,155,008	48,474,572
Add: dilutive effect of RSUs	244,883	10,322	219,566	30,508
Add: dilutive effect of PSUs	1,463,473	341,815	1,183,929	337,213
Weighted-average Class A common stock outstanding – diluted	<u>113,224,957</u>	<u>49,017,004</u>	<u>104,558,503</u>	<u>48,842,293</u>
Weighted-average Class B common stock outstanding – basic and diluted	65,948,124	118,342,057	75,140,432	118,492,852
Net income (loss) per share:				
Class A common stock – basic	\$ 0.34	\$ 0.11	\$ 0.13	\$ 1.34
Class A common stock – diluted	\$ 0.33	\$ 0.11	\$ 0.13	\$ 1.34
Class B common stock – basic and diluted	\$ —	\$ —	\$ —	\$ —

NOTE 13 – Subsequent Events

Dividend

On August 5, 2024, the Board of Directors approved a quarterly cash dividend of \$ 0.12 per share, or \$ 0.48 per share on an annualized basis, to be paid to shareholders of our Class A Common Stock with respect to the second quarter of 2024. The quarterly dividend is payable on September 3, 2024 to shareholders of record as of the close of business on August 19, 2024. OpCo unitholders will also receive a distribution based on their pro rata ownership of OpCo Units.

The payment of quarterly cash dividends is subject to management's evaluation of our financial condition, results of operations and cash flows in connection with such payments and approval by our Board of Directors. Management and the Board of Directors will evaluate any future changes in cash dividends on a quarterly basis.

SilverBow Merger

On July 30, 2024 we consummated the SilverBow Merger as contemplated by the Merger Agreement. In connection with the closing of the SilverBow Merger, we increased the size of our Board of Directors to eleven members and appointed two additional directors designated by SilverBow. See *NOTE 3 – Acquisitions and Divestitures*, *NOTE 7 – Debt*, *NOTE 10 – Equity-Based Compensation Arrangements*, and *NOTE 11 – Related Party Transactions* for additional information on the SilverBow Merger and related transactions.

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 intended to provide the reader of the financial statements with a narrative from the perspective of management on the financial condition, results of operations, liquidity and certain other factors that may affect the Company's operating results. The following discussion and analysis should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report"), our Quarterly Report on Form 10-Q for the period ended March 31, 2024, as well as our unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023. The following information updates the discussion of our financial condition provided in our previous filings, and analyzes the changes in the results of operations between the three and six months ended June 30, 2024 and 2023. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, commodity price volatility, capital requirements and uncertainty of obtaining additional funding on terms acceptable to the Company, realized oil, natural gas and NGL prices, the timing and amount of future production of oil, natural gas and NGLs, shortages of equipment, supplies, services and qualified personnel, the integration of operations following and actual results of the SilverBow Merger (as defined below), as well as those factors discussed below and elsewhere in this Quarterly Report and in our Annual Report, particularly under "Risk Factors" and "Cautionary Statement Regarding Forward Looking Statements," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. Unless otherwise stated or the context otherwise indicates, all references to "we," "us," "our," "Crescent" and the "Company" or similar expressions refer to Crescent Energy Company and its subsidiaries.

Business

Crescent is a differentiated U.S. energy company committed to delivering value for shareholders through a disciplined growth through acquisition strategy and consistent return of capital. Our long-life, balanced portfolio combines stable cash flows from low-decline production with deep, high-quality development inventory. Our activities are focused in Texas and the Rocky Mountain region.

SilverBow Merger

On July 30, 2024, we consummated the SilverBow Merger. See "—Acquisitions and Divestitures." Upon the closing we expanded our position in the Eagle Ford increasing our production base by over 50% in the basin. Although this Quarterly Report on Form 10-Q was filed after the completion of the SilverBow Merger, information set forth herein only relates to the results of operations for Crescent Energy Company for the quarter and year-to-date periods ended June 30, 2024 and 2023 and does not include any operational or financial information for SilverBow for such periods.

Geopolitical developments and economic environment

During the last several years, prices of crude oil, natural gas and NGLs have experienced periodic downturns and sustained volatility, impacted by the COVID-19 pandemic and recovery, Russia's invasion of Ukraine and the related sanctions imposed on Russia, Hamas' attack against Israel and the ensuing conflict and escalation of tensions in the Middle East (including with Iran), supply chain constraints and elevated interest rates and costs of capital. Furthermore, the United States continued to experience a significant inflationary environment, which began in 2022 that, along with international geopolitical risks, has contributed to concerns of a potential recession in 2024 that has created further volatility. In June 2024, OPEC announced an extension of its production cuts through December 2025. The actions of OPEC with respect to oil production levels and announcements of potential changes in such levels, including agreement on and compliance with production cuts, may result in further volatility in commodity prices and the oil and natural gas industry generally. Such volatility may lead to a more difficult investing and planning environment for us and our customers. While we use derivative instruments to partially mitigate the impact of commodity price volatility, our revenues and operating results depend significantly upon the prevailing prices for oil and natural gas.

Due to the cyclical nature of the oil and gas industry, fluctuating demand for oilfield goods and services can put pressure on the pricing structure within our industry. As commodity prices rise, the cost of oilfield goods and services generally also increase, while during periods of commodity price declines, oilfield costs typically lag and do not adjust downward as fast as oil prices do. The U.S. inflation rate began increasing in 2021, peaked in the middle of 2022 and began to gradually decline in the second

half of 2022 and into 2023 and has remained relatively stable in the first half of 2024. Inflationary pressures have resulted in and may result in additional increases to the costs of our oilfield goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise. Sustained levels of high inflation have likewise caused the U.S. Federal Reserve and other central banks to increase interest rates in 2022 continuing through 2023 and, although the financial health of the oil and gas industry has shown improvement as compared to prior periods, to the extent elevated inflation remains, we may experience further cost increases for our operations, including oilfield services, labor costs and equipment. Higher oil and natural gas prices may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation and a significant increase in inflation, to the extent we are unable to recover higher costs through higher oil and natural gas prices and revenues, would negatively impact our business, financial condition and results of operations. See Part I, Item 1A. Risk Factors—"Risks related to the oil and natural gas industry—Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of our goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise" in our Annual Report.

In August 2022, the Inflation Reduction Act of 2022 ("IRA 2022") was signed into law. The IRA 2022 contains hundreds of billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. These incentives could further accelerate the transition of the U.S. economy away from the use of fossil fuels towards lower- or zero-carbon emissions alternatives, which could decrease demand for the oil and gas we produce and consequently materially and adversely affect our business and results of operations. In addition, the IRA 2022 imposes a federal fee on the emission of greenhouse gases through a methane emissions charge, including onshore petroleum and natural gas production. The methane emissions charge is expected to be collected in 2025 based on calendar year 2024 emissions and the fee is based on certain thresholds established in the IRA 2022. The methane emissions charge could increase our operating costs and adversely affect our business and results of operations. See Part II, Item 1A. Risk Factors for additional information. The IRA 2022 also imposes a 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations, such as Crescent, after December 31, 2022.

On March 6, 2024, the SEC finalized rules to require certain climate-related disclosures in filings for public companies, beginning in fiscal year 2026 for accelerated filers. However, the rule has been subject to consolidated legal challenges in the U.S. Court of Appeals for the Eighth Circuit and the SEC has announced that it will not implement the rule while litigation is pending. While we are still assessing the rule's potential impact on us, if the rule takes effect, we will be required to incur costs in order to comply.

Capital market transactions

In June 2024, we issued \$750.0 million aggregate principal amount of 7.375% senior notes due 2033 (the "2033 Notes") at par (the "2033 Notes Offering"). The proceeds from the 2033 Notes Offering were approximately \$734.8 million, after deducting the initial purchasers' discount and offering expenses. We used the net proceeds from the 2033 Notes Offering to fund the cash paid to the SilverBow stockholders and holders of SilverBow restricted stock units in connection with the SilverBow Merger and to repay SilverBow's existing indebtedness outstanding at the completion of the SilverBow Merger.

On April 1, 2024, Independence Energy Aggregator L.P., the entity through which certain private investors in affiliated KKR entities hold their interests in us, exchanged 6.0 million OpCo Units (and we cancelled a corresponding number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock (the "April 2024 Class A Conversion"). The shares of Class A Common Stock were sold at a price per share of \$10.74, pursuant to Rule 144, through a broker-dealer. We did not receive any proceeds or incur any material expenses related to the April 2024 Class A Conversion.

In March 2024, 16.1 million OpCo Units were acquired from Independence Energy Aggregator L.P. and we cancelled a corresponding number of shares of Class B Common Stock (the "March 2024 Redemption"). Of the total OpCo Units acquired, 13.8 million were acquired for shares of Class A Common Stock, which were subsequently sold in an underwritten public offering at a price to the public of \$10.50 per share, or a net price of \$9.87 per share after deducting the underwriters' discounts and commissions, from which we did not receive any proceeds, nor incur any material expenses with respect to such acquisition. In connection with the underwritten public offering, we repurchased 2.3 million OpCo Units from Independence Energy Aggregator L.P. for 22.7 million in cash and we cancelled a corresponding number of shares of Class B Common Stock (the "March 2024 Repurchase," together with the March 2024 Redemption, the "March 2024 Equity Transactions").

As a result of the April 2024 Class A Conversion and the March 2024 Equity Transactions (the "2024 Equity Transactions"), the total number of shares of our Class A Common Stock increased by 19.8 million shares and the total number of shares of our Class B Common Stock decreased by 22.1 million shares. Redeemable noncontrolling interests decreased by \$470.7 million while APIC increased by \$448.0 million as a result of the 2024 Equity Transactions to reflect the new ownership of OpCo as of June 30, 2024.

In March 2024, we issued \$700.0 million aggregate principal amount of 7.625% senior notes due 2032 (the "2032 Notes") at par (the "2032 Notes Offering"). The proceeds from the 2032 Notes Offering were approximately \$686.2 million, after deducting the initial purchasers' discount and offering expenses. We used the net proceeds and additional borrowing under our Revolving Credit Facility to finance the consideration of the Tender Offer and Redemption (each term as defined below) of all of the aggregate principal amount of the 2026 Notes outstanding for \$714.8 million after including extinguishment costs, as discussed further below.

