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DELTA REPORT

10-Q

MGY - MAGNOLIA OIL & GAS CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	565
CHANGES	230
DELETIONS	178
ADDITIONS	157

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 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: 001-38083

Magnolia Oil & Gas Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware	**81-5365682**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Nine Greenway Plaza, Suite 1300 **Houston, Texas**	**77046**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (713) 842-9050

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001	MGY	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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of October 31, 2023 May 6, 2024, there were 185,223,428 180,931,251 shares of Class A Common Stock, $0.0001 par value per share, and 21,826,805 shares of Class B Common Stock, $0.0001 par value per share, outstanding.

GLOSSARY OF CERTAIN TERMS AND CONVENTIONS USED HEREIN

The following are definitions of certain other terms and conventions that are used in this Quarterly Report on Form 10-Q:

The "Company" or "Magnolia." Magnolia Oil & Gas Corporation (either individually or together with its consolidated subsidiaries, as the context requires, including *Magnolia Oil & Gas Holdings LLC, Magnolia LLC, Magnolia Intermediate, Magnolia LLC, Magnolia Operating, and Magnolia Oil & Gas Finance Corp.).*

"Magnolia Holdings." Magnolia Oil & Gas Holdings LLC.

"Magnolia Intermediate." Magnolia Oil & Gas Intermediate LLC.

"Magnolia LLC." Magnolia Oil & Gas Parent LLC.

"Magnolia LLC Units." Units representing limited liability company interests in Magnolia LLC.

"Magnolia Operating." Magnolia Oil & Gas Operating LLC.

"Highlander." Highlander Oil & Gas Holdings LLC.

"EnerVest." EnerVest, Ltd.

"Karnes County Assets." Certain right, title, and interest in certain oil and natural gas assets located primarily in the Karnes County portion of the Eagle Ford Shale formation in South Texas.

"Class A Common Stock." Magnolia's Class A Common Stock, par value $0.0001 per share.

"Class B Common Stock." Magnolia's Class B Common Stock, par value $0.0001 per share.

"Issuers." Magnolia Operating and Magnolia Oil & Gas Finance Corp., a wholly owned subsidiary of Magnolia Operating, as it relates to the 2026 Senior Notes.

"Magnolia LLC Unit Holders." EnerVest Energy Institutional Fund XIV-A, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund XIV-WIC, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund XIV-2A, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund XIV-3A, L.P., a Delaware limited partnership, and EnerVest Energy Institutional Fund XIV-C-AIV, L.P., a Delaware limited partnership.

"RBL Facility." Senior secured reserve-based revolving credit facility, as amended February 16, 2022.

"2026 Senior Notes." 6.0% Senior Notes due 2026.

"OPEC." The Organization of the Petroleum Exporting Countries.

Page

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Magnolia Oil & Gas Corporation
Consolidated Balance Sheets
(In thousands)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS	(Unaudited)	(Audited)	(Unaudited)	(Audited)
CURRENT ASSETS				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	$ 618,466	$ 675,441		
Accounts receivable	186,763	170,770		
Drilling advances	12	3,484		
Other current assets	507	1,052		

Total current assets	Total current assets	805,748	850,747
PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT		
Oil and natural gas properties	Oil and natural gas properties	3,278,221	2,940,011
Oil and natural gas properties			
Oil and natural gas properties			
Other	Other	9,615	8,991
Accumulated depreciation, depletion and amortization	Accumulated depreciation, depletion and amortization	(1,605,380)	(1,415,973)
Total property, plant and equipment, net	Total property, plant and equipment, net	1,682,456	1,533,029
OTHER ASSETS	OTHER ASSETS		
Deferred financing costs, net	Deferred financing costs, net	4,290	5,636
Deferred financing costs, net			
Deferred financing costs, net			
Deferred tax assets	Deferred tax assets	118,628	162,792
Other long-term assets	Other long-term assets	41,371	20,381
Total other assets	Total other assets	164,289	188,809
TOTAL ASSETS	TOTAL ASSETS	$ 2,652,493	$2,572,585
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES	CURRENT LIABILITIES		
CURRENT LIABILITIES			
CURRENT LIABILITIES			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 183,341	$ 202,846
Other current liabilities (Note 6)	Other current liabilities (Note 6)	120,364	137,427
Total current liabilities	Total current liabilities	303,705	340,273
LONG-TERM LIABILITIES	LONG-TERM LIABILITIES		
Long-term debt, net	Long-term debt, net	392,209	390,383
Long-term debt, net			
Long-term debt, net			

Asset retirement obligations, net of current	Asset retirement obligations, net of current	99,248	95,129	
Other long-term liabilities	Other long-term liabilities	10,174	6,609	
Total long-term liabilities	Total long-term liabilities	501,631	492,121	
COMMITMENTS AND CONTINGENCIES (Note 8)	COMMITMENTS AND CONTINGENCIES (Note 8)			COMMITMENTS AND CONTINGENCIES (Note 8)
STOCKHOLDERS' EQUITY				
Class A Common Stock, $0.0001 par value, 1,300,000 shares authorized, 214,415 shares issued and 185,582 shares outstanding in 2023 and 213,727 shares issued and 192,043 shares outstanding in 2022		21	21	
Class B Common Stock, $0.0001 par value, 225,000 shares authorized, 21,827 shares issued and outstanding in 2023 and 2022		2	2	
EQUITY				
Class A Common Stock, $0.0001 par value, 1,300,000 shares authorized, 215,177 shares issued and 181,494 shares outstanding in 2024 and 214,497 shares issued and 183,164 shares outstanding in 2023				
Class A Common Stock, $0.0001 par value, 1,300,000 shares authorized, 215,177 shares issued and 181,494 shares outstanding in 2024 and 214,497 shares issued and 183,164 shares outstanding in 2023				
Class A Common Stock, $0.0001 par value, 1,300,000 shares authorized, 215,177 shares issued and 181,494 shares outstanding in 2024 and 214,497 shares issued and 183,164 shares outstanding in 2023				
Class B Common Stock, $0.0001 par value, 225,000 shares authorized, 21,827 shares issued and outstanding in 2024 and 2023				
Additional paid-in capital	Additional paid-in capital	1,738,668	1,719,875	
Treasury Stock, at cost, 28,833 shares and 21,684 shares in 2023 and 2022, respectively		(483,745)	(329,512)	

Treasury Stock, at cost, 33,683 shares and 31,333 shares in 2024 and 2023, respectively			
Retained earnings	Retained earnings	409,230	185,669
Noncontrolling interest	Noncontrolling interest	182,981	164,136
Total equity	Total equity	1,847,157	1,740,191
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 2,652,493	$2,572,585
TOTAL LIABILITIES AND EQUITY			

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

Magnolia Oil & Gas Corporation
Consolidated Statements of Operations (Unaudited)
(In thousands, except per share data)

		Three Months Ended		Nine Months Ended			
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022		
	Three Months Ended						Three Months Ended
	March 31, 2024					March 31, 2024	March 31, 2023
REVENUES	REVENUES						
Oil revenues							
Oil revenues							
Oil revenues	Oil revenues	$243,588	$317,243	$705,857	$ 912,702		
Natural gas revenues	Natural gas revenues	27,069	100,124	75,687	242,049		
Natural gas liquids revenues	Natural gas liquids revenues	45,021	65,596	122,807	190,700		
Total revenues	Total revenues	315,678	482,963	904,351	1,345,451		
OPERATING EXPENSES	OPERATING EXPENSES						
Lease operating expenses							
Lease operating expenses							
Lease operating expenses	Lease operating expenses	35,893	34,709	115,060	96,057		
Gathering, transportation and processing	Gathering, transportation and processing	10,297	19,297	33,419	51,518		
Taxes other than income	Taxes other than income	14,823	26,623	49,331	74,917		
Exploration expenses	Exploration expenses	5,128	1,173	5,139	10,119		
Asset retirement obligations accretion	Asset retirement obligations accretion	875	814	2,539	2,404		
Depreciation, depletion and amortization	Depreciation, depletion and amortization	81,158	68,972	228,868	179,331		

Impairment of oil and natural gas properties	Impairment of oil and natural gas properties	—	—	15,735	—
General and administrative expenses	General and administrative expenses	19,371	19,625	57,863	55,226
Total operating expenses	Total operating expenses	167,545	171,213	507,954	469,572
OPERATING INCOME	OPERATING INCOME	148,133	311,750	396,397	875,879
OPERATING INCOME					
OPERATING INCOME					
OTHER INCOME (EXPENSE)	OTHER INCOME (EXPENSE)				
OTHER INCOME (EXPENSE)					
OTHER INCOME (EXPENSE)					
Interest income (expense), net	Interest income (expense), net	1,034	(5,263)	372	(21,637)
Other income (expense), net		(479)	(166)	7,643	6,579
Total other income (expense), net		555	(5,429)	8,015	(15,058)
Interest income (expense), net					
Interest income (expense), net					
Other expense, net					
Total other expense, net					
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES	INCOME BEFORE INCOME TAXES	148,688	306,321	404,412	860,821
Income tax expense	Income tax expense	31,211	19,358	75,663	65,333
NET INCOME	NET INCOME	117,477	286,963	328,749	795,488
LESS: Net income attributable to noncontrolling interest	LESS: Net income attributable to noncontrolling interest	15,447	41,486	38,893	133,389
NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK	NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK	$102,030	$245,477	$289,856	$ 662,099
NET INCOME PER SHARE OF CLASS A COMMON STOCK	NET INCOME PER SHARE OF CLASS A COMMON STOCK				