Acquisitions and divestitures

Acquisitions

SilverBow Merger

In May 2024, we entered into an Agreement and Plan of Merger ("the Merger Agreement") with SilverBow Resources, Inc., a Delaware corporation ("SilverBow"), pursuant to which we agreed to acquire SilverBow through a series of mergers (the "SilverBow Merger"). Subject to the terms and conditions of the Merger Agreement, each share of SilverBow's common stock, par value \$0.01 per share ("SilverBow Common Stock") issued and outstanding immediately prior to the merger close date, was converted into the right to receive, pursuant to an election made and not revoked, one of the following forms of consideration: (A) 3.125 shares of Crescent Class A Common Stock, (B) a combination of 1.866 shares of Crescent Class A Common Stock and \$15.31 in cash or (C) \$38.00 in cash, subject to an aggregate cap of \$400.0 million on the total cash consideration payable for the SilverBow Common Stock in the SilverBow Merger. The Merger Agreement also provided that each outstanding SilverBow restricted stock unit, performance-based stock unit (assuming maximum performance) and in-the money stock option, whether vested or unvested, held by certain employees and directors of SilverBow (collectively, the "SilverBow Equity Awards") became fully vested and was canceled and converted into a right to receive a cash payment (less the exercise price in the case of stock options) or, in the case of the restricted stock units and performance-based stock units, a partial cash payment and partial settlement in shares of Crescent Class A Common Stock. Each stock option with an exercise price that equaled or exceeded the amount of such cash payment was cancelled for no consideration. The SilverBow Merger closed on July 30, 2024. In conjunction with closing, we issued 51.6 million shares, including 1.2 million net shares to partially settle the SilverBow Equity Awards, of our Class A Common Stock at \$11.82 per share and provided \$376.9 million of cash consideration, including cash to partially settle the SilverBow Equity Awards.

Other Acquisitions

In February 2024, we acquired a portfolio of oil and natural gas mineral interests located in the Karnes Trough of the Eagle Ford Basin from an unrelated third-party (the "Eagle Ford Minerals Acquisition") for total cash consideration of approximately \$25.0 million, including customary purchase price adjustments. The purchase price was funded using borrowings under our Revolving Credit Facility.

In July 2023, we consummated the acquisition contemplated by the Purchase and Sale Agreement, dated as of May 2, 2023, between our subsidiary and Comanche Holdings, LLC ("Comanche Holdings") and SN EF Maverick, LLC ("SN EF Maverick," and together with Comanche Holdings, the "Seller"), pursuant to which we agreed to acquire operatorship and incremental working interests (the "July Western Eagle Ford Acquisition") in certain of our existing Western Eagle Ford assets from the Seller for aggregate cash consideration of approximately \$592.7 million, including capitalized transaction costs and certain final purchase price adjustments.

In October 2023, we consummated an unrelated acquisition contemplated by the Purchase and Sale Agreement, dated as of August 22, 2023, between our subsidiary and an unaffiliated third party, pursuant to which we agreed to acquire certain incremental working interests in oil and natural gas properties (the "October Western Eagle Ford Acquisition," and together with the July Western Eagle Ford Acquisition, the "Western Eagle Ford Acquisitions") in certain of our existing Western Eagle Ford assets from the seller for aggregate cash consideration of approximately \$235.1 million, including certain customary purchase price adjustments.

Divestitures

During the three and six months ended June 30, 2024, we sold non-core assets to unrelated third-party buyers for \$23.2 million in aggregate net cash proceeds and recorded a gain on the sale of assets of approximately \$19.4 million.

Stewardship

We seek to strategically improve assets we own and acquire to deliver enhanced financial returns, operations and stewardship. We believe that being a responsible operator will produce better outcomes, creating a net benefit for society and the environment, while delivering attractive returns for our investors. We view exceptional sustainability performance as an opportunity to differentiate Crescent from its peers, mitigate risks and strengthen operational performance as well as benefit our stakeholders and the communities in which we operate.

We are members of the Oil & Gas Methane Partnership 2.0 Initiative, or OGMP 2.0, and received Gold Standard pathway ratings in 2022 and 2023 for our credible plan to more accurately measure our methane emissions. OGMP 2.0 is the United Nations Environment Programme's flagship oil and gas reporting and mitigation program and the leading industry standard for methane emissions reporting. We also established a Sustainability Advisory Council, an outside council comprising leading experts across key sustainability topics, to advise management and our Board of Directors on sustainability-related issues. In November 2023, we released our third Sustainability Report which is available on Crescent's website at <https://www.crescentenergyco.com/#sustainability>. The sustainability-related information found and/or provided in the Company's sustainability reports or on the Company's website in general is not intended or deemed to be incorporated by reference in this Quarterly Report.

How we evaluate our operations

We use a variety of financial and operational metrics to assess the performance of our oil, natural gas and NGL operations, including:

- Production volumes sold,
- Commodity prices and differentials,
- Operating expenses,
- Adjusted EBITDAX (non-GAAP), and
- Levered Free Cash Flow (non-GAAP)

Development program and capital budget

Our development program, which consists of expenditures for drilling, completion and recompletion activities, is designed to prioritize the generation of attractive risk-adjusted returns and meaningful free cash flow and is inherently flexible, with the ability to modify our capital program as necessary to react to the current market environment.

We expect to fund our 2024 capital program, excluding acquisitions, through cash flow from operations. Due to the flexible nature of our capital program and the fact that the majority of our acreage is held by production, we could choose to defer a portion or all of these planned capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated prices for oil, natural gas and NGLs and resulting well economics, the availability of necessary equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other interest owners.

Sources of revenues

Our revenues are primarily derived from the sale of our oil, natural gas and NGL production and are influenced by production volumes and realized prices, excluding the effect of our commodity derivative contracts. Pricing of commodities are subject to supply and demand as well as seasonal, political and other conditions that we generally cannot control. Our revenues may vary significantly from period to period as a result of changes in volumes of production sold or changes in commodity prices. The following table illustrates our production revenue mix for each of the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Oil	81 %	82 %	78 %	73 %
Natural gas	8 %	11 %	11 %	20 %
NGLs	11 %	7 %	11 %	7 %

In addition, revenue from our midstream assets is supported by commercial agreements that have established minimum volume commitments. These midstream revenues comprise the majority of our midstream and other revenue. Midstream and other revenue accounts for 6% or less of our total revenues for the three and six months ended June 30, 2024 and 2023.

Production volumes sold

The following table presents historical sales volumes for our properties:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Oil (MBbls)	6,602	5,810	13,005	11,130
Natural gas (MMcf)	33,863	30,526	70,567	62,076
NGLs (MBbls)	2,725	1,747	5,293	3,459
Total (MBoe)	14,971	12,645	30,059	24,935
Daily average (MBoe/d)	165	139	165	138

Total sales volume increased 2,326 MBoe and increased 5,124 MBoe during the three and six months ended June 30, 2024, respectively, compared to the three and six months ended June 30, 2023. The increases for the three and six months ended June 30, 2024 are primarily due to our Western Eagle Ford Acquisitions.

Commodity prices and differentials

Our results of operations depend upon many factors, particularly the price of commodities and our ability to market our production effectively.

The oil and natural gas industry is cyclical and commodity prices can be highly volatile. In recent years, commodity prices have been subject to significant fluctuations, impacted by the COVID-19 pandemic and recovery, Russia's invasion of Ukraine and the associated sanctions imposed on Russia, the Israel-Hamas conflict, actions taken by OPEC, sustained elevated inflation and increased U.S. drilling activity. Uncertainty persists regarding OPEC's actions, increased U.S. drilling, inflation and the armed conflicts in Ukraine and Israel. Additionally, market concern regarding the health of the global banking sector and any resultant recessionary effects contributed, among other factors, to increased volatility in the price for oil and natural gas.

In order to reduce the impact of fluctuations in oil and natural gas prices on revenues, we regularly enter into derivative contracts with respect to a portion of the estimated oil, natural gas and NGL production through various transactions that fix the future prices received. We plan to continue the practice of entering into economic hedging arrangements to reduce near-term exposure to commodity prices, protect cash flow and corporate returns and maintain our liquidity.

The following table presents the percentages of our production that was economically hedged through the use of derivative contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Oil	59 %	58 %	61 %	60 %
Natural gas	44 %	52 %	42 %	55 %
NGLs	— %	39 %	— %	40 %

The following table sets forth the average NYMEX oil and natural gas prices and our average realized prices for the periods presented:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Oil (Bbl):								
Average NYMEX	\$	80.57	\$	73.78	\$	78.76	\$	74.9
Realized price (excluding derivative settlements)		75.68		67.68		74.86		68.7
Realized price (including derivative settlements) ⁽¹⁾		67.94		63.14		67.54		62.9
Natural Gas (Mcf):								
Average NYMEX	\$	1.89	\$	2.10	\$	2.07	\$	2.7
Realized price (excluding derivative settlements)		1.51		1.71		1.86		3.4
Realized price (including derivative settlements)		2.27		1.92		2.52		3.2
NGLs (Bbl):								
Realized price (excluding derivative settlements)	\$	24.55	\$	19.38	\$	25.29	\$	22.0
Realized price (including derivative settlements)		24.55		25.72		25.29		27.4

⁽¹⁾ Does not include the \$16.3 million or \$35.0 million impact from the settlement of acquired derivative contracts for the three and six months ended June 30, 2023, respectively.

Results of operations:

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Revenues

The following table provides the components of our revenues, respective average realized prices and net sales volumes for the periods indicated:

	Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
Revenues (in thousands):				
Oil	\$ 499,622	\$ 393,248	\$ 106,374	27 %
Natural gas	51,274	52,054	(780)	(1) %
Natural gas liquids	66,903	33,851	33,052	98 %
Midstream and other	35,484	13,186	22,298	169 %
Total revenues	\$ 653,283	\$ 492,339	\$ 160,944	33 %
Average realized prices, before effects of derivative settlements:				
Oil (\$/Bbl)	\$ 75.68	\$ 67.68	\$ 8.00	12 %
Natural gas (\$/Mcf)	1.51	1.71	(0.20)	(12) %
NGLs (\$/Bbl)	24.55	19.38	5.17	27 %
Total (\$/Boe)	41.27	37.89	3.38	9 %
Net sales volumes:				
Oil (MBbls)	6,602	5,810	792	14 %
Natural gas (MMcf)	33,863	30,526	3,337	11 %
NGLs (MBbls)	2,725	1,747	978	56 %
Total (MBoe)	14,971	12,645	2,326	18 %
Average daily net sales volumes:				
Oil (MBbls/d)	73	64	9	14 %
Natural gas (MMcf/d)	372	335	37	11 %
NGLs (MBbls/d)	30	19	11	58 %
Total (MBoe/d)	165	139	26	19 %

Oil revenue. Oil revenue increased \$106.4 million, or 27%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023. This was driven by \$53.6 million increase in sales volume (9 MBbls/d or 14%) and higher realized oil prices that resulted in an increase of \$52.8 million (an increase of 12% per Bbl). The increase in sales volumes is primarily driven by our Western Eagle Ford Acquisitions.