NET INCOME PER SHARE OF CLASS A COMMON STOCK

NET INCOME PER SHARE OF CLASS A COMMON STOCK

Basic	Basic	$ 0.54	$ 1.29	$ 1.51	$ 3.52
Diluted	Diluted	$ 0.54	$ 1.29	$ 1.51	$ 3.51
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	Basic	187,093	188,635	189,408	186,475
Diluted	Diluted	187,265	189,074	189,612	186,967

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING

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

Magnolia Oil & Gas Corporation
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(In thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid In Capital	Treasury Stock		Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
For the Three Months Ended September 30, 2022	Shares	Value	Shares	Value		Shares	Value				
Balance, June 30, 2022	208,729	$21	28,710	$ 3	$1,647,637	18,283	$(257,837)	$ (291,546)	$1,098,278	$ 170,279	$1,268,557
Stock based compensation expense, net of forfeitures	—	—	—	—	3,004	—	—	—	3,004	458	3,462
Changes in ownership interest adjustment	—	—	—	—	5,914	—	—	—	5,914	(5,914)	—
Common stock issued related to stock based compensation and other, net	29	—	—	—	(164)	—	—	—	(164)	(25)	(189)
Class A Common Stock repurchases	—	—	—	—	—	3,000	(62,367)	—	(62,367)	—	(62,367)
Dividends declared ($0.10 per share)	—	—	—	—	(19,112)	—	—	—	(19,112)	—	(19,112)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	—	(7,608)	(7,608)
Net income	—	—	—	—	—	—	—	245,477	245,477	41,486	286,963
Balance, September 30, 2022	208,758	$21	28,710	$ 3	$1,637,279	21,283	$(320,204)	$ (46,069)	$1,271,030	$ 198,676	$1,469,706
For the Three Months Ended September 30, 2023											
Balance, June 30, 2023	214,400	$21	21,827	$ 2	$1,731,059	26,334	$(425,604)	$ 329,011	$1,634,489	$ 175,369	$1,809,858

	Class A Common Stock	Class A Common Stock	Class B Common Stock	Additional Paid In Capital	Treasury Stock	Retaine Earning
For the Three Months Ended March 31, 2023						
Balance, December 31, 2022						

Balance, December 31, 2022												
Balance, December 31, 2022												
Stock based compensation expense, net of forfeitures	Stock based compensation expense, net of forfeitures	—	—	—	—	3,758	—	—	—	3,758	439	4,197
Changes in ownership interest adjustment	Changes in ownership interest adjustment	—	—	—	—	3,914	—	—	—	3,914	(3,914)	—
Common stock issued related to stock based compensation and other, net	Common stock issued related to stock based compensation and other, net	15	—	—	—	(112)	—	—	—	(112)	(13)	(125)
Class A Common Stock repurchases	Class A Common Stock repurchases	—	—	—	—	—	2,499	(56,768)	—	(56,768)	—	(56,768)
Dividends declared ($0.115 per share)	Dividends declared ($0.115 per share)	—	—	—	—	—	—	—	(21,811)	(21,811)	—	(21,811)
Distributions to noncontrolling interest owners	Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	—	(4,347)	(4,347)
Adjustment to deferred taxes	Adjustment to deferred taxes	—	—	—	—	(760)	—	—	—	(760)	—	(760)
Tax impact of equity transactions	Tax impact of equity transactions	—	—	—	—	809	—	(1,373)	—	(564)	—	(564)
Net income	Net income	—	—	—	—	—	—	—	102,030	102,030	15,447	117,477
Balance, September 30, 2023		214,415	$21	21,827	$ 2	$1,738,668	28,833	$(483,745)	$ 409,230	$1,664,176	$ 182,981	$1,847,157
Balance, March 31, 2023												
For the Three Months Ended March 31, 2024												
For the Three Months Ended March 31, 2024												
For the Three Months Ended March 31, 2024												
Balance, December 31, 2023												
Balance, December 31, 2023												
Balance, December 31, 2023												

Stock based compensation expense, net of forfeitures
Changes in ownership interest adjustment
Common stock issued related to stock based compensation and other, net
Class A Common Stock repurchases
Dividends declared ($0.13 per share)
Distributions to noncontrolling interest owners
Adjustment to deferred taxes
Tax impact of equity transactions
Net income
Balance, March 31, 2024

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

Magnolia Oil & Gas Corporation
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(In thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid In Capital	Treasury Stock		Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
For the Nine Months Ended September 30, 2022	Shares	Value	Shares	Value		Shares	Value				
Balance, December 31, 2021	193,437	$ 19	49,293	$ 5	$ 1,689,500	14,168	$ (164,599)	$ (708,168)	$ 816,757	$ 228,492	$1,045,249
Stock based compensation expense, net of forfeitures	—	—	—	—	8,353	—	—	—	8,353	1,511	9,864
Changes in ownership interest adjustment	—	—	—	—	1,013	—	—	—	1,013	(1,013)	—
Common stock issued related to stock based compensation and other, net	688	—	—	—	(5,192)	—	—	—	(5,192)	(1,098)	(6,290)
Class A Common Stock repurchases	—	—	—	—	—	7,115	(155,605)	—	(155,605)	—	(155,605)
Class B Common Stock purchase and cancellation	—	—	(5,950)	—	—	—	—	—	—	(138,753)	(138,753)
Conversion of Class B Common Stock to Class A Common Stock	14,633	2	(14,633)	(2)	—	—	—	—	—	—	—

Dividends declared ($0.30 per share)	—	—	—	—	(56,395)	—	—	—	(56,395)	—	(56,395)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	—	(23,852)	(23,852)
Net income	—	—	—	—	—	—	—	662,099	662,099	133,389	795,488
Balance, September 30, 2022	208,758	$ 21	28,710	$ 3	$ 1,637,279	21,283	$ (320,204)	$ (46,069)	$ 1,271,030	$ 198,676	$1,469,706
For the Nine Months Ended September 30, 2023											
Balance, December 31, 2022	213,727	$ 21	21,827	$ 2	$ 1,719,875	21,684	$ (329,512)	$ 185,669	$ 1,576,055	$ 164,136	$1,740,191
Stock based compensation expense, net of forfeitures	—	—	—	—	10,811	—	—	—	10,811	1,249	12,060
Changes in ownership interest adjustment	—	—	—	—	10,789	—	—	—	10,789	(10,622)	167
Common stock issued related to stock based compensation and other, net	688	—	—	—	(6,374)	—	—	—	(6,374)	(729)	(7,103)
Class A Common Stock repurchases	—	—	—	—	—	7,149	(152,860)	—	(152,860)	—	(152,860)
Dividends declared ($0.345 per share)	—	—	—	—	—	—	—	(66,295)	(66,295)	—	(66,295)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	—	(9,946)	(9,946)
Adjustment to deferred taxes	—	—	—	—	3,567	—	—	—	3,567	—	3,567
Tax impact of equity transactions	—	—	—	—	—	—	(1,373)	—	(1,373)	—	(1,373)
Net income	—	—	—	—	—	—	—	289,856	289,856	38,893	328,749
Balance, September 30, 2023	214,415	$ 21	21,827	$ 2	$ 1,738,668	28,833	$ (483,745)	$ 409,230	$ 1,664,176	$ 182,981	$1,847,157

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

Magnolia Oil & Gas Corporation
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

		Nine Months Ended	
		September 30, 2023	September 30, 2022
		Three Months Ended March 31, 2024	
CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	NET INCOME	$ 328,749	$ 795,488
NET INCOME			
NET INCOME			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization			
Depreciation, depletion and amortization			
Depreciation, depletion and amortization	Depreciation, depletion and amortization	228,868	179,331

Three Months Ended	
March 31, 2024	March 31, 2023

Exploration expenses, non-cash	Exploration expenses, non-cash	9	—
Impairment of oil and natural gas properties	Impairment of oil and natural gas properties	15,735	—
Asset retirement obligations accretion	Asset retirement obligations accretion	2,539	2,404
Amortization of deferred financing costs	Amortization of deferred financing costs	3,173	4,812
(Gain) on sale of assets		(3,946)	—
Deferred income tax expense	Deferred income tax expense	48,213	—
Loss on revaluation of contingent consideration			
Stock based compensation	Stock based compensation	12,060	9,864
Other			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	(16,462)	(57,949)
Accounts payable	Accounts payable	(19,082)	86,700
Accrued liabilities	Accrued liabilities	(1,735)	19,443
Drilling advances	Drilling advances	3,472	(477)
Other assets and liabilities, net	Other assets and liabilities, net	7,314	(10,931)
Net cash provided by operating activities	Net cash provided by operating activities	608,907	1,028,685
CASH FLOWS FROM INVESTING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions	Acquisitions	(53,812)	(11,749)
Acquisitions			
Acquisitions			

Deposits for acquisitions of oil and natural gas properties	Deposits for acquisitions of oil and natural gas properties	(22,503)	—
Additions to oil and natural gas properties	Additions to oil and natural gas properties	(332,055)	(323,510)
Changes in working capital associated with additions to oil and natural gas properties	Changes in working capital associated with additions to oil and natural gas properties	(21,688)	14,152
Other investing	Other investing	(590)	(1,187)
Net cash used in investing activities	Net cash used in investing activities	(430,648)	(322,294)
CASH FLOW FROM FINANCING ACTIVITIES	CASH FLOW FROM FINANCING ACTIVITIES		
Class A Common Stock repurchases	Class A Common Stock repurchases	(151,696)	(153,138)
Class B Common Stock purchases and cancellations		—	(138,753)
Class A Common Stock repurchases			
Class A Common Stock repurchases			
Dividends paid	Dividends paid	(66,480)	(56,220)
Cash paid for debt modification		—	(5,494)
Distributions to noncontrolling interest owners	Distributions to noncontrolling interest owners	(9,946)	(23,852)
Other financing activities	Other financing activities	(7,112)	(6,377)
Net cash used in financing activities	Net cash used in financing activities	(235,234)	(383,834)
NET CHANGE IN CASH AND CASH EQUIVALENTS	NET CHANGE IN CASH AND CASH EQUIVALENTS	(56,975)	322,557
NET CHANGE IN CASH AND CASH EQUIVALENTS			

NET CHANGE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents – Beginning of period	Cash and cash equivalents – Beginning of period		675,441	366,982
Cash and cash equivalents – End of period	Cash and cash equivalents – End of period	$	618,466	$ 689,539
SUPPLEMENTAL CASH FLOW INFORMATION:				
Supplemental cash items:				
Cash paid for income taxes		$	26,628	$ 60,906
Cash paid for interest			25,763	26,060
Supplemental non-cash investing and financing activity:				
Accrued capital expenditures		$	46,235	$ 44,088
Supplemental non-cash lease operating activity:				
Right-of-use assets obtained in exchange for operating lease obligations		$	12,009	$ 3,773

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

Magnolia Oil & Gas Corporation
Notes to Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Organization and Nature of Operations

Magnolia Oil & Gas Corporation (the “Company” or “Magnolia”) is an independent oil and natural gas company engaged in the acquisition, development, exploration, and production of oil, natural gas, and natural gas liquid (“NGL”) reserves. The Company’s oil and natural gas properties are located primarily in the Karnes County and the Giddings area areas in South Texas where the Company targets the Eagle Ford Shale and Austin Chalk formations. Magnolia’s objective is to generate stock market value over the long-term through consistent organic production growth, high full cycle operating margins, an efficient capital program with short economic paybacks, significant free cash flow after capital expenditures, and effective reinvestment of free cash flow.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial reporting. Accordingly, certain disclosures normally included in an Annual Report on Form 10-K have been omitted. The consolidated financial statements and related notes included in this Quarterly Report should be read in conjunction with the Company’s consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the period ended December 31, 2022 December 31, 2023 (the “2022 “2023 Form 10-K”). Except as disclosed herein, there have been no material changes to the information disclosed in the Notes notes to the consolidated financial statements included in the Company’s 2022 2023 Form 10-K.

In the opinion of management, all normal, recurring adjustments and accruals considered necessary to present fairly, in all material respects, the Company’s interim financial results have been included. Operating results for the periods presented are not necessarily indicative of expected results for the full year.

Certain reclassifications of prior period financial statements have been made to conform to current reporting practices. The consolidated financial statements include the accounts of the Company and its subsidiaries after elimination of intercompany transactions and balances. The Company’s interests in oil and natural gas exploration and production ventures and partnerships are proportionately consolidated. The Company reflects a noncontrolling interest representing primarily the interest owned by the Magnolia LLC Unit Holders through their ownership of Magnolia LLC Units in the consolidated financial statements. The noncontrolling interest is presented as a component of equity. See *Note 10—Stockholders’ Equity* for further discussion of the noncontrolling interest.

2. Summary of Significant Accounting Policies

As of September 30, 2023 March 31, 2024, the Company’s significant accounting policies are consistent with those discussed in *Note 1—Organization and Summary of Significant Accounting Policies* of its consolidated financial statements contained in the Company’s 2022 2023 Form 10-K.

Recent Accounting Pronouncements

In December 2023, the Financial Standards Accounting Board (FASB) issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

3. Revenue Recognition

Magnolia's revenues include the sale of crude oil, natural gas, and NGLs. The Company has concluded that disaggregating revenue by product type appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors and has reflected this disaggregation of revenue on the Company's consolidated statements of operations for all periods presented. The Company's receivables consist mainly of trade receivables from commodity sales and joint interest billings due from owners on properties the Company operates. Receivables from contracts with customers totaled $126.2 million $125.3 million as of September 30, 2023 March 31, 2024 and $138.6 million $124.4 million as of December 31, 2022 December 31, 2023. For further detail regarding the Company's revenue recognition policies, please refer to *Note 1—Organization and Summary of Significant Accounting Policies* of the consolidated financial statements contained in the Company's 2022 2023 Form 10-K.

4. Acquisitions

2024 Acquisitions

On April 30, 2024, the Company acquired certain oil and gas producing properties including leasehold and mineral interests in the Giddings area for approximately $125.0 million, subject to customary purchase price adjustments. During the three months ended March 31, 2024, the Company paid a $12.5 million deposit related to this acquisition. The remaining consideration was funded at closing with cash on hand.

2023 Acquisitions

On July 31, 2023, In November 2023, the Company acquired certain oil and gas producing properties including leasehold and mineral interests in the Giddings area for $264.1 million, subject to customary purchase price adjustments. The seller may also receive up to a maximum of $40.0 million in additional contingent cash consideration through January 2026 based on future commodity prices. For more information regarding the contingent consideration, refer to *Note 5—Fair Value Measurements*.

In July 2023, the Company completed the acquisition of certain oil and natural gas assets located in the Giddings area for approximately $40.0 million, subject to customary closing adjustments. $41.8 million.

The transaction was Company accounted for the aforementioned acquisitions as an asset acquisition.

In September 2023, the Company entered into a definitive purchase agreement to acquire certain oil and gas producing properties including leasehold and mineral interests in the Giddings area for $300 million, subject to customary purchase price adjustments. The seller may also receive up to a maximum of $40 million in additional contingent cash consideration through December 2025 based on future commodity prices. During the three months endedSeptember 30, 2023, the Company paid a $22.5 million deposit related to this acquisition. The remaining consideration will be funded with cash on hand. The transaction is expected to close in the fourth quarter of 2023 and be accounted for as an asset acquisition.acquisitions.

5. Fair Value Measurements

Certain of the Company's assets and liabilities are carried at fair value and measured either on a recurring or nonrecurring basis. The Company's fair value measurements are based either on actual market data or assumptions that other market participants would use in pricing an asset or liability in an orderly transaction, using the valuation hierarchy prescribed by GAAP under Accounting Standards Codification ("ASC") 820.

The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical investments at the measurement date are used.

Level 2 - Pricing inputs are other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. Level 2 pricing inputs include quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, inputs other than quoted prices that are observable for the investment, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. The inputs used in determination of fair value require significant judgment and estimation.

Recurring Fair Value Measurements of Financial Instruments

The carrying value and fair value of the financial instrument that is not carried at fair value in the Company's consolidated balance sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are as follows:

	September 30, 2023	December 31, 2022		
March 31, 2024			March 31, 2024	December 31, 2023

(In thousands)	(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value	(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	Long-term debt	$392,209	$386,500	$390,383	$382,704					

The fair value of the 2026 Senior Notes at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is based on unadjusted quoted prices in an active market, which is considered a Level 1 input in the fair value hierarchy.

Recurring Fair Value Measurements

In November 2023, the Company acquired certain oil and gas producing properties including leasehold and mineral interests in the Giddings area. As part of this transaction, the seller may receive up to $40.0 million in contingent cash consideration based on future commodity prices. The contingent consideration is payable in three tranches based on average NYMEX WTI prices for (i) the period beginning July 1, 2023 through December 31, 2023, (ii) the year ending December 31, 2024, and (iii) the year ending December 31, 2025. The fair value of the contingent consideration is estimated using observable market data (NYMEX WTI forward price curve) and Monte Carlo simulation models, which are considered Level 2 inputs in the fair value hierarchy. The fair value of the contingent consideration carried at fair value within the Company's consolidated balance sheets at March 31, 2024 and December 31, 2023 are as follows:

(In thousands)	March 31, 2024	December 31, 2023
Included within other current liabilities	$ 6,678	$ 6,700
Included within other long-term liabilities	9,108	7,631
Total fair value	$ 15,786	$ 14,331

The first tranche was settled for $2.7 million in January 2024. A loss on revaluation of the remaining tranches of $4.2 million is included in "Other income, net" on the Company's consolidated statements of operations for the three months ended March 31, 2024.

The Company has other financial instruments consisting primarily of receivables, payables, and other current assets and liabilities that approximate fair value due to the nature of the instruments and their relatively short maturities. Non-financial assets and liabilities initially measured at fair value include assets acquired and liabilities assumed in business combinations and asset retirement obligations.

Nonrecurring Fair Value Measurements

Certain of the Company's assets and liabilities are measured at fair value on a nonrecurring basis. Specifically, stock based compensation is not measured at fair value on an ongoing basis but is subject to fair value calculations in certain circumstances. For further detail, see *Note 11—Stock Based Compensation* in the Notes notes to the consolidated financial statements. There were no other material nonrecurring fair value measurements as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

6. Other Current Liabilities

The following table provides detail of the Company's other current liabilities for the periods presented:

(In thousands)	(In thousands)	September 30, 2023	December 31, 2022	(In thousands)	March 31, 2024	December 31, 2023
Accrued capital expenditures	Accrued capital expenditures	$ 46,235	$ 67,923			
Other	Other	74,129	69,504			
Total other current liabilities	Total other current liabilities	$120,364	$137,427			

7. Long-term Debt

The Company's long-term debt is comprised of the following:

(In thousands)	(In thousands)	September 30, 2023	December 31, 2022	(In thousands)	March 31, 2024	December 31, 2023
Revolving credit facility	Revolving credit facility	$ —	$ —			
Senior Notes due 2026	Senior Notes due 2026	400,000	400,000			

Total long-term debt	Total long-term debt	400,000	400,000
Less: Unamortized deferred financing cost	Less: Unamortized deferred financing cost	(7,791)	(9,617)
Less: Unamortized deferred financing cost			
Less: Unamortized deferred financing cost			
Long-term debt, net	Long-term debt, net	$392,209	$390,383

Credit Facility

The original RBL Facility was entered into by and among Magnolia Operating, as borrower, Magnolia Intermediate, as its holding company, the banks, financial institutions, and other lending institutions from time to time party thereto, as lenders, the other parties from time to time party thereto, and Citibank, N.A., as administrative agent, collateral agent, issuing bank, and swingline lender. On February 16, 2022, Magnolia Operating, as borrower, amended and restated the RBL Facility in its entirety, providing for maximum commitments in an aggregate principal amount of $1.0 billion with a letter of credit facility with a $50.0 million sublimit, with a borrowing base of $450.0 million. The RBL Facility, maturing in February 2026, is guaranteed by certain parent companies and subsidiaries of Magnolia LLC and is collateralized by certain of Magnolia Operating's oil and natural gas properties.