Natural gas revenue. Natural gas revenue decreased \$0.8 million, or 1% in the three months ended June 30, 2024, compared to the three months ended June 30, 2023. This was driven by a \$6.0 million increase in sales volume (37 MMcf/d, or 11%), mostly offset by lower natural gas prices that resulted in a decrease of \$6.8 million (a decrease of 12% per Mcf). The increase in sales volumes is primarily due to our Western Eagle Ford Acquisitions.

NGL revenue. NGL revenue increased \$33.1 million, or 98%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023. This was driven primarily by a \$19.0 million increase in sales volume (11 MBbls/d, or 58%) and higher realized NGL prices that resulted in an increase of \$14.1 million (an increase of 27% per Bbl). The increase in sales volumes is primarily driven by our Western Eagle Ford Acquisitions.

Midstream and other revenue. Midstream and other revenue increased \$22.3 million, or 169%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, driven primarily by higher oil blending revenues in 2024.

Expenses

The following table summarizes our expenses for the periods indicated and includes a presentation on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
Expenses (in thousands):				
Operating expense	\$ 293,633	\$ 225,691	\$ 67,942	30 %
Depreciation, depletion and amortization	212,382	159,904	52,478	33 %
General and administrative expense	47,140	41,166	5,974	15 %
Other operating costs	(19,256)	1,541	(20,797)	NM*
Total expenses	<u>\$ 533,899</u>	<u>\$ 428,302</u>	<u>\$ 105,597</u>	25 %
Selected expenses per Boe:				
Operating expense	\$ 19.61	\$ 17.85	\$ 1.76	10 %
Depreciation, depletion and amortization	14.19	12.65	1.54	12 %

* NM = Not meaningful.

Operating expense. Operating expense increased \$67.9 million, or 30%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, driven primarily by the following factors:

- (i) Lease and asset operating expense increased \$20.4 million, or 16%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, and decreased \$0.22 per Boe, or 2%, to \$9.98 per Boe. This \$20.4 million increase was driven primarily by higher production from our Western Eagle Ford Acquisitions, which was more than offset on a per Boe basis with these additional volumes.
- (ii) Gathering, transportation and marketing expense increased \$14.3 million, or 28%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, and increased \$0.33 per Boe, or 8%, to \$4.40 per Boe. The increase was driven primarily by our Western Eagle Ford Acquisitions.
- (iii) Production and other taxes increased \$6.2 million, or 25%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, and increased \$0.12 per Boe, or 6%, to \$2.08 per Boe. This increase was driven primarily by higher oil and gas revenues, which increased the tax base on which our production and other taxes are calculated.
- (iv) Workover expense decreased \$1.1 million, or 6%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, and decreased \$0.31 per Boe, or 21%, to \$1.17 per Boe. This decrease was driven by lower natural gas prices and related reduced activity.
- (v) Midstream and other operating expense increased \$28.0 million in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, primarily due to increased crude oil blending expense. The additional crude oil blending expense is more than offset by additional oil blending revenue included as part of our Midstream and other revenue.

Depreciation, depletion and amortization. In the three months ended June 30, 2024, depreciation, depletion and amortization increased \$52.5 million, or 33%, compared to the three months ended June 30, 2023, driven primarily by increased production from our Western Eagle Ford Acquisitions.

General and administrative expense. General and administrative expense ("G&A") increased \$6.0 million, or 15%, for the three months ended June 30, 2024, compared to the three months ended June 30, 2023, primarily driven by higher recurring G&A including higher expense payable under the Management Agreement with KKR Energy Assets Manager LLC, which is the pro-rata portion of the Manager Compensation borne by us and a \$6.6 million increase in transaction and nonrecurring costs. Partially offset by a decrease in non-cash equity-based compensation expense of \$5.3 million. The increase in Manager Compensation expense is due to an increase in public ownership of Class A Common Stock as a result of (i) our equity issuance in 2023 that increased public shares outstanding and also increased the annual Manager Compensation by \$2.2 million to \$55.5 million annually, and (ii) share redemptions for our Class A Common Stock completed in the first quarter of 2024 and the second half of 2023, which does not increase the overall Manager Compensation, but does increase the portion of Manager Compensation borne by us. While the increase in public ownership of Class A Common Stock increased our non-cash equity-based compensation expense, G&A expense during the three months ended June 30, 2024 includes an additional catch up

expense of \$7.0 million due to change in estimate and the G&A expense during the three months ended June 30, 2023 included an additional catch up expense of \$18.0 million. While only the portion of Manager Compensation borne by us impacts our consolidated statements of operations, we include the full Manager Compensation in the calculation of Adjusted EBITDAX and Levered Free Cash Flow (the difference between the Manager Compensation and the amount presented in G&A is represented by "Certain-redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation").

	Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
General and administrative expense (in thousands):				
Recurring general and administrative expense	\$ 16,341	\$ 11,756	\$ 4,585	39 %
Transaction and nonrecurring expenses	8,508	1,859	6,649	358 %
Equity-based compensation	22,291	27,551	(5,260)	(19) %
Total general and administrative expense	\$ 47,140	\$ 41,166	\$ 5,974	15 %
General and administrative expense per Boe:				
Recurring general and administrative expense	\$ 1.09	\$ 0.93	\$ 0.16	17 %
Transaction and nonrecurring expenses	0.57	0.15	0.42	280 %
Equity-based compensation	1.49	2.18	(0.69)	(32) %

Other operating costs. Other operating costs include exploration expense and gain or loss on sale of assets. Other operating costs decreased by \$20.8 million, compared to the three months ended June 30, 2023, primarily driven by a \$19.4 million gain on sale of assets in 2024 and \$1.3 million lower exploration expense recognized during the three months ended June 30, 2024.

Interest expense

In the three months ended June 30, 2024, we incurred interest expense of \$42.4 million, as compared to \$31.1 million in the three months ended June 30, 2023, a 36% increase. This increase was driven primarily by higher average debt balances driven by the Western Eagle Ford Acquisitions and higher interest rates associated with the issuance of the 2028 Notes, the 2032 Notes and 2033 Notes (as defined below).

Gain (loss) on derivatives

We have entered into derivative contracts to manage our exposure to commodity price risks that impact our revenues. Our gain on commodity derivatives during the three months ended June 30, 2024 decreased by \$29.5 million, or 88%, from a comparable gain during the three months ended June 30, 2023 primarily due to changes in commodity prices relative to our strike price.

Income tax benefit (expense)

We are a corporation that is subject to U.S. federal and state income taxes on our allocable share of any taxable income from OpCo. OpCo is a partnership and is generally not subject to U.S. federal and certain state taxes. For the three months ended June 30, 2024 and June 30, 2023, we recognized income tax expense of \$11.5 million and \$9.2 million, respectively, for an effective tax rate of 14.1% and 13.8%, respectively. Our effective tax rate is lower than the U.S. federal statutory income tax rate of 21% primarily due to effects of removing income and losses related to our noncontrolling interests and redeemable noncontrolling interests.

Adjusted EBITDAX (non-GAAP) and Levered Free Cash Flow (non-GAAP)

Adjusted EBITDAX and Levered Free Cash Flow are supplemental non-GAAP financial measures used by our management to assess our operating results and liquidity. See "—Non-GAAP Financial Measures" below for their definitions and application.

The following table presents a reconciliation of Adjusted EBITDAX (non-GAAP) and Levered Free Cash Flow (non-GAAP) to net income (loss) and Levered Free Cash Flow (non-GAAP) to Net cash provided by operating activities, the most directly comparable financial measures, respectively, calculated in accordance with GAAP:

	Three Months Ended June 30,			\$ Change	% Change
	2024	2023			
(in thousands, except percentages)					
Net income (loss)	\$ 70,205	\$ 57,474	\$ 12,731		22 %
Adjustments to reconcile to Adjusted EBITDAX:					
Interest expense	42,359	31,128			
Loss from extinguishment of debt	—	—			
Income tax expense (benefit)	11,527	9,178			
Depreciation, depletion and amortization	212,382	159,904			
Exploration expense	193	1,541			
Non-cash (gain) loss on derivatives	(29,546)	(42,235)			
Non-cash equity-based compensation expense	22,291	27,551			
(Gain) loss on sale of assets	(19,449)	—			
Other (income) expense	(624)	(39)			
Certain redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation	(5,155)	(7,264)			
Transaction and nonrecurring expenses ⁽¹⁾	15,591	3,764			
Settlement of acquired derivative contracts	—	(16,331)			
Adjusted EBITDAX (non-GAAP)	\$ 319,774	\$ 224,671	\$ 95,103		42 %
Adjustments to reconcile to Levered Free Cash Flow:					
Interest expense, excluding non-cash amortization of deferred financing costs, discounts, and premiums	(40,940)	(29,830)			
Current income tax benefit (expense)	(11,725)	(869)			
Tax-related redeemable noncontrolling interest contributions (distributions) made by OpCo	(63)	140			
Development of oil and natural gas properties	(120,113)	(148,127)			
Levered Free Cash Flow (non-GAAP)	\$ 146,933	\$ 45,985	\$ 100,948		220 %

⁽¹⁾ Transaction and nonrecurring expenses of \$15.6 million for the three months ended June 30, 2024 were primarily related to our merger costs, capital markets transactions and integration expenses. Transaction and nonrecurring expenses of \$3.8 million for the three months ended June 30, 2023 were primarily related to our Western Eagle Ford Acquisition and system integration expenses.

	Three Months Ended June 30,			\$ Change	% Change
	2024	2023			
(in thousands, except percentages)					
Net cash provided by operating activities	\$ 286,926	\$ 183,466	\$ 103,460		56 %
Changes in operating assets and liabilities	(37,035)	13,761			
Certain redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation	(5,155)	(7,264)			
Tax-related redeemable noncontrolling interest contributions (distributions) made by OpCo	(63)	140			
Transaction and nonrecurring expenses ⁽¹⁾	15,591	3,764			
Other adjustments and operating activities	6,782	245			
Development of oil and natural gas properties	(120,113)	(148,127)			
Levered Free Cash Flow (non-GAAP)	\$ 146,933	\$ 45,985	\$ 100,948		220 %

⁽¹⁾ Transaction and nonrecurring expenses of \$15.6 million for the three months ended June 30, 2024 were primarily related to our merger costs, capital markets transactions and integration expenses. Transaction and nonrecurring expenses of \$3.8 million for the three months ended June 30, 2023 were primarily related to our Western Eagle Ford Acquisition and system integration expenses.