Borrowings under the RBL Facility bear interest, at Magnolia Operating's option, at a rate per annum equal to either the term SOFR rate or the alternative base rate plus the applicable margin. Additionally, Magnolia Operating is required to pay a commitment fee quarterly in arrears in respect of unused commitments under the RBL Facility. The applicable margin and the commitment fee rate are calculated based upon the utilization levels of the RBL Facility as a percentage of unused lender commitments then in effect.

The RBL Facility contains certain affirmative and negative covenants customary for financings of this type, including compliance with a leverage ratio of less than 3.50 to 1.00 and a current ratio of greater than 1.00 to 1.00. As of September 30, 2023 March 31, 2024, the Company was in compliance with all covenants under the RBL Facility.

Deferred financing costs in connection with the RBL Facility are amortized on a straight-line basis over a period of four years from February 2022 to February 2026 and included in "Interest income (expense), net" in the Company's consolidated statements of operations. The Company recognized interest expense related to the RBL Facility of $1.0 million and $1.1 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $3.1 million and $4.8 million for the nine months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2022, the Company incurred approximately $5.5 million of lender and transaction fees related to the modification of which $5.1 million were recorded as deferred financing costs and will be amortized prospectively over the remaining term of the RBL Facility and $0.4 million of which were expensed in the same period. 2023. The unamortized portion of the deferred financing costs is included in "Deferred financing costs, net" on the Company's consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The Company did not have any outstanding borrowings under the RBL Facility as of September 30, 2023 March 31, 2024.

2026 Senior Notes

On July 31, 2018, the Issuers issued and sold $400.0 million aggregate principal amount of 2026 Senior Notes in a private placement under Rule 144A and Regulation S under the Securities Act of 1933, as amended. The 2026 Senior Notes were issued under the Indenture, dated as of July 31, 2018 (the "Indenture"), by and among the Issuers and Deutsche Bank Trust Company Americas, as trustee. On April 5, 2021, the terms of the Indenture were amended to modify, among other things, the criteria used by the Company to make Restricted Payments (as defined in the Indenture). The 2026 Senior Notes are guaranteed on a senior unsecured basis by the Company, Magnolia Operating, and Magnolia Intermediate and may be guaranteed by certain future subsidiaries of the Company. The 2026 Senior Notes will mature on August 1, 2026 and bear interest at the rate of 6.0% per annum.

Deferred financing costs related to the issuance of, and the amendment to the Indenture governing, the 2026 Senior Notes are amortized using the effective interest method over the term of the 2026 Senior Notes and are included in "Interest income (expense), net" in the Company's consolidated statements of operations. The unamortized portion of the deferred financing costs is included as a reduction to the carrying value of the 2026 Senior Notes, which has been recorded as "Long-term debt, net" on the Company's consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The Company recognized interest expense related to the 2026 Senior Notes of $6.6 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022, and $19.8 million and $19.7 million for the nine months ended September 30, 2023 and 2022, respectively. 2023.

At any time, the Issuers may redeem all or a part of the 2026 Senior Notes based on principal plus a set premium, as set forth in the Indenture, including any accrued and unpaid interest.

8. Commitments and Contingencies

Legal Matters

From time to time, the Company is or may become involved in litigation in the ordinary course of business.

Certain of the Magnolia LLC Unit Holders and EnerVest Energy Institutional Fund XIV-C, L.P. (collectively the “Co-Defendants”) and the Company have been named as defendants in a lawsuit where the plaintiffs claim to be entitled to a minority working interest in certain Karnes County Assets. The litigation is in the pre-trial stage. The exposure related to this litigation is currently not reasonably estimable. The Co-Defendants retain all such liability.

A mineral owner in a Magnolia operated well in Karnes County, Texas filed a complaint with the Texas Railroad Commission (the “Commission”) challenging the validity of the permit to drill such well by questioning the long-standing process by which the Commission granted the permit. After the Commission affirmed the granting of the permit, and after judicial review of the Commission’s order by the 53rd Judicial District Court Travis County, Texas (the “District Court”), the District Court reversed and remanded the Commission’s order. Upon appeal to the Third Court of Appeals in Austin, Texas (the “Court of Appeals”), the Court of Appeals reversed in part and affirmed in part the District Court’s ruling and remanded the matter to the Commission. The plaintiff’s motion for rehearing with the Court of Appeals was denied, and if a party chooses, the parties have until November 22, 2023 to file plaintiffs filed a petition for review with the Supreme Court of Texas. Texas in late 2023.

At September 30, 2023, Matters that are probable of unfavorable outcome to Magnolia and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, Magnolia’s estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. The Company does not believe the outcome of any such disputes or legal actions will have a material effect on its consolidated statements of operations, balance sheet, or cash flows. No flows after consideration of recorded accruals. Actual amounts were accrued with respect to outstanding litigation at September 30, 2023 or September 30, 2022. could differ materially from management’s estimates.

Environmental Matters

The Company, as an owner or lessee and operator of oil and natural gas properties, is subject to various federal, state, and local laws and regulations relating to discharge of materials into, and the protection of, the environment. These laws and regulations may, among other things, impose liability on a lessee under an oil and natural gas lease for the cost of pollution clean-up resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in an affected area. The Company maintains insurance coverage, which it believes is customary in the industry, although the Company is not fully insured against all environmental risks.

Risks and Uncertainties

The Company’s revenue, profitability, and future growth are substantially dependent upon the prevailing and future prices for oil and natural gas, which depend on numerous factors beyond the Company’s control such as overall oil and natural gas production and inventories in relevant markets, economic conditions, the global and domestic political environments, regulatory developments, and competition from other energy sources. Oil and natural gas prices historically have been volatile and may be subject to significant fluctuations in the future. Inflationary pressures and labor shortages could result in increases to our operating and capital costs.

In recent years, the economy has experienced elevated levels of inflation as a result of global supply and demand imbalances, including impacts of the Russia-Ukraine war. Inflationary pressures have gradually declined in 2023. The Company will continue to monitor fluctuations in the market and any potential impacts on its future operating and capital costs.

9. Income Taxes

The Company’s income tax provision consists of the following components:

		Three Months Ended		Nine Months Ended				
	Three Months Ended						Three Months Ended	
(In thousands)	*(In thousands)*	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	*(In thousands)*	March 31, 2024	March 31, 2023
Current:	Current:							
Federal								
Federal								
Federal	Federal	$ 18,221	$ 18,009	$ 25,277	$ 60,695			
State	State	1,041	1,349	2,173	4,638			
Total current	Total current	19,262	19,358	27,450	65,333			
Deferred:	Deferred:							
Federal	Federal	12,043	—	46,888	—			
Federal								
Federal								
State	State	(94)	—	1,325	—			
Total deferred	Total deferred	11,949	—	48,213	—			
Income tax expense	Income tax expense	$ 31,211	$ 19,358	$ 75,663	$ 65,333			

The Company is subject to U.S. federal income tax and margin tax in the state of Texas. The Company estimates its annual effective tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which it operates. The Company's effective tax rate for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was 21.0% 17.2% and 6.3% 15.5%, respectively, and 18.7% and 7.6% for the nine months ended September 30, 2023 and 2022, respectively. As a result of impairments in the first quarter of 2020, the Company established full valuation allowances on the federal and state deferred tax assets, which resulted in additional differences between the effective tax rate and the statutory rate as of September 30, 2022. As of December 31, 2022, the Company released the valuation allowance against net deferred tax assets. The primary differences between the annual effective tax rate and the statutory rate of 21.0% are income attributable to noncontrolling interest, state taxes, and changes in valuation allowances.

As of September 30, 2023 March 31, 2024, the Company does not anticipate recognition of any significant liabilities for uncertain tax positions during the next 12 months. For the nine three months ended September 30, 2023 March 31, 2024, no significant amounts were incurred for interest and penalties. Currently, the Company is not aware of any issues under review that could result in significant payments, accruals, or a material deviation from its position. The Company's tax years since its formation remain subject to possible income tax examinations by its major taxing authorities.

As of September 30, 2023 March 31, 2024, the Company's total deferred tax assets were $118.6 million $87.2 million. Management assessed whether it is more-likely-than-not that it will generate sufficient taxable income to realize its deferred income tax assets, including the investment in partnership and net operating loss carryforwards. In making this determination, the Company considered all available positive and negative evidence and made certain assumptions. The Company considered, among other things, the overall business environment, its historical earnings and losses, current industry trends, and its outlook for future years. As of September 30, 2023 March 31, 2024, the Company recorded a valuation allowance of $3.8 million $5.6 million to offset the deferred tax asset created by the capital loss attributable to the sale of the Company's interest in Highlander.

On August 16, 2022, the U.S. enacted legislation referred to as the Inflation Reduction Act ("IRA"), which significantly changes U.S. corporate income tax laws and is effective for tax years beginning after December 31, 2022. These changes include, among others, a new 15% corporate alternative minimum tax on adjusted financial statement income of corporations with profits over $1 billion, a 1% excise tax on stock buybacks, and various tax incentives for energy and climate initiatives. The As of March 31, 2024, the Company evaluated the is in compliance with all applicable provisions of the IRA, and determined that none of including the provisions excise tax on stock buybacks. The Company is not subject to the corporate alternative minimum tax. The stock buyback excise tax did not have a material impact on the Company's reported results, cash flows or consolidated financial position for the current year. statements. The Company will continue to evaluate the impacts of the IRA in future tax years.

10. Stockholders' Equity

Class A Common Stock

At September 30, 2023 March 31, 2024, there were 214.4 million 215.2 million shares of Class A Common Stock issued and 185.6 million 181.5 million shares of Class A Common Stock outstanding. The holders of Class A Common Stock and Class B Common Stock vote together as a single class on all matters and are entitled one vote for each share held. There is no cumulative voting with respect to the election of directors, which results in the holders of more than 50% of the Company's outstanding common shares being able to elect all of the directors. In the event of a liquidation, dissolution, or winding up of the Company, the holders of the Class A Common Stock are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision is made for each class of stock, if any, having preference over the common stock. The holders of the Class A Common Stock have no preemptive or other subscription rights, and there are no sinking fund provisions applicable to such shares.

Class B Common Stock

At September 30, 2023 March 31, 2024, there were 21.8 million shares of Class B Common Stock issued and outstanding. Holders of Class B Common Stock vote together as a single class with holders of Class A Common Stock on all matters properly submitted to a vote of the stockholders. The holders of Class B Common Stock generally have the right to exchange all or a portion of their shares of Class B Common Stock, together with an equal number of Magnolia LLC Units, for the same number of shares of Class A Common Stock or, at Magnolia LLC's option, an equivalent amount of cash. Upon the future redemption or exchange of Magnolia LLC Units held by any holder of Class B Common Stock, a corresponding number of shares of Class B Common Stock held by such holder of Class B Common Stock will be canceled. In the event of a liquidation, dissolution, or winding up of Magnolia LLC, the holders of the Class B Common Stock, through their ownership of Magnolia LLC Units, are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision is made for each class of units of Magnolia LLC, if any, having preference over the common units. The holders of the Class B Common Stock have no preemptive or other subscription rights, and there are no sinking fund provisions applicable to such shares.

Share Repurchases

As of September 30, 2023 March 31, 2024, the Company's board of directors had authorized a share repurchase program of up to 40.0 million shares of Class A Common Stock. In addition, the Company may repurchase shares pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit the Company to repurchase shares at times that may otherwise be prohibited under the Company's insider trading policy. The share repurchase program does not require purchases to be made within a particular time frame. The Company had repurchased 28.3 million 33.1 million shares under the program at a cost of $470.8 million $577.3 million and had 11.7 million 6.9 million shares of Class A Common Stock remaining under its share repurchase authorization as of September 30, 2023.March 31, 2024.

During the nine months ended September 30, 2022, the Company repurchased 0.6 million shares of Class A Common Stock for $11.6 million from EnerVest Energy Institutional Fund XIV-C, L.P. outside of the share repurchase program.

During the nine months ended September 30, 2022 Magnolia LLC repurchased and subsequently canceled 5.9 million Magnolia LLC Units with an equal number of shares of corresponding Class B Common Stock for $138.8 million of cash consideration (the "Class B Common Stock Repurchases"). During the same period, the Magnolia LLC Unit Holders redeemed 14.6 million Magnolia LLC Units (and a corresponding number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock and subsequently sold these shares to the public.

Magnolia did not receive any proceeds from the sale of shares of Class A Common Stock by the Magnolia LLC Unit Holders. Magnolia funded the Class B Common Stock Repurchases with cash on hand.

Dividends and Distributions

The Company's board of directors periodically declares dividends payable on issued and outstanding shares of Class A Common Stock, and a corresponding distribution from Magnolia LLC to Magnolia LLC Unit Holders. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital and distributions to the Magnolia LLC Unit Holders are recorded as a reduction of noncontrolling interest.

The following table sets forth information with respect to cash dividends and distributions declared by the Company's board of directors during the nine three months ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 December 31, 2023, on its own behalf and in its capacity as the managing member of Magnolia LLC, on issued and outstanding shares of Class A Common Stock and Magnolia LLC Units:

Record Date	Record Date	Payment Date	Dividend/ Distribution Amount per share (1)	Distributions by Magnolia LLC (2)	Dividends Declared by the Company	Distributions to Magnolia LLC Unit Holders	Record Date	Payment Date	Dividend/ Distribution Amount per share (1)	Distributions by Magnolia LLC (2)	Dividends Declared by the Company	Distributions to Magnolia LLC Unit Holders
(In thousands, except per share amounts)												
February 16, 2024												
November 9, 2023												
August 10, 2023	August 10, 2023	September 1, 2023	$ 0.115	$ 24,321	$21,811	$ 2,510						
May 11, 2023	May 11, 2023	June 1, 2023	$ 0.115	$ 24,627	$22,117	$ 2,510						
February 10, 2023	February 10, 2023	March 1, 2023	$ 0.115	$ 24,878	$22,368	$ 2,510						
November 7, 2022		December 1, 2022	$ 0.100	$ 21,867	$18,996	$ 2,871						
August 12, 2022		September 1, 2022	$ 0.100	$ 21,983	$19,112	$ 2,871						
February 14, 2022		March 1, 2022	$ 0.200	$ 45,851	$37,283	$ 8,568						

(1) Per share of Class A Common Stock and per Magnolia LLC Unit.

(2) Reflects total cash dividend and distribution payments made, or to be made, to holders of Class A Common Stock and Magnolia LLC Unit Holders (other than the Company) as of the applicable record date.

Noncontrolling Interest

Noncontrolling interest in Magnolia's consolidated subsidiaries includes amounts attributable to Magnolia LLC Units that were issued to the Magnolia LLC Unit Holders. The noncontrolling interest percentage is affected by various equity transactions such as issuances and repurchases of Class A Common Stock, the exchange of Class B Common Stock (and corresponding Magnolia LLC Units) for Class A Common Stock, or the cancellation of Class B Common Stock (and corresponding Magnolia LLC Units). As of September 30, 2023 March 31, 2024, Magnolia owned approximately 89.5% 89.3% of the interest in Magnolia LLC and the noncontrolling interest was approximately 10.5% 10.7%.

Highlander was a joint venture whereby MGY Louisiana LLC, a wholly owned subsidiary of Magnolia Operating, held approximately 84.7% of the units of Highlander, with the remaining 15.3% attributable to noncontrolling interest. On May 30, 2023, the Company sold its interest in Highlander and recognized a gain on sale of $3.9 million included within "Other income, net" on the Company's consolidated statements of operations. Highlander.

11. Stock Based Compensation

On October 8, 2018, the The Company's board of directors adopted the "Magnolia Oil & Gas Corporation Long Term Incentive Plan" (as amended, the "Plan"), effective as of July 17, 2018. A total of 16.8 million shares of Class A Common Stock have been authorized for issuance under the Plan as of September 30, 2023 March 31, 2024. The Company grants stock based compensation awards in the form of restricted stock units ("RSU"), performance restricted stock units ("PRSU"), and performance stock units ("PSU") to eligible employees and directors to enhance the Company and its affiliates' ability to attract, retain, and motivate persons who make important contributions to the Company and its affiliates by providing these individuals with equity ownership opportunities. Shares issued as a result of awards granted under the Plan are generally new shares of Class A Common Stock.

Stock based compensation expense is recognized net of forfeitures within "General and administrative expenses" and "Lease operating expenses" on the consolidated statements of operations and was $4.2 million $4.7 million and $3.5 million $3.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, and $12.1 million and $9.9 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The Company has elected to account for forfeitures of awards granted under the Plan as they occur in determining compensation expense. The total income tax benefit recognized for stock that vested during the three months ended March 31, 2024 and 2023 was $4.8 million and $4.4 million, respectively.

The following table presents a summary of Magnolia’s unvested RSU, PRSU, and PSU activity for the three months ended September 30, 2023 March 31, 2024.

	Restricted Stock Units		Performance Restricted Stock Units		Performance Stock Units	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Unvested at June 30, 2023	1,173,407	$ 18.89	950,855	$ 13.73	232,700	$ 24.69
	Restricted Stock Units		Performance Restricted Stock Units		Performance Stock Units	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2023						
Granted Granted	24,346	22.40	—	—	—	—
Vested Vested	(18,141)	13.30	(2,444)	23.41	—	—
Forfeited Forfeited	(7,650)	23.01	—	—	—	—
Unvested at September 30, 2023	1,171,962	$ 19.01	948,411	$ 13.70	232,700	$ 24.69
Unvested at March 31, 2024						

The following table presents a summary weighted average grant date fair values of Magnolia’s unvested RSU, PRSU, the RSUs, PRSUs, and PSU activity for PSUs granted during the nine three months ended September 30, 2023.

	Restricted Stock Units		Performance Restricted Stock Units		Performance Stock Units	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2022	911,286	$ 12.89	1,257,583	$ 13.36	278,486	$ 6.14
Granted	703,751	22.80	15,524	22.28	232,700	24.69
Granted for performance multiple(1)	—	—	—	—	12,981	6.14
Vested	(394,766)	11.69	(317,407)	12.70	(291,467)	6.14
Forfeited	(48,309)	18.14	(7,289)	15.16	—	—
Unvested at September 30, 2023	1,171,962	$ 19.01	948,411	$ 13.70	232,700	$ 24.69

(1) Upon completion of the performance period for the PSUs granted in 2020, a performance multiple of 105% was applied to each of the grants resulting in additional grants of PSUs in 2023. March 31, 2023 were $23.06, $22.96, and $24.69 per share, respectively.