Adjusted EBITDAX (non-GAAP) increased by \$95.1 million, or 42%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, primarily driven by higher realized oil prices and additional production generated by the Western Eagle Ford Acquisitions.

Levered Free Cash Flow (non-GAAP) increased by \$100.9 million, or 220%, in the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily driven by our increased Adjusted EBITDAX and \$28.0 million of decreased capital expenditures.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Revenues

The following table provides the components of our revenues, respective average realized prices and net sales volumes for the periods indicated:

	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Revenues (in thousands):				
Oil	\$ 973,516	\$ 765,584	\$ 207,932	27 %
Natural gas	131,218	214,075	(82,857)	(39) %
Natural gas liquids	133,850	76,374	57,476	75 %
Midstream and other	72,172	26,443	45,729	173 %
Total revenues	\$ 1,310,756	\$ 1,082,476	\$ 228,280	21 %
Average realized prices, before effects of derivative settlements:				
Oil (\$/Bbl)	\$ 74.86	\$ 68.79	\$ 6.07	9 %
Natural gas (\$/Mcf)	1.86	3.45	(1.59)	(46) %
NGLs (\$/Bbl)	25.29	22.08	3.21	15 %
Total (\$/Boe)	41.21	42.35	(1.14)	(3) %
Net sales volumes:				
Oil (MBbls)	13,005	11,130	1,875	17 %
Natural gas (MMcf)	70,567	62,076	8,491	14 %
NGLs (MBbls)	5,293	3,459	1,834	53 %
Total (MBoe)	30,059	24,935	5,124	21 %
Average daily net sales volumes:				
Oil (MBbls/d)	71	61	10	16 %
Natural gas (MMcf/d)	388	343	45	13 %
NGLs (MBbls/d)	29	19	10	53 %
Total (MBoe/d)	165	138	27	20 %

Oil revenue. Oil revenue increased \$207.9 million, or 27%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023. This was driven by a \$129.0 million increase in sales volume (10 MBbls/d or 16%) and higher realized oil prices that resulted in an increase of \$78.9 million (an increase of 9% per Bbl). The increase in sales volumes is primarily driven by our Western Eagle Ford Acquisitions, while the increase in realized prices is due to improved oil realizations and higher index prices.

Natural gas revenue. Natural gas revenue decreased \$82.9 million, or 39% in the six months ended June 30, 2024, compared to the six months ended June 30, 2023. This was driven by lower natural gas prices that resulted in a decrease of \$112.2 million (a decrease of 46% per Mcf), partially offset by a \$29.3 million increase in sales volume (45 MMcf/d, or 13%). The increase in sales volumes was primarily due to our Western Eagle Ford Acquisitions while the decrease in realized prices is due to lower gas realizations and lower index prices.

NGL revenue. NGL revenue increased \$57.5 million, or 75%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023. This was driven primarily by a \$40.5 million increase in sales volume (10 MBbls/d, or 53%) and higher realized NGL prices that resulted in an increase of \$17.0 million (an increase of 15% per Bbl). The increase in sales volumes is primarily driven by our Western Eagle Ford Acquisitions.

Midstream and other revenue. Midstream and other revenue increased \$45.7 million, or 173%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, driven primarily by higher oil blending revenues in 2024.

Expenses

The following table summarizes our expenses for the periods indicated and includes a presentation on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Expenses (in thousands):				
Operating expense	\$ 597,807	\$ 497,539	\$ 100,268	20 %
Depreciation, depletion and amortization	388,946	306,387	82,559	27 %
General and administrative expense	89,855	62,404	27,451	44 %
Other operating costs	(19,256)	1,541	(20,797)	NM*
Total expenses	\$ 1,057,352	\$ 867,871	\$ 189,481	22 %
Selected expenses per Boe:				
Operating expense	\$ 19.89	\$ 19.95	\$ (0.06)	— %
Depreciation, depletion and amortization	12.94	12.29	0.65	5 %

* NM = Not meaningful.

Operating expense. Operating expense increased \$100.3 million, or 20%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, driven primarily by the following factors:

- (i) Lease and asset operating expense increased \$29.3 million, or 10%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, and decreased \$0.95 per Boe, or 8%, to \$10.36 per Boe. This \$29.3 million increase was driven primarily by higher production from our Western Eagle Ford Acquisitions, partially offset by lower cost residue gas purchases in the first quarter of 2024. During the first quarter of 2023, we experienced higher cost residue gas purchases related to increased natural gas prices in the west coast pricing market. This higher cost residue gas was more than offset by higher realized pricing during the period.
- (ii) Gathering, transportation and marketing expense increased \$36.5 million, or 37%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, and increased \$0.54 per Boe, or 14%, to \$4.51 per Boe. This increase was driven primarily by our Western Eagle Ford Acquisitions.
- (iii) Production and other taxes decreased \$16.2 million, or 20%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023 and decreased \$1.08 per Boe, or 34%, to \$2.12 per Boe. This decrease was driven primarily by lower natural gas revenues and increased gathering, transportation and marketing expense, which decreased the tax base on which a portion of our production and other taxes are calculated.
- (iv) Workover expense decreased \$1.4 million, or 4%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, and decreased \$0.26 per Boe, or 21%, to \$0.99 per Boe. This decrease was primarily caused by lower natural gas prices and related reduced activity.
- (v) Midstream and other operating expense increased \$52.0 million, or 943%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023 primarily due to increased crude oil blending expense. The additional crude oil blending expense is more than offset by additional oil blending revenue included as part of our Midstream and other revenue.

Depreciation, depletion and amortization. In the six months ended June 30, 2024, depreciation, depletion and amortization increased \$82.6 million, or 27%, compared to the six months ended June 30, 2023, driven primarily by increased production from our Western Eagle Ford Acquisitions.

General and administrative expense. G&A expense increased \$27.5 million, or 44%, for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, primarily driven by (i) an increase in non-cash equity-based compensation expense of \$15.3 million (2024 and 2023 include additional catch up expense of \$21.1 million and \$18.0 million due to changes in estimates) and (ii) \$5.9 million higher transaction and nonrecurring related expenses and higher recurring G&A including higher expense payable under the Management Agreement with KKR Energy Assets Manager LLC, which is the pro-rata portion of the Manager Compensation borne by us. The increase in Manager Compensation and our non-cash equity-based compensation expense is due to an increase in public ownership of Class A Common Stock as a result of (i) our equity issuance in 2023 that increased public shares outstanding and also increased the annual Manager Compensation by \$2.2 million to \$55.5 million annually, and (ii) share redemptions for our Class A Common Stock completed in the first quarter of 2024 and throughout 2023, which does not increase the overall Manager Compensation, but does increase the portion of Manager Compensation borne by us. While only the portion of Manager Compensation borne by us impacts our consolidated statements of operations, we include the full Manager Compensation in the calculation of Adjusted EBITDAX and Levered Free Cash Flow (the difference between the Manager Compensation and the amount presented in G&A is represented by “Certain-redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation”).

	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
General and administrative expense (in thousands):				
Recurring general and administrative expense	\$ 29,258	\$ 23,021	\$ 6,237	27 %
Transaction and nonrecurring expenses	10,132	4,227	5,905	140 %
Equity-based compensation	50,465	35,156	15,309	44 %
Total general and administrative expense	\$ 89,855	\$ 62,404	\$ 27,451	44 %
General and administrative expense per Boe:				
Recurring general and administrative expense	\$ 0.97	\$ 0.92	\$ 0.05	5 %
Transaction and nonrecurring expenses	0.34	0.17	0.17	100 %
Equity-based compensation	1.68	1.41	0.27	19 %

Other operating costs. Other operating costs include exploration expense and gain or loss on sale of assets. Other operating costs decreased by \$20.8 million, compared to the six months ended June 30, 2023, primarily driven by a \$19.4 million higher gain on sale of assets recognized during the six months ended June 30, 2024, partially offset by \$1.3 million in lower exploration expenses.

Interest expense

In the six months ended June 30, 2024, we incurred interest expense of \$85.0 million, as compared to \$60.4 million in the six months ended June 30, 2023, a 41% increase. This increase was driven primarily by higher average debt balances driven by the Western Eagle Ford Acquisitions and higher interest rates associated with the issuance of the 2028 Notes (as defined below), the 2032 Notes (as defined below) and the 2033 Notes (as defined below).

Loss on extinguishment of debt

During the six months ended June 30, 2024, we incurred a loss on the extinguishment of our 2026 Notes of \$22.6 million related to the \$14.8 million premium and interest paid for the Tender Offer and Redemption of the 2026 Notes and \$7.8 million related to the write-off of outstanding deferred finance costs related to the 2026 Notes.

Gain (loss) on derivatives

We have entered into derivative contracts to manage our exposure to commodity price risks that impact our revenues. Our loss on commodity derivatives during the six months ended June 30, 2024 decreased \$285.4 million, or 155%, from a gain of \$183.9 million during the six months ended June 30, 2023 primarily due to changes in commodity prices relative to our strike price.

Income tax benefit (expense)

We are a corporation that is subject to U.S. federal and state income taxes on our allocable share of any taxable income from OpCo. OpCo is a partnership and is generally not subject to U.S. federal and certain state taxes. For the six months ended June 30, 2024 and June 30, 2023, we recognized income tax expense of \$7.3 million and expense of \$25.5 million, respectively,

for an effective tax rate of 16.2% and 7.5%, respectively. Our effective tax rate is lower than the U.S. federal statutory income tax rate of 21% primarily due to effects of removing income and losses related to our noncontrolling interests and redeemable noncontrolling interests.

Adjusted EBITDAX (non-GAAP) and Levered Free Cash Flow (non-GAAP)

Adjusted EBITDAX and Levered Free Cash Flow are supplemental non-GAAP financial measures used by our management to assess our operating results and liquidity. See “[Non-GAAP Financial Measures](#)” below for their definitions and application.