Restricted Stock Units

The Company grants service-based RSU awards to employees, which generally vest and settle ratably over a three-year or four-year service period, and to non-employee directors, which vest in full after one year. Non-employee directors may elect to defer the RSU settlement date. RSUs represent the right to receive shares of Class A Common Stock at the end of the vesting period equal to the number of RSUs that vest. RSUs are subject to restrictions on transfer and are generally subject to a risk of forfeiture if the award recipient ceases to be an employee or director of the Company prior to vesting of the award. Compensation expense for the service-based RSU awards is based upon the grant date market value of the award and such costs are recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award, as if the award was, in-substance, multiple awards. The aggregate fair value of RSUs that vested during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $8.7 million $7.9 million and $11.0 million $7.2 million, respectively. Unrecognized compensation expense related to unvested RSUs as of September 30, 2023 March 31, 2024 was $16.3 million $28.8 million, which the Company expects to recognize over a weighted average period of 2.4 2.6 years.

Performance Restricted Stock Units and Performance Stock Units

The Company grants PRSUs to certain employees. Each PRSU represents the contingent right to receive one share of Class A Common Stock once the PRSU is both vested and earned. PRSUs generally vest either ratably over a three-year service period or at the end of a three-year service period, in each case, subject to the recipient's continued employment or service through each applicable vesting date. Each PRSU is earned based on whether Magnolia's stock price achieves a target average stock price for any 20 consecutive trading days during the five-year performance period. period ("Performance Condition"). If PRSUs are not earned by the end of the five-year performance period, ("Performance Condition"), the PRSUs will be forfeited and no shares of Class A Common Stock will be issued, even if the vesting conditions have been met. Compensation expense for the PRSU awards is based upon grant date fair market value of the award, calculated using a Monte Carlo simulation, as presented below, and such costs are recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award, as if the award was, in-substance, multiple awards, as applicable. The aggregate fair value of PRSU awards PRSUs that vested during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $7.1 million $14.9 million and $4.8 million. $7.0 million, respectively. Unrecognized compensation expense related to unvested PRSUs as of September 30, 2023 March 31, 2024 was $4.6 million $1.8 million, which the Company expects to recognize over a weighted average period of 1.3 1.1 years.

The Company grants PSUs to certain employees. Each PSU, to the extent earned, represents the contingent right to receive one share of Class A Common Stock and the awardee may earn between zero and 150% of the target number of PSUs granted based on the total shareholder return ("TSR") of the Class A Common Stock relative to the TSR achieved by a specific industry peer group over a three-year performance period, the last day of which is also the vesting date. period. In addition to the TSR conditions, vesting of the PSUs is subject to the awardee's continued employment through the date of settlement of the PSUs, which will occur within 60 days following the end of the performance period. The aggregate fair value of PSU awards PSUs that vested during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $6.7 million $0.1 million and $5.5 million $6.7 million, respectively. Unrecognized compensation expense related to unvested PSUs as of September 30, 2023 March 31, 2024 was $4.5 million $10.6 million, which the Company expects to recognize over a weighted average period of 2.3 2.5 years.

The Performance Condition for the PRSUs granted in 2022 were met on March 28, 2022, therefore the fair value of the PRSUs granted after the Performance Condition were met were based upon the grant date market value of the award. The fair values of the awards granted prior to the date the Performance Condition was met were determined using a Monte Carlo simulation.

The following table summarizes the Monte Carlo simulation assumptions used to calculate the grant date fair value of the PSUs in 2023 2024 and PRSUs in 2022. 2023.

	Nine Months Ended	
PSU and PRSU Grant Date Fair Value Assumptions	**September 30, 2023**	**September 30, 2022**
Expected term (in years)	2.88	3.55
Expected volatility	60.80%	59.58%
Risk-free interest rate	4.15%	1.89%
Dividend yield	1.93%	1.97%

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	Three Months Ended	
PSU Grant Date Fair Value Assumptions	**March 31, 2024**	**March 31, 2023**
Expected term (in years)	2.88	2.88
Expected volatility	45.09%	60.80%
Risk-free interest rate	4.35%	4.15%
Dividend yield	2.48%	1.93%

12. Earnings Per Share

The Company's unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are deemed participating securities, and therefore dividends and net income allocated to such awards have been deducted from earnings in computing basic and diluted net income per share under the two-class method. Diluted net income per share attributable to Class A Common Stock is calculated under both the two-class method and the treasury stock method and the more dilutive of the two calculations is presented.

The components of basic and diluted net income per share attributable to Class A Common Stock are as follows:

		Three Months Ended		Nine Months Ended				
	Three Months Ended							Three Months Ended
(In thousands, except per share data)	*(In thousands, except per share data)*	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**	*(In thousands, except per share data)*	**March 31, 2024**	**March 31, 2023**
Basic:	**Basic:**							
Net income attributable to Class A Common Stock								
Net income attributable to Class A Common Stock								

Net income attributable to Class A Common Stock	Net income attributable to Class A Common Stock	$102,030	$245,477	$289,856	$662,099
Less: Dividends and net income allocated to participating securities	Less: Dividends and net income allocated to participating securities	1,171	2,297	3,205	6,050
Net income, net of participating securities	Net income, net of participating securities	$100,859	$243,180	$286,651	$656,049
Weighted average number of common shares outstanding during the period - basic	Weighted average number of common shares outstanding during the period - basic	187,093	188,635	189,408	186,475
Net income per share of Class A Common Stock - basic	Net income per share of Class A Common Stock - basic	$ 0.54	$ 1.29	$ 1.51	$ 3.52
Diluted:	**Diluted:**				
Diluted:					
Diluted:					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock	Net income attributable to Class A Common Stock	$102,030	$245,477	$289,856	$662,099
Less: Dividends and net income allocated to participating securities	Less: Dividends and net income allocated to participating securities	1,171	2,292	3,202	6,035
Net income, net of participating securities	Net income, net of participating securities	$100,859	$243,185	$286,654	$656,064

Weighted average number of common shares outstanding during the period - basic	Weighted average number of common shares outstanding during the period - basic	187,093	188,635	189,408	186,475
Add: Dilutive effect of stock based compensation and other	Add: Dilutive effect of stock based compensation and other	172	439	204	492
Weighted average number of common shares outstanding during the period - diluted	Weighted average number of common shares outstanding during the period - diluted	187,265	189,074	189,612	186,967
Net income per share of Class A Common Stock - diluted	Net income per share of Class A Common Stock - diluted	$ 0.54	$ 1.29	$ 1.51	$ 3.51

For each of the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company excluded 21.8 million and 28.7 million, respectively, of weighted average shares of Class A Common Stock issuable upon the exchange of Class B Common Stock (and corresponding Magnolia LLC Units) as the effect was anti-dilutive. For the nine months ended September 30, 2023 and 2022, the Company excluded 21.8 million and 35.5 million, respectively, of weighted average shares of Class A Common Stock issuable upon the exchange of Class B Common Stock (and corresponding Magnolia LLC Units) as the effect was anti-dilutive.

13. Related Party Transactions

As of September 30, 2023, For the three months ended March 31, 2024 and 2023, there were no related party transactions with an entity that held more than 10% of the Company's common stock or qualified as a principal owner of the Company, as defined in ASC 850, "Related Party Disclosures."

14. Supplemental Cash Flow

Supplemental cash flow disclosures are presented below:

	Three Months Ended	
(In thousands)	**March 31, 2024**	**March 31, 2023**
Supplemental cash items:		
Cash paid for income taxes	$ —	$ —
Cash paid for interest	12,588	12,019
Supplemental non-cash investing and financing activity:		
Accrued capital expenditures	54,375	52,946
Liabilities assumed in connection with acquisitions	6,968	—
Supplemental non-cash lease operating activity:		
Right-of-use assets obtained in exchange for operating lease obligations	2,440	6,412

15. Subsequent Events

On October 30, 2023 May 2, 2024, the Company's board of directors declared a quarterly cash dividend of $0.115 $0.13 per share of Class A Common Stock, and Magnolia LLC declared a cash distribution of $0.115 $0.13 per Magnolia LLC Unit to each holder of Magnolia LLC Units, each payable on December 1, 2023 June 3, 2024 to shareholders or members of record, as applicable, as of November 9, 2023 May 13, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding the Company's future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "could," "expect," "intend," "project," "estimate," "anticipate," "plan," "believe," or "continue" or similar terminology. Although Magnolia believes that the expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations include, but are not limited to, Magnolia's assumptions about:

- legislative, regulatory, or policy changes, including those following the change in presidential administrations;
- the market prices of oil, natural gas, natural gas liquids ("NGLs"), and other products or services;
- the supply and demand for oil, natural gas, NGLs, and other products or services, including impacts of actions taken by OPEC and other state-controlled oil companies;
- production and reserve levels;
- the timing and extent of the Company's success in discovering, developing, producing and estimating reserves;
- geopolitical and business conditions in key regions of the world;
- drilling risks;
- economic and competitive conditions;
- the availability of capital resources;
- capital expenditures and other contractual obligations;
- weather conditions;
- inflation rates;
- the availability of goods and services;
- cyber attacks;
- the occurrence of property acquisitions or divestitures;
- the integration of acquisitions; and
- the securities or capital markets and related risks such as general credit, liquidity, market, and interest-rate risks.

All of Magnolia's forward-looking information is subject to risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors and the timing of any of those risk factors identified in the reports that we have the Company has filed and may file with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the period ended December 31, 2022 December 31, 2023 (the "2022 "2023 Form 10-K").

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's unaudited consolidated financial statements and the related notes thereto.