The following table presents a reconciliation of Adjusted EBITDAX (non-GAAP) and Levered Free Cash Flow (non-GAAP) to net income (loss) and Levered Free Cash Flow (non-GAAP) to Net cash provided by operating activities, the most directly comparable financial measures, respectively, calculated in accordance with GAAP:

	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
(in thousands, except percentages)				
Net income (loss)	\$ 37,841	\$ 313,085	\$ (275,244)	(88) %
Adjustments to reconcile to Adjusted EBITDAX:				
Interest expense	85,045	60,448		
Loss from extinguishment of debt	22,582	—		
Income tax expense (benefit)	7,318	25,538		
Depreciation, depletion and amortization	388,946	306,387		
Exploration expense	193	1,541		
Non-cash (gain) loss on derivatives	53,250	(239,702)		
Non-cash equity-based compensation expense	50,465	35,156		
(Gain) loss on sale of assets	(19,449)	—		
Other (income) expense	(774)	(289)		
Certain redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation	(10,782)	(16,735)		
Transaction and nonrecurring expenses ⁽¹⁾	18,462	6,199		
Settlement of acquired derivative contracts	—	(34,978)		
Adjusted EBITDAX (non-GAAP)	\$ 633,097	\$ 456,650	\$ 176,447	39 %
Adjustments to reconcile to Levered Free Cash Flow:				
Interest expense, excluding non-cash amortization of deferred financing costs, discounts, and premiums	(79,250)	(58,100)		
Loss from extinguishment of debt, excluding non-cash write-off of deferred financing costs, discounts, and premiums	(14,817)	—		
Current income tax benefit (expense)	(12,441)	(1,381)		
Tax-related redeemable noncontrolling interest contributions (distributions) made by OpCo	(129)	128		
Development of oil and natural gas properties	(313,403)	(349,814)		
Levered Free Cash Flow (non-GAAP)	<u>\$ 213,057</u>	<u>\$ 47,483</u>	<u>\$ 165,574</u>	<u>349 %</u>

⁽¹⁾ Transaction and nonrecurring expenses of \$18.5 million for the six months ended June 30, 2024 were primarily related to our merger costs, capital markets transactions and integration expenses. Transaction and nonrecurring expenses of \$6.2 million for the six months ended June 30, 2023 were primarily related to our July Western Eagle Ford Acquisition and system integration expenses.

(in thousands, except percentages)	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Net cash provided by operating activities	\$ 470,696	\$ 423,556	\$ 47,140	11 %
Changes in operating assets and liabilities	50,300	(20,970)		
Certain redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation	(10,782)	(16,735)		
Tax-related redeemable noncontrolling interest contributions (distributions) made by OpCo	(129)	128		
Transaction and nonrecurring expenses ⁽¹⁾	18,462	6,199		
Loss from extinguishment of debt, excluding non-cash write-off of deferred financing costs, discounts, and premiums	(14,817)	—		
Other adjustments and operating activities	12,730	5,119		
Development of oil and natural gas properties	(313,403)	(349,814)		
Levered Free Cash Flow (non-GAAP)	\$ 213,057	\$ 47,483	\$ 165,574	349 %

⁽¹⁾ Transaction and nonrecurring expenses of \$18.5 million for the six months ended June 30, 2024 were primarily related to our merger costs, capital markets transactions and integration expenses. Transaction and nonrecurring expenses of \$6.2 million for the six months ended June 30, 2023 were primarily related to our July Western Eagle Ford Acquisition and system integration expenses.

Adjusted EBITDAX (non-GAAP) increased by \$176.4 million, or 39%, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, primarily driven by higher realized oil price and additional production generated by the Western Eagle Ford Acquisitions.

Levered Free Cash Flow (non-GAAP) increased by \$165.6 million, or 349%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily driven by our increased Adjusted EBITDAX, and \$36.4 million of decreased capital expenditures.

Liquidity and capital resources

Our primary sources of liquidity are cash flow from operations, borrowings under a senior secured reserve-based revolving credit agreement (as amended, restated, amended and restated or otherwise modified to date, the "Revolving Credit Facility") with Wells Fargo Bank, N.A., as administrative agent for the lenders and letter of credit issuer, and the lenders from time to time party thereto and, as appropriate and subject to market conditions, opportunistic capital markets offerings. Our primary expected uses of capital are for dividends to shareholders, debt repayment, development of our existing assets and acquisitions.

Our development program is designed to prioritize the generation of meaningful free cash flow and attractive risk-adjusted returns and is inherently flexible, with the ability to scale our capital program as necessary to react to the existing market environment and ongoing asset performance. See "—Development program and capital budget" above for additional discussion of our capital program.

We plan to continue our practice of entering into economic hedging arrangements to reduce the impact of the near-term volatility of commodity prices and the resulting impact on our cash flow from operations. A key tenet of our focused risk management efforts is an active economic hedge strategy to mitigate near-term price volatility while maintaining long-term exposure to underlying commodity prices. Our commodity derivative program focuses on entering into forward commodity contracts when investment decisions regarding reinvestment in existing assets or new acquisitions are finalized, targeting economic hedges for a portion of expected production as well as adding incremental derivatives to our production base over time. Our active derivative program allows us to preserve capital and protect margins and corporate returns through commodity cycles.

The following table presents our cash balances and outstanding borrowings at the end of each period presented:

	June 30, 2024	December 31, 2023
	(in thousands)	
Cash and cash equivalents	\$ 778,115	\$ 2,974
Long-term debt	2,403,679	1,694,375

Based on our planned capital spending, our forecasted cash flows and projected levels of indebtedness, we expect to maintain compliance with the covenants under our debt agreements. Further, based on current market indications, we expect to meet in the ordinary course of business other contractual cash commitments to third parties pursuant to the various agreements described under the heading "*Contractual obligations*" in our Annual Report, recognizing we may be required to meet such commitments even if our business plan assumptions were to change.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,	
	2024	2023
(in thousands)		
Net cash provided by operating activities	\$ 470,696	\$ 423,556
Net cash used in investing activities	(286,562)	(374,944)
Net cash (used in) provided by financing activities	594,461	12,045

Net cash provided by operating activities. Net cash provided by operating activities for the six months ended June 30, 2024 increased by \$47.1 million, or 11%, compared to the six months ended June 30, 2023 primarily due to higher net income after adjusting for non-cash items, partially offset by working capital changes.

Net cash used in investing activities. Net cash used in investing activities for the six months ended June 30, 2024 decreased by \$88.4 million, or 24%, compared to the six months ended June 30, 2023, primarily due to \$94.7 million reduction in our cash development capital expenditures, partially offset by \$4.5 million of additional acquisitions of oil and natural gas properties in 2024.

Net cash provided by financing activities. Net cash provided by financing activities for the six months ended June 30, 2024 was \$594.5 million, primarily a result of net cash received in our debt transactions, partially offset by the repurchase of OpCo Units, our redeemable noncontrolling interests distributions and our Class A Common Stock dividend. Net cash provided by financing activities for the six months ended June 30, 2023 was \$12.0 million, driven by net cash received in our debt transactions, offset by distributions to redeemable noncontrolling interests and our Class A Common Stock dividends.

Debt agreements

Senior Notes

2033 Notes

In June 2024, we issued \$750.0 million aggregate principal amount of 7.375% senior notes due 2033 (the "2033 Notes") at par (the "2033 Notes Offering"). The proceeds from the 2033 Notes Offering were approximately \$734.8 million, after deducting the initial purchasers' discount and offering expenses. We used the net proceeds from the 2033 Notes Offering to fund the cash paid to the SilverBow stockholders and holders of SilverBow restricted stock units in connection with the SilverBow Merger and to repay SilverBow's existing indebtedness outstanding at the completion of the SilverBow Merger.

The 2033 Notes bear interest at an annual rate of 7.375%, which is payable on January 15 and July 15 of each year, and mature on January 15, 2033. We may, at our option, redeem all or a portion of the 2033 Notes at any time on or after July 15, 2027 at certain redemption prices. We may also redeem up to 40% of the aggregate principal amount of the 2033 Notes before July 15, 2027 with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 107.375% of the principal amount of the 2033 Notes being redeemed, plus accrued and unpaid interest, in any, to, but excluding the redemption date, if at least 50% of the aggregate principal amount of the Notes remains outstanding immediately

after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. In addition, prior to July 15, 2027, we may redeem some or all of the 2033 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest, if any, to but excluding the redemption date.

2032 Notes

In March 2024, we issued \$700.0 million aggregate principal amount of 7.625% senior notes due 2032 (the "2032 Notes") at par (the "2032 Notes Offering"). The proceeds from the 2032 Notes Offering were approximately \$686.2 million, after deducting the initial purchasers' discount and offering expenses. We used the net proceeds and additional borrowing under our Revolving Credit Facility to finance the consideration of the Tender Offer and Redemption (each term as defined below) of all of the aggregate principal amount of the 2026 Notes outstanding for \$714.8 million after including extinguishment costs, as discussed further below.

The 2032 Notes bear interest at an annual rate of 7.625%, which is payable on April 1 and October 1 of each year, and mature on April 1, 2032. We may, at our option, redeem all or a portion of the 2032 Notes at any time on or after April 1, 2027 at certain redemption prices. We may also redeem up to 40% of the aggregate principal amount of the 2032 Notes before April 1, 2027 with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 107.625% of the principal amount of the 2032 Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date. In addition, prior to April 1, 2027, we may redeem some or all of the 2032 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding the redemption date.

2028 Notes

In February 2023, we issued \$400.0 million aggregate principal amount of 9.250% senior notes due 2028 (the "2028 Notes") at par. In July 2023, we issued an additional \$300.0 million, aggregate principal amount of 2028 Notes at 98.000% of par. In September 2023, we issued an additional \$150.0 million aggregate principal amount of 2028 Notes at 101.125% of par. In December 2023, we issued an additional \$150.0 million aggregate principal amount of 2028 Notes at 102.125% of par. The aggregate proceeds from the offerings of the 2028 Notes were \$977.4 million, after adjusting for discounts, premiums and offering expenses, but excluding accrued interest payable by purchasers of the 2028 Notes. We used the aggregate net proceeds to repay a portion of our outstanding balance under our Revolving Credit Facility (as defined herein) and to fund a portion of the Western Eagle Ford Acquisitions.

All issuances of the 2028 Notes are treated as a single series of securities under the indenture governing the 2028 Notes, will vote together as a single class, and have substantially identical terms, other than the issue date, the issue price, and the first interest payment date.

We may, at our option, redeem all or a portion of the 2028 Notes at any time on or after February 15, 2025 at certain redemption prices. We may also redeem up to 40% of the aggregate principal amount of the 2028 Notes before February 15, 2025 with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 109.250% of the principal amount of the 2028 Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date. In addition, prior to February 15, 2025, we may redeem some or all of the 2028 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding the redemption date.

2026 Notes

At December 31, 2023 we had \$700.0 million outstanding aggregate principal amount of 7.250% senior notes due 2026 (the "2026 Notes") that were subject to the indenture dated May 6, 2021, as supplemented to the date hereof, between us and our trustee (the "2021 Indenture"). In March 2024, pursuant to a cash tender offer (the "Tender Offer") and redemption of any remaining 2026 Notes following the Tender Offer (the "Redemption"), we extinguished all of our 2026 Notes. After the Tender Offer and the Redemption, the 2021 Indenture was satisfied and discharged on March 26, 2024, and we have no further obligations under the 2021 Indenture at March 31, 2024. We repurchased all of the 2026 Notes at a blended price of 101.857% of par and thus incurred a Loss on the extinguishment of debt of \$22.6 million, including the write-off of our remaining deferred financing costs.

After the completion of the Tender Offer and Redemption, the 2028 Notes, the 2032 Notes and 2033 Notes (collectively, the "Senior Notes") are our senior unsecured obligations and the notes and the guarantees issued in connection with the issuance of the Senior Notes rank equally in right of payment with the borrowings under our Revolving Credit Facility and any of our other

future senior indebtedness and senior to any of our future subordinated indebtedness. The Senior Notes are guaranteed on a senior unsecured basis by each of our existing and future subsidiaries that will guarantee our Revolving Credit Facility. The Senior Notes and the guarantees are effectively subordinated to all of our secured indebtedness (including all borrowings and other obligations under our Revolving Credit Facility) to the extent of the value of the collateral securing such indebtedness and structurally subordinated in right of payment to all existing and future indebtedness and other liabilities (including trade payables) of any future subsidiaries that do not guarantee the Senior Notes. Under each of the indentures governing the Senior Notes, Crescent Finance may issue additional notes that will be treated as a single series and vote together as a single class and have substantially identical terms and conditions.

The indentures governing the Senior Notes contain covenants that, among other things, limit the ability of our restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends or distributions in respect of its equity or redeem, repurchase or retire its equity or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from any non-Guarantor restricted subsidiary to it; (vii) consolidate, merge or transfer all or substantially all of its assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries.

If we experience certain kinds of changes of control accompanied by a ratings decline, holders of the Senior Notes may require us to repurchase all or a portion of their notes at certain redemption prices. The Senior Notes are not listed, and we do not intend to list the Senior Notes in the future, on any securities exchange, and currently there is no public market for the Senior Notes.

Revolving Credit Facility

In connection with the issuance of the 2026 Notes in May 2021, Crescent Energy Finance LLC entered into the Revolving Credit Facility. The Revolving Credit Facility matures on April 10, 2029. At June 30, 2024, we had no outstanding borrowings under the Revolving Credit Facility and \$21.5 million in outstanding letters of credit. Our elected commitment amount was approximately \$1.3 billion. Subsequent to the balance sheet date and in connection with the closing of the SilverBow Merger, we borrowed \$724.0 million under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at either a (i) U.S. dollar alternative base rate (based on the prime rate, the federal funds effective rate or an adjusted secured overnight financing rate ("SOFR"), plus an applicable margin, or (ii) SOFR, plus an applicable margin, at the election of the borrowers. The applicable margin varies based upon our borrowing base utilization then in effect. The fee payable for the unused revolving commitments at June 30, 2024 is 0.375% per year. Our weighted average interest rate on loan amounts outstanding at December 31, 2023 was 9.75%. We had no borrowings outstanding under the Revolving Credit Facility at June 30, 2024.

The borrowing base under the Revolving Credit Facility was \$1.7 billion and \$2.0 billion as of June 30, 2024 and December 31, 2023. The borrowing base is subject to semi-annual scheduled redeterminations on or about April 1 and October 1 of each year, as well as (i) elective borrowing base interim redeterminations at our request not more than twice during any consecutive 12-month period or the required lenders not more than once during any consecutive 12-month period and (ii) elective borrowing base interim redeterminations at our request following any acquisition of oil and natural gas properties with a purchase price in the aggregate of at least 5.0% of the then effective borrowing base. The borrowing base will be automatically reduced upon (a) the issuance of certain permitted junior lien debt and other permitted additional debt, (b) the sale or other disposition of borrowing base properties if the aggregate net present value, discounted at 9% per annum ("PV-9") of such properties sold or disposed of is in excess of 5.0% of the borrowing base then in effect and (c) early termination or set-off of swap agreements (x) the administrative agent relied on in determining the borrowing base or (y) if the value of such swap agreements so terminated is in excess of 5.0% of the borrowing base then in effect.

The obligations under the Revolving Credit Facility remain secured by first priority liens on substantially all of our and the guarantors' tangible and intangible assets, including without limitation, oil and natural gas properties and associated assets and equity interests owned by us and such guarantors. In connection with each redetermination of the borrowing base, we must maintain mortgages on at least 85% of the PV-9 of the oil and gas properties that constitute borrowing base properties. Our domestic direct and indirect subsidiaries are required to be guarantors under the Revolving Credit Facility, subject to certain exceptions.

The Revolving Credit Facility contains certain covenants that restrict the payment of cash dividends, certain borrowings, sales of assets, loans to others, investments, merger activity, commodity swap agreements, liens and other transactions without the adherence to certain financial covenants or the prior consent of our lenders. We are subject to (i) maximum leverage ratio and (ii) current ratio financial covenants calculated as of the last day of each fiscal quarter. The Revolving Credit Facility also

contains representations, warranties, indemnifications and affirmative and negative covenants, including events of default relating to nonpayment of principal, interest or fees, inaccuracy of representations or warranties in any material respect when made or when deemed made, violation of covenants, bankruptcy and insolvency events, certain unsatisfied judgments and a change of control. If an event of default occurs and we are unable to cure such default, the lenders will be able to accelerate maturity and exercise other rights and remedies. At June 30, 2024, we were in compliance with each of the covenants under the Revolving Credit Facility and expect to remain in compliance with these covenants for the foreseeable future.

On April 10, 2024, we entered into the Seventh Amendment to the Revolving Credit Facility, which, among other things, the amendment included a reduction of the borrowing base to \$1.7 billion from \$2.0 billion, maintained elected commitments at \$1.3 billion and extended the maturity date of any revolving loans under the Revolving Credit Facility to April 10, 2029. The amendment also modified the fee payable for the unused revolving commitments such that it is 0.375% or 0.50% per year based on utilization of the Revolving Credit Facility and maintained the applicable margin, so that the loans under the Revolving Credit Facility will continue to be priced based on SOFR plus 2.35% to 3.35% or an adjusted base rate plus 1.25% to 2.25%, in each case, based on utilization of the Revolving Credit Facility.

On May 24, 2024, we entered into the Eighth Amendment to the Revolving Credit Facility, which, among other things, increased the threshold amount for the incurrence of certain additional indebtedness from \$500.0 million to \$1.0 billion during the period beginning on May 24, 2024 and ending on the scheduled redetermination date for the October 1, 2024 scheduled borrowing base redetermination. As a result, during this period, the borrowing base will not be required to be reduced by 0.25x of the principal amount of such new debt incurrences so long as the principal amount of such indebtedness does not exceed the \$1.0 billion aggregate threshold.

On June 14, 2024, we entered into the Ninth Amendment to the Revolving Credit Facility, which, among other things, (a) permits the issuance of the 2033 Notes as permitted additional debt under the Revolving Credit Facility and (b) excludes the proceeds of the 2033 Notes from the requirement to prepay the revolving loans under the Revolving Credit Facility with excess cash on a monthly basis until the earliest to occur of (i) the date of consummation of the SilverBow Merger, (ii) the date on which we redeem the 2033 Notes in full as a result of the occurrence of an event requiring special mandatory redemption and (iii) May 22, 2025.

On July 30, 2024, in connection with the closing of the SilverBow Merger, we entered into the Tenth Amendment to the credit agreement governing our Revolving Credit Facility. Among other things, the amendment increased the aggregate elected commitment amount to \$2.0 billion and increased the borrowing base from \$1.7 billion to \$2.6 billion.

Capital expenditures

Our acquisition and development expenditures consist of acquisitions of proved and unproved property, expenditures associated with the development of our oil and natural gas properties and other asset additions. Cash expenditures for drilling, completion and recompletion activities are presented as "*Development of oil and natural gas properties*" in investing activities on our condensed consolidated statements of cash flows.

We expect to fund our 2024 capital program, excluding acquisitions through cash flow from operations. The amount and timing of capital expenditures on development of oil and natural gas properties is substantially within our control due to the held-by-production nature of our assets. We regularly review our capital expenditures throughout the year and could choose to adjust our investments based on a variety of factors, including but not limited to the success of our drilling activities, prevailing and anticipated prices for oil, natural gas and NGLs, the availability of necessary equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other interest owners. Any postponement or elimination of our development drilling program could result in a reduction of proved reserve volumes and the related Standardized Measure. These risks could materially affect our business, financial condition and results of operations.

The table below presents our capital expenditures and related metrics that we use to evaluate our business for the periods presented:

	Six Months Ended June 30,	
	2024	2023
	(in thousands)	
Total development of oil and natural gas properties	\$ 313,403	\$ 349,814
Change in accruals or other non-cash adjustments	(24,849)	33,426
Cash used in development of oil and natural gas properties	288,554	383,240
Cash used in acquisition of oil and natural gas properties	19,532	14,996
Total expenditures on acquisition and development of oil and natural gas properties	\$ 308,086	\$ 398,236

Our development of oil and natural gas properties was lower during the six months ended June 30, 2024, compared to the six months ended June 30, 2023. The decrease in our development is related to the timing of development activity in 2024 is related to the timing of our operations. We used cash of \$19.5 million in the six months ended June 30, 2024 for the acquisition of oil and natural gas properties, as compared to \$15.0 million in 2023, primarily related to the Eagle Ford Minerals Acquisition (see Notes to condensed consolidated financial statements, *NOTE 3 – Acquisitions and Divestitures* in Part I, Item 1. Financial Statements of this Quarterly Report).

Contractual obligations

As of June 30, 2024, there have been no material changes to the contractual obligations previously disclosed in our Annual Report.

Dividends

Our future dividends depend on our level of earnings, financial requirements and other factors and will be subject to approval by our Board of Directors, applicable law and the terms of our existing debt documents, including the indentures governing the Senior Notes.

We paid cash dividends of \$0.24 per share of our Class A Common Stock to shareholders during the six months ended June 30, 2024.

On August 5, 2024, the Board of Directors approved a quarterly cash dividend of \$0.12 per share, or \$0.48 per share on an annualized basis, to be paid to shareholders of our Class A Common Stock with respect to the second quarter of 2024. The quarterly dividend is payable on September 3, 2024 to shareholders of record as of the close of business on August 19, 2024. OpCo unitholders will also receive a distribution based on their pro rata ownership of OpCo Units.