Overview

Magnolia Oil & Gas Corporation (the "Company" or "Magnolia") is an independent oil and natural gas company engaged in the acquisition, development, exploration, and production of oil, natural gas, and NGL reserves that operates in one reportable segment located in the United States. The Company's oil and natural gas properties are located primarily in the Karnes County and the Giddings area areas in South Texas, where the Company primarily targets the Eagle Ford Shale and the Austin Chalk formations. Magnolia's objective is to generate stock market value over the long term through consistent organic production growth, high full cycle operating margins, an efficient capital program with short economic paybacks, significant free cash flow after capital expenditures, and effective reinvestment of free cash flow. The Company's allocation of capital prioritizes reinvesting in its business to achieve moderate and predictable annual volume growth, and remains balanced with returning capital to its shareholders through dividends and share repurchases.

Magnolia's business model prioritizes prudent and disciplined capital allocation, free cash flow, and financial stability, and prudent capital allocation. stability. The Company's ongoing plan is to spend within cash flow on drilling and completing wells while maintaining low financial leverage. The Company's gradual and measured approach toward the development of the Giddings area has created operating efficiencies leading to higher production.

Market Conditions Update

After Magnolia experienced record operating margins during 2022, natural Natural gas and NGL prices have significantly declined, and oil prices have weakened, while material and labor costs remained elevated. This has resulted have flattened, resulting in lower revenue and lower operating margins. As a result, Magnolia took actions In 2024, lower well costs combined with improved operating efficiencies are allowing for more wells to reduce its operating be drilled, completed and capital spending to better reflect the current cost and commodity environment. The capital spending level is turned in line with the principles of helping to support Magnolia's business model and is expected to provide the Company more operational and financial flexibility going forward. overall high-margin growth from a disciplined capital program.

Business Overview

As of September 30, 2023 March 31, 2024, Magnolia's assets in South Texas included 42,451 72,503 gross (22,785 (50,681 net) acres in the Karnes area, and 663,327 718,400 gross (475,543 (527,754 net) acres in the Giddings area. As of September 30, 2023 March 31, 2024, Magnolia held an interest in approximately 2,307 2,496 gross (1,519 (1,687 net) wells, with total production of 82.7 thousand and 81.3 84.8 thousand barrels of oil equivalent per day for the three and nine months ended September 30, 2023 March 31, 2024.

Magnolia recognized net income attributable to Class A Common Stock of $102.0 million and $289.9 $85.1 million, or $0.54 and $1.51 $0.46 per diluted common share, for the three and nine months ended September 30, 2023 March 31, 2024. Magnolia recognized net income of $117.5 million and $328.7 $97.6 million, which includes a noncontrolling interest of $15.4 $12.5 million, and $38.9 million related to the Magnolia LLC Units (and corresponding shares of Class B Common Stock) held by certain affiliates of EnerVest, for the three and nine months ended September 30, 2023 March 31, 2024.

During the nine months ended September 30, 2023, the Company declared cash dividends to holders of its Class A Common Stock totaling $66.3 million.

As of September 30, 2023 March 31, 2024, the Company's board of directors had authorized a share repurchase program of up to 40.0 million shares of Class A Common Stock. The program does not require purchases to be made within a particular time frame. The Company had repurchased 28.3 million 33.1 million shares under the program at a cost of $470.8 million $577.3 million and had 11.7 million 6.9 million shares of Class A Common Stock remaining under its share repurchase authorization as of September 30, 2023. March 31, 2024.

As of September 30, 2023 March 31, 2024, Magnolia owned approximately 89.5% 89.3% of the interest in Magnolia LLC and the noncontrolling interest was approximately 10.5% 10.7%.

Results of Operations

Factors Affecting the Comparability of the Historical Financial Results

Magnolia's historical financial condition and results of operations for the periods presented may not be comparable, either from period to period or going forward, as a result of the Company's acquisition in November 2023 of certain oil and gas producing properties including leasehold and mineral interests in the Giddings area for approximately $264.1 million, subject to customary purchase price adjustments, and an additional contingent cash consideration of up to $40.0 million through January 2026 based on future commodity prices.

As a result of the factors listed above, the historical results of operations and period-to-period comparisons of these results and certain financial data may not be comparable or indicative of future results.

Three Months Ended September 30, 2023 March 31, 2024 Compared to the Three Months Ended September 30, 2022 March 31, 2023

Oil, Natural Gas and NGL Sales Revenues. The following table provides the components of Magnolia's revenues for the periods indicated, as well as each period's respective average realized prices and production volumes. This table shows production on a boe basis in which natural gas is converted to an equivalent barrel of oil based on a ratio of six Mcf to one barrel. This ratio may not be reflective of the current price ratio between the two products.

		Three Months Ended				
		Three Months Ended				Three Months Ended
(In thousands, except per unit data)	*(In thousands, except per unit data)*	**September 30, 2023**	**September 30, 2022**	*(In thousands, except per unit data)*	**March 31, 2024**	**March 31, 2023**
Production:	**Production:**					
Oil (MBbls)						
Oil (MBbls)						

Oil (MBbls)	Oil (MBbls)	3,024	3,381
Natural gas (MMcf)	Natural gas (MMcf)	14,406	13,364
NGLs (MBbls)	NGLs (MBbls)	2,179	1,892
Total (Mboe)	Total (Mboe)	7,604	7,500
Average daily production:	**Average daily production:**		
Average daily production:			
Average daily production:			
Oil (Bbls/d)			
Oil (Bbls/d)			
Oil (Bbls/d)	Oil (Bbls/d)	32,867	36,751
Natural gas (Mcf/d)	Natural gas (Mcf/d)	156,585	145,257
NGLs (Bbls/d)	NGLs (Bbls/d)	23,686	20,568
Total (boe/d)	Total (boe/d)	82,651	81,529
Revenues:	**Revenues:**		
Revenues:			
Revenues:			
Oil revenues			
Oil revenues			
Oil revenues	Oil revenues	$243,588	$317,243
Natural gas revenues	Natural gas revenues	27,069	100,124
Natural gas liquids revenues	Natural gas liquids revenues	45,021	65,596
Total revenues	Total revenues	$315,678	$482,963
Average Price:	**Average Price:**		
Average Price:			
Average Price:			
Oil (per barrel)			
Oil (per barrel)			
Oil (per barrel)	Oil (per barrel)	$ 80.56	$ 93.83
Natural gas (per Mcf)	Natural gas (per Mcf)	1.88	7.49
NGLs (per barrel)	NGLs (per barrel)	20.66	34.66

Oil revenues were 77% 81% and 66% 78% of the Company's total revenues for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Oil production was 40% 44% and 45% of total production volume for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023,

respectively. Oil revenues for the three months ended September 30, 2023 March 31, 2024 were $73.7 $20.1 million lower higher than for the three months ended September 30, 2022 March 31, 2023. A 14% decrease 2% increase in average price decreased third increased first quarter 2023 2024 revenues by $44.9 $5.3 million compared to the same period in the prior year while an 11% decrease a 6% increase in oil production decreased increased revenues by $28.8 $14.8 million.

Natural gas revenues were 9% 7% and 20% 9% of the Company's total revenues for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Natural gas production was 31% 30% of total production volume for each of the three months ended March 31, 2024 and 2023. Natural gas revenues for the three months ended March 31, 2024 were $6.7 million lower than the three months ended March 31, 2023. A 30% decrease in average price decreased first quarter 2024 revenues by $8.4 million compared to the same period in the prior year, partially offset by a 9% increase in natural gas production which increased revenues by $1.7 million. The realized revenue pricing included the impact of gas plant fees that were netted from revenue.

NGL revenues were 12% and 13% of the Company's total revenues for the three months ended March 31, 2024 and 2023, respectively. NGL production was 26% and 25% of total production volume for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Natural gas NGL revenues for the three months ended September 30, 2023 March 31, 2024 were $73.1 $2.3 million lower than the three months ended September 30, 2022 March 31, 2023. A 75% 15% decrease in average price decreased third first quarter 2023 2024 revenues by $75.0 $6.2 million compared to the same period in the prior year, partially offset by an 8% increase in natural gas production which increased revenues by $1.9 million.

NGL revenues were 14% of the Company's total revenues for each of the three months ended September 30, 2023 and 2022. NGL production was 29% and 25% of total production volume for the three months ended September 30, 2023 and 2022, respectively. NGL revenues for the three months ended September 30, 2023 were $20.6 million lower than the three months ended September 30, 2022. A 40% decrease in average price decreased third quarter 2023 revenues by $26.5 million compared to the same period in the prior year, partially offset by a 15% 11% increase in NGL production which increased revenues by $5.9 $3.9 million.

Operating Expenses and Other Income (Expense). The following table summarizes the Company's operating expenses and other income (expense) for the periods indicated.