The payment of quarterly cash dividends is subject to management's evaluation of our financial condition, results of operations and cash flows in connection with such payments and approval by our Board of Directors. In light of current economic conditions, management will evaluate any future changes in cash dividends on a quarterly basis.

Critical accounting policies and estimates

This discussion and analysis of our financial and results of operations are based upon our unaudited condensed consolidated financial statements. A complete list of our significant accounting policies is described in *Note 2 – Summary of Significant Accounting Policies* in our audited financial statements as of and for the year ended December 31, 2023 in our Annual Report. Refer also to "Critical accounting estimates" in Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report. There have been no changes to our significant accounting policies and critical accounting estimates as of June 30, 2024.

Non-GAAP financial measures

Our MD&A includes financial measures that have not been calculated in accordance with U.S. GAAP. These non-GAAP measures include the following:

- Adjusted EBITDAX; and
- Levered Free Cash Flow

These are supplemental non-GAAP financial measures used by our management to assess our operating results and assist us to make our investment decisions. We believe that the presentation of these non-GAAP financial measures provides investors with greater transparency with respect to our results of operations, as well as liquidity and capital resources, and that these measures are useful for period-to-period comparison of results.

We define Adjusted EBITDAX as net income (loss) before interest expense, loss from extinguishment of debt, income tax expense (benefit), depreciation, depletion and amortization, exploration expense, non-cash gain (loss) on derivatives, non-cash equity-based compensation, (gain) loss on sale of assets, other (income) expense and transaction and nonrecurring expenses. Additionally, we further subtract certain redeemable noncontrolling interest distributions made by OpCo related to Manager Compensation and settlement of acquired derivative contracts.

Adjusted EBITDAX is not a measure of performance as determined by GAAP. We believe Adjusted EBITDAX is a useful performance measure because it allows for an effective evaluation of our operating performance when compared against our peers, without regard to our financing methods, corporate form or capital structure. We exclude the items listed above from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with GAAP, of which such measure is the most comparable GAAP measure. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDAX. Our presentation of Adjusted EBITDAX should not be construed as an inference that our results will be unaffected by unusual or nonrecurring items. Our computations of Adjusted EBITDAX may not be identical to other similarly titled measures of other companies. In addition, the Revolving Credit Facility and Senior Notes include a calculation of Adjusted EBITDAX for purposes of covenant compliance.

We define Levered Free Cash Flow as Adjusted EBITDAX less interest expense, excluding non-cash amortization of deferred financing costs, discounts, and premiums, loss from extinguishment of debt, excluding non-cash write-off of deferred financing costs, discounts, and premiums, current income tax benefit (expense), tax-related redeemable noncontrolling interest distributions made by OpCo and development of oil and natural gas properties. Levered Free Cash Flow does not take into account amounts incurred on acquisitions.

Levered Free Cash Flow is not a measure of liquidity as determined by GAAP. Levered Free Cash Flow is a supplemental non-GAAP liquidity measure that is used by our management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We believe Levered Free Cash Flow is a useful liquidity measure because it allows for an effective evaluation of our operating and financial performance and the ability of our operations to generate cash flow that is available to reduce leverage or distribute to our equity holders. Levered Free Cash Flow should not be considered as an alternative to, or more meaningful than, Net cash flow provided by operating activities as determined in accordance with GAAP, of which such measure is the most comparable GAAP measure, or as an indicator of actual liquidity, operating performance or investing activities. Our computations of Levered Free Cash Flow may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDAX and Levered Free Cash Flow should be read in conjunction with the information contained in our condensed consolidated financial statements prepared in accordance with GAAP. For a reconciliation of these non-GAAP measures to the nearest comparable GAAP measures, see “—Results of Operations—Adjusted EBITDAX (non-GAAP) and Levered Free Cash Flow (non-GAAP)” above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk, including the effects of adverse changes in commodity prices and interest rates as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses but rather indicators of reasonably possible losses.

Commodity price risk

Our major market risk exposure is in the pricing that we receive for our oil, natural gas and NGLs production.

Pricing for oil, natural gas and NGLs has been volatile and unpredictable for several years, and we expect this volatility to continue in the future. The prices we receive for our production depend on many factors outside of our control, such as the strength of the global economy and global supply and demand for the commodities we produce.

To reduce the impact of fluctuations in oil, natural gas and NGLs prices on our cash flows, we regularly enter into commodity derivative contracts with respect to certain of our oil, natural gas and NGL production through various transactions that limit the risks of fluctuations of future prices. A key tenet of our focused risk management effort is an active economic hedge strategy to mitigate near-term price volatility while maintaining long-term exposure to underlying commodity prices. Our hedging program allows us to preserve capital, protect margins and corporate returns through commodity cycles and return capital to investors. Future transactions may include price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty. Additionally, we may enter into collars, whereby we receive the excess, if any, of the fixed floor over the floating rate or pay the excess, if any, of the floating rate over the fixed ceiling. These economic hedging activities are intended to limit our near-term exposure to product price volatility and to maintain stable cash flows, a strong balance sheet and attractive corporate returns.

As of June 30, 2024, our derivative portfolio had an aggregate notional value of approximately \$1.4 billion, and the fair market value of our commodity derivative contracts was a net liability of \$32.9 million. We determine the fair value of our oil and natural gas commodity derivatives using valuation techniques that utilize market quotes and pricing analysis. Inputs include publicly available prices and forward price curves generated from a compilation of data gathered from third parties.

Based upon our open commodity derivative positions at June 30, 2024, a hypothetical 10% increase or decrease in the NYMEX WTI price, Brent price, Henry Hub Index price, NGL prices and basis prices would change our net commodity derivative position. If prices increased by 10%, our derivative position would change by approximately \$93.4 million. If prices decreased by 10%, our derivative position would change by approximately \$73.1 million. The hypothetical change in fair value could be a gain or a loss depending on whether commodity prices decrease or increase.

Derivative assets and liabilities are classified on the condensed consolidated balance sheets as risk management assets and liabilities. We use derivative instruments and enter into swap contracts which are governed by International Swaps and Derivatives Association ("ISDA") master agreements. Amounts not offset on the condensed consolidated balance sheets represent positions that do not meet all of the conditions to be netted on such balance sheet, such as the legally enforceable right of offset or the execution of a master netting arrangement. See Notes to condensed consolidated financial statements, *NOTE 4 – Derivatives* in Part I, Item 1. Financial Statements of this Quarterly Report for additional discussion.

Counterparty and customer credit risk

Our cash and cash equivalents are exposed to concentrations of credit risk. We manage and control this risk by investing these funds with major financial institutions. We often have balances in excess of the federally insured limits.

We sell oil, natural gas and NGLs to various types of customers. Credit is extended based on an evaluation of our customer's financial conditions and historical payment record. The future availability of a ready market for oil, natural gas and NGLs depends on numerous factors outside of our control, none of which can be predicted with certainty.

We do not believe the loss of any single customer would materially impact our operating results because oil, natural gas and NGLs are fungible products with well-established markets and numerous purchasers.

To minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by our management as competent and competitive market makers. Additionally, our ISDAs allow us to net positions with the same counterparty to minimize credit risk exposure. The creditworthiness of our counterparties is subject to periodic review.

Interest rate risk

At June 30, 2024, we had no amount of variable rate debt outstanding. Assuming no change in the amount outstanding, a 1% (or 100 basis point) increase or decrease in the average interest rate would result in an approximately \$0.3 million increase or decrease in interest expense on our average variable rate debt outstanding for the six months ended June 30, 2024.

Item 4. Controls and Procedures

Limitations on effectiveness of controls and procedures

We maintain disclosure controls and procedures ("Disclosure Controls") within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our Disclosure Controls are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Our Disclosure Controls are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our Disclosure Controls, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Evaluation of disclosure controls and procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our Disclosure Controls were effective.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

The Company may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business. We are currently unaware of any proceedings that, in the opinion of management, will individually or in the aggregate have a material adverse effect on our financial position, results of operations or cash flows. Additional information required for this Item is provided in Notes to condensed consolidated financial statements, *Note 9 – Commitments and Contingencies* in Part I, Item 1. Financial Statements of this Quarterly Report, which is incorporated by reference into this Item.

Item 1A. Risk Factors

There are a number of risks that we believe are applicable to our business and the oil and gas industry in which we operate. These risks are described elsewhere in this report or our other filings with the SEC, including the section entitled "Item 1A. Risk Factors" beginning on page 36 in our Annual Report. If any of the risks and uncertainties described within our Annual Report or elsewhere in this Quarterly Report actually occur, our business, financial condition or results of operations could be materially and adversely affected.

The integration of SilverBow into Crescent may not be as successful as anticipated, and Crescent may not achieve the intended benefits or do so within the intended timeframe.

The SilverBow Merger involves numerous operational, strategic, financial, accounting, legal, tax and other risks, including potential liabilities associated with the acquired business. Difficulties in integrating SilverBow into Crescent, and Crescent's ability to manage the combined company, may result in the combined company performing differently than expected, in operational challenges or in the delay or failure to realize anticipated expense-related efficiencies, and could have an adverse effect on the financial condition, results of operations or cash flows of Crescent. Potential difficulties that may be encountered in the integration process include, among other factors:

- the inability to successfully integrate the businesses of SilverBow into Crescent, operationally and culturally, in a manner that permits Crescent to achieve the full revenue and cost savings anticipated from the SilverBow Merger;
- complexities associated with managing a larger, more complex, integrated business;
- complexities resulting from the different accounting methods of Crescent and SilverBow;
- the inability to retain key employees and otherwise integrate personnel from the two companies and the 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 integrating SilverBow's operations into Crescent; and
- the disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Additionally, the success of the SilverBow Merger will depend, in part, on Crescent's ability to realize the anticipated benefits and cost savings from combining Crescent's and SilverBow's businesses, including operational and other synergies that Crescent believes the combined company will achieve. The anticipated benefits and cost savings of the SilverBow Merger may not be realized fully or at all, may take longer to realize than expected or could have other adverse effects that Crescent does not currently foresee. Some of the assumptions that Crescent has made, such as the achievement of operating synergies, may not be realized.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information with respect to our repurchases of shares of Class A Common Stock during the quarter ended June 30, 2024.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs.
4/1/2024 - 4/30/2024	—	—	—	\$127,299,000
5/1/2024 - 5/31/2024	—	—	—	\$127,299,000
6/1/2024 - 6/30/2024	—	—	—	\$127,299,000

Our Board of Directors authorized a stock repurchase program on March 4, 2024 with an approved limit of \$150.0 million and a two-year term. Repurchases may be of our Class A Common Stock or of OpCo Units (with the cancellation of a corresponding number of shares of our Class B Common Stock). Such repurchase may be made by Crescent or by OpCo, as applicable, and may be made from time to time in the open market, in a privately negotiated transaction, through purchases made in accordance with the Rule 10b5-1 of the Exchange Act or by such other means as will comply with applicable state and federal securities laws. The timing of any repurchases under the stock repurchase program will depend on market conditions, contractual limitations and other considerations. The program may be extended, modified, suspended or discontinued at any time, and does not obligate us to repurchase any dollar amount or number of securities. The 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the IRA 2022 applies to repurchases of our Class A Common Stock pursuant to our stock repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
2.1#	Purchase and Sale Agreement, dated as of May 2, 2023, by and among Mesquite Comanche Holdings, LLC, SN EF Maverick, LLC and Javelin EF L.P. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2023).
2.2#	First Amendment to Purchase and Sale Agreement, dated as of July 3, 2023, by and among Mesquite Comanche Holdings, LLC, SN EF Maverick, LLC and Javelin EF L.P. (incorporated by reference to Exhibit 2.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 4, 2024).
2.3#	Second Amendment to Purchase and Sale Agreement, dated as of December 18, 2023, by and among Mesquite Comanche Holdings, LLC, SN EF Maverick, LLC and Javelin EF L.P. (incorporated by reference to Exhibit 2.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 4, 2024).
2.4*	Third Amendment to Purchase and Sale Agreement, dated as of June 11, 2024, by and among Mesquite Comanche Holdings, LLC, SN EF Maverick, LLC and Javelin EF L.P.
2.5#	Agreement and Plan of Merger, dated May 15, 2024, by and among Crescent Energy Company, Artemis Acquisition Holdings Inc., Artemis Merger Sub Inc., Artemis Merger Sub II LLC and SilverBow Resources, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on May 16, 2024).

3.1	Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 7, 2021).
3.2	Amended and Restated By-Laws of Registrant (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 7, 2021).
4.1	Indenture, dated as of May 6, 2021, among Crescent Energy Finance LLC (f/k/a Independence Energy Finance LLC), the guarantors named therein, and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2022).
4.2	First Supplemental Indenture, dated as of January 14, 2022, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2022).
4.3	Second Supplemental Indenture, dated as of February 10, 2022, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2022).
4.4	Third Supplemental Indenture, dated as of April 1, 2022, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 10, 2022).
4.5	Fourth Supplemental Indenture, dated as of April 20, 2022, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 10, 2022).
4.6	Fifth Supplemental Indenture, dated as of October 12, 2022, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on November 9, 2022).
4.7	Sixth Supplemental Indenture, dated as of March 6, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 7, 2023).
4.8	Indenture, dated as of February 1, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 1, 2023).
4.9	First Supplemental Indenture, dated as of July 20, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 21, 2023).
4.10	Second Supplemental Indenture, dated as of September 12, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 12, 2023).
4.11	First Supplemental Indenture, dated as of July 20, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 21, 2023).
4.12	Second Supplemental Indenture, dated as of September 12, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 12, 2023).
4.13	Third Supplemental Indenture, dated as of December 8, 2023, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 8, 2023).

4.14	<u>Indenture, dated as of March 26, 2024, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 28, 2024).</u>
4.15	<u>Indenture, dated as of June 14, 2024, among Crescent Energy Finance LLC, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 18, 2024).</u>
10.1	<u>Seventh Amendment to Credit Agreement, dated April 10, 2024, by and among Crescent Energy Finance LLC, certain subsidiaries of Crescent Energy Finance LLC, as guarantors, Wells Fargo Bank, National Association, as administrative agent, collateral agent and a letter of credit issuer, and the other lenders and letter of credit issuers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 12, 2024).</u>
10.2	<u>Eighth Amendment to Credit Agreement, dated May 24, 2024, by and among Crescent Energy Finance LLC, certain subsidiaries of Crescent Energy Finance LLC, as guarantors, Wells Fargo Bank, National Association, as administrative agent, collateral agent and a letter of credit issuer, and the other lenders and letter of credit issuers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on May 30, 2024).</u>
10.3	<u>Ninth Amendment to Credit Agreement, dated June 14, 2024, by and among Crescent Energy Finance LLC, certain subsidiaries of Crescent Energy Finance LLC, as guarantors, Wells Fargo Bank, National Association, as administrative agent, collateral agent and a letter of credit issuer, and the other lenders and letter of credit issuers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on June 18, 2024).</u>
10.4	<u>Tenth Amendment to Credit Agreement, dated July 30, 2024, by and among Crescent Energy Finance LLC, certain subsidiaries of Crescent Energy Finance LLC, as guarantors, Wells Fargo Bank, National Association, as administrative agent, collateral agent and a letter of credit issuer, and the other lenders and letter of credit issuers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on August 2, 2024).</u>
10.5#	<u>First Amendment to Management Agreement, dated May 15, 2024, by and between Crescent Energy Company and KKR Energy Assets Manager LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on May 16, 2024).</u>
10.6	<u>Form of Voting and Support Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with Securities and Exchange Commission on May 16, 2024).</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101*	Interactive data files (formatted as Inline XBRL)
104*	Cover Page Interactive Data File (contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

Certain annexes, schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted annexes, schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

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.

CRESCENT ENERGY COMPANY
(Registrant)

August 5, 2024

/s/ David Rockecharlie
David Rockecharlie
Chief Executive Officer
(Principal Executive Officer)

August 5, 2024

/s/ Brandi Kendall
Brandi Kendall
Chief Financial Officer
(Principal Financial Officer)

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Third Amendment to Purchase and Sale Agreement (this **“Amendment”**), is dated June 11, 2024, by and between MESQUITE COMANCHE HOLDINGS, LLC, a Delaware limited liability company (“**Comanche Holdings**”), and SN EF MAVERICK, LLC, a Delaware limited liability company (“**SN EF Maverick**”, and collectively with Comanche Holdings, **Seller**”), on the one part, and JAVELIN EF L.P., a Delaware limited partnership (“**Purchaser**”), on the other part. Purchaser and Seller are each a **“Party”** and collectively the **‘Parties’**.

WHEREAS, the Parties entered into that certain Purchase and Sale Agreement dated May 2, 2023 (the **Original Purchase Agreement**) and amended the Original Purchase Agreement pursuant to that certain First Amendment to Purchase and Sale Agreement dated July 3, 2023 (the **“First Amendment”**) and that certain Second Amendment to Purchase and Sale Agreement dated December 18, 2023 (the **“Second Amendment”** and together with the Original Purchase Agreement and First Amendment, the **“Purchase Agreement”**);

WHEREAS, at Closing, certain Assets were not conveyed to Purchaser due to unsatisfied Specified Consent Requirements (the **“Friday Consents”**) in accordance with Section 4.6(b) of the Purchase Agreement; and

WHEREAS, the Parties have been using Commercially Reasonable Efforts to obtain the Friday Consents and desire to further amend the Purchase Agreement to extend the time to seek the Friday Consents.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and in the Purchase Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound by the terms hereof, hereby agree as follows:

1. Certain Definitions. Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings set forth for such terms in the Purchase Agreement.
2. Amendment to Section 4.6(b) of the Purchase Agreement The last sentence and the penultimate sentence of Section 4.6(b) of the Purchase Agreement is hereby deleted in its entirety and replaced in its entirety with the following:

“If an unsatisfied Specified Consent Requirement with respect to which an adjustment to the Unadjusted Purchase Price is made under Section 3.3 is subsequently obtained by September 30, 2024, a separate closing shall be held within five Business Days thereof at which (A) Seller shall convey the affected Property and related Assets to Purchaser in accordance with this Agreement and (B) Purchaser shall pay an amount equal to the Allocated Value of such Property and related Assets, adjusted in accordance with Section 3.3, to Seller. If such consent requirement is not obtained by September 30, 2024, Seller shall have no further obligation to sell and convey such Property and related Assets and

Purchaser shall have no further obligation to purchase, accept, and pay for such Property, and the affected Property and related Assets shall be deemed to be deleted from the applicable Exhibits and Schedules to this Agreement for all purposes."

3. Ratification. From and after the date of this Amendment, all references to the Purchase Agreement set forth therein or in any other agreement or instrument shall, unless otherwise specifically provided, be references to the Purchase Agreement as amended by this Amendment and as may be further amended, modified, restated or supplemented from time to time by the parties. This Amendment shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Purchase Agreement, except as expressly set forth herein. As amended hereby, the Purchase Agreement shall continue in full force and effect according to its terms.

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one Amendment. Either Party's delivery of an executed counterpart signature page by email is as effective as executing and delivering this Amendment in the presence of the other Party. No Party shall be bound until such time as all of the Parties have executed counterparts of this Amendment.

5. Incorporation. The provisions of the following Sections of the Purchase Agreement are hereby incorporated into this Amendment, *mutatis mutandis*: Sections 13.2 through 13.11, Section 13.13, 13.14, and 13.16.

[Remainder of Page Left Intentionally Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the Parties have executed this Amendment on the date first above written.

SELLER:

MESQUITE COMANCHE HOLDINGS, LLC

By: /s/ Cameron W. George

Name: Cameron W. George

Title: Chief Executive Officer

SN EF MAVERICK, LLC

By: /s/ B. Scott Wike

Name: B. Scott Wike

Title: Authorized Signatory

Signature Page to Third Amendment to Purchase and Sale Agreement

PURCHASER:

JAVELIN EF L.P.

By: Javelin EF GP LLC, its general partner
By: Javelin Aggregator L.P., its sole member
By: Javelin EFA GP LLC, its general partner
By: Javelin Oil & Gas, LLC, its sole member

By: /s/ Jack VanDeventer
Name: Jack VanDeventer
Title: Vice President - Land

Signature Page to Third Amendment to Purchase and Sale Agreement

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, David Rockecharlie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Crescent Energy Company (the "Registrant");
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(s) 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(s) 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.

Date: August 5, 2024

/s/ David Rockecharlie

David Rockecharlie

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Brandi Kendall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Crescent Energy Company (the "Registrant");
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(s) 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(s) 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.

Date: August 5, 2024

/s/ Brandi Kendall

Brandi Kendall

Chief Financial Officer

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Quarterly Report on Form 10-Q of Crescent Energy Company (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David Rockecharlie, Chief Executive Officer of the Company, and Brandi Kendall, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

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

Date: August 5, 2024

/s/ David Rockecharlie

David Rockecharlie
Chief Executive Officer

Date: August 5, 2024

/s/ Brandi Kendall

Brandi Kendall
Chief Financial Officer