		Three Months Ended			Three Months Ended	
		Three Months Ended				
(In thousands, except per unit data)	*(In thousands, except per unit data)*	September 30, 2023	September 30, 2022	*(In thousands, except per unit data)*	March 31, 2024	March 31, 2023
Operating Expenses:	**Operating Expenses:**					
Lease operating expenses						
Lease operating expenses						
Lease operating expenses	Lease operating expenses	$ 35,893	$ 34,709			
Gathering, transportation and processing	Gathering, transportation and processing	10,297	19,297			
Taxes other than income	Taxes other than income	14,823	26,623			
Exploration expenses	Exploration expenses	5,128	1,173			
Asset retirement obligations accretion	Asset retirement obligations accretion	875	814			
Depreciation, depletion and amortization	Depreciation, depletion and amortization	81,158	68,972			
Impairment of oil and natural gas properties						
General and administrative expenses	General and administrative expenses	19,371	19,625			
Total operating expenses	Total operating expenses	$167,545	$171,213			

Other Income (Expense):	**Other Income (Expense):**				
Other Income (Expense):					
Other Income (Expense):					
Interest income (expense), net					
Interest income (expense), net					
Interest income (expense), net	Interest income (expense), net	$	1,034	$	(5,263)
Other expense, net	Other expense, net		(479)		(166)
Total other income (expense), net		$	555	$	(5,429)
Total other expense, net					
Average Operating Costs per boe:	**Average Operating Costs per boe:**				
Average Operating Costs per boe:					
Average Operating Costs per boe:					
Lease operating expenses					
Lease operating expenses					
Lease operating expenses	Lease operating expenses	$	4.72	$	4.63
Gathering, transportation and processing	Gathering, transportation and processing		1.35		2.57
Taxes other than income	Taxes other than income		1.95		3.55
Exploration expenses	Exploration expenses		0.67		0.16
Asset retirement obligations accretion	Asset retirement obligations accretion		0.12		0.11
Depreciation, depletion and amortization	Depreciation, depletion and amortization		10.67		9.20
Impairment of oil and natural gas properties					
General and administrative expenses	General and administrative expenses		2.55		2.62

Lease operating expenses are costs incurred in the operation of producing properties, including expenses for utilities, direct labor, water disposal, workover rigs, workover expenses, materials, and supplies. Lease operating expenses for the three months ended September 30, 2023 March 31, 2024 were $1.2 million $3.8 million, or $0.09 $0.05 per boe, higher compared to the corresponding 2022 period, three months ended March 31, 2023, due to an increase in costs including chemicals, compression, and operating and maintenance costs. associated with a higher well count.

Gathering, transportation and processing costs are costs incurred to deliver oil, natural gas, and NGLs to the market. These expenses can vary based on the volume of oil, natural gas, and NGLs produced as well as the cost of commodity processing. The

gathering, transportation and processing costs for the three months ended September 30, 2023 March 31, 2024 were $9.0 million $4.2 million, or $1.22 $0.67 per boe, lower than the three months ended September 30, 2022 March 31, 2023, primarily due to lower natural gas and NGL prices which resulted in lower processing costs. The Company is party to a number of contracts that are recorded gross within natural gas and NGL revenues, which track with natural gas and NGL pricing, and thereby have contributed to a decrease in gathering, transportation, and processing expense.

Taxes other than income is comprised of include production, ad valorem, and franchise taxes. These taxes are based on rates primarily established by state and local taxing authorities. Production taxes are based on the market value of production. Ad valorem taxes are based on the fair market value of the mineral interests or business assets. Taxes other than income for the three months ended September 30, 2023 March 31, 2024 were $11.8 million $1.4 million, or $1.60 $0.38 per boe, lower compared to the three months ended September 30, 2022 March 31, 2023, primarily due to a decrease in production taxes as a result of the decrease in oil, natural gas and NGL revenues.

Exploration expenses are geological revenues and geophysical costs that include seismic surveying costs, costs of expired or abandoned leases, and delay rentals. The exploration expenses for the three months ended September 30, 2023 were $4.0 million, or $0.51 per boe, higher than the three months ended September 30, 2022, due to increased spending on seismic licenses. tax incentives realized.

Depreciation, depletion and amortization ("DD&A") during the three months ended September 30, 2023 March 31, 2024 was $12.2 million $26.4 million, or $1.47 $2.68 per boe, higher than the three months ended September 30, 2022 March 31, 2023, due to increased production and a higher depreciable cost basis.

The Company recognized interest income, net, during the three months ended September 30, 2023 as compared to interest expense, net during the three months ended September 30, 2022. This $6.3 million change was driven by higher interest income realized during 2023 as a result of higher interest rates.

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Oil, Natural Gas and NGL Sales Revenues. The following table provides the components of Magnolia's revenues for the periods indicated, as well as each period's respective average realized prices and production volumes. This table shows production on a boe basis in which natural gas is converted to an equivalent barrel of oil based on a ratio of six Mcf to one barrel. This ratio may not be reflective of the current price ratio between the two products.

	Nine Months Ended	
(In thousands, except per unit data)	**September 30, 2023**	**September 30, 2022**
Production:		
Oil (MBbls)	9,345	9,216
Natural gas (MMcf)	40,839	38,205
NGLs (MBbls)	6,045	5,134
Total (Mboe)	22,196	20,718
Average daily production:		
Oil (Bbls/d)	34,229	33,760
Natural gas (Mcf/d)	149,594	139,947
NGLs (Bbls/d)	22,142	18,806
Total (boe/d)	81,303	75,890
Revenues:		
Oil revenues	$ 705,857	$ 912,702
Natural gas revenues	75,687	242,049
Natural gas liquids revenues	122,807	190,700
Total revenues	$ 904,351	$ 1,345,451
Average Price:		
Oil (per barrel)	$ 75.54	$ 99.03
Natural gas (per Mcf)	1.85	6.34
NGLs (per barrel)	20.32	37.14

Oil revenueswere 78% and 68% of the Company's total revenues for the nine months ended September 30, 2023 and 2022, respectively. Oil production was 42% and 44% of total production volume for the nine months ended September 30, 2023 and 2022, respectively. Oil revenues for the nine months ended September 30, 2023 were $206.8 million lower than for the nine months ended September 30, 2022. A 24% decrease in average price decreased revenues by $216.5 million during the nine months ended September 30, 2023 compared to the same period in the prior year, partially offset by a 1% increase in oil production which increased revenues by $9.7 million.

Natural gas revenues were 8% and 18% of the Company's total revenues for the nine months ended September 30, 2023 and 2022, respectively. Natural gas production was 31% of total production volume for each of the nine months ended September 30, 2023 and 2022. Natural gas revenues for the nine months ended September 30, 2023 were $166.4 million lower than the nine months ended September 30, 2022. A 71% decrease in average price decreased revenues by $171.3 million during the nine months ended September 30, 2023 compared to the same period in the prior year, partially offset by a 7% increase in natural gas production which increased revenues by $4.9 million.

NGL revenues were 14% of the Company's total revenues for each of the nine months ended September 30, 2023 and 2022. NGL production was 27% and 25% of total production volume for the nine months ended September 30, 2023 and 2022, respectively. NGL revenues for the nine months ended September 30, 2023 were $67.9 million lower than the nine months ended September 30, 2022. A 45% decrease in average price decreased revenues by $86.4 million during the nine months ended September 30, 2023

compared to the same period in the prior year, partially offset by an 18% increase in NGL production which increased revenues by $18.5 million.

Operating Expenses and Other Income (Expense). The following table summarizes the Company's operating expenses and other income (expense) for the periods indicated.

	Nine Months Ended	
(In thousands, except per unit data)	September 30, 2023	September 30, 2022
Operating Expenses:		
Lease operating expenses	$ 115,060	$ 96,057
Gathering, transportation and processing	33,419	51,518
Taxes other than income	49,331	74,917
Exploration expenses	5,139	10,119
Asset retirement obligations accretion	2,539	2,404
Depreciation, depletion and amortization	228,868	179,331
Impairment of oil and natural gas properties	15,735	—
General and administrative expenses	57,863	55,226
Total operating expenses	$ 507,954	$ 469,572
Other Income (Expense):		
Interest income (expense), net	$ 372	$ (21,637)
Other income, net	7,643	6,579
Total other income (expense), net	$ 8,015	$ (15,058)
Average Operating Costs per boe:		
Lease operating expenses	$ 5.18	$ 4.64
Gathering, transportation and processing	1.51	2.49
Taxes other than income	2.22	3.62
Exploration expenses	0.23	0.49
Asset retirement obligations accretion	0.11	0.12
Depreciation, depletion and amortization	10.31	8.66
Impairment of oil and natural gas properties	0.71	—
General and administrative expenses	2.61	2.67

Lease operating expenses for the nine months ended September 30, 2023 were $19.0 million, or $0.54 per boe, higher compared to the corresponding 2022 period, due to increased activity, including workover activity, and an increase in costs, including chemicals, compression, and operating and maintenance costs.

Gathering, transportation and processing costs for the nine months ended September 30, 2023 were $18.1 million, or $0.98 per boe, lower than the nine months ended September 30, 2022, primarily due to lower natural gas and NGL prices which resulted in lower processing costs.

Taxes other than income for the nine months ended September 30, 2023 were $25.6 million, or $1.40 per boe, lower compared to the nine months ended September 30, 2022, primarily due to a decrease in production taxes as a result of the decrease in oil, natural gas, and NGL revenues.

Exploration expenses for the nine months ended September 30, 2023 were $5.0 million, or $0.26 per boe, lower than the nine months ended September 30, 2022, due to decreased spending on seismic licenses.

DD&A during the nine months ended September 30, 2023 was $49.5 million, or $1.65 per boe, higher than the nine months ended September 30, 2022 due to increased production and a higher depreciable cost basis.

During the nine three months ended September 30, 2023 March 31, 2023, the Company recognized a $15.7 million proved property impairment related to the Highlander property.

General and administrative expenses during the nine three months ended September 30, 2023 March 31, 2024 were $2.6 million higher, but $0.06 $3.8 million, or $0.28 per boe, lower, higher than the nine three months ended September 30, 2022. General March 31, 2023, primarily driven by increased legal expenses, professional services, and administrative expenses were higher year over year primarily due to higher corporate payroll expenses, but lower on a per boe basis because of increased production. other non-recurring costs.

The Company recognized interest expense, net, during the three months ended March 31, 2024 as compared to interest income, net during the nine three months ended September 30, 2023 March 31, 2023. This $2.8 million change was driven by lower interest income realized during 2024 as compared to interest a result of lower cash balances.

Other expense, net, during the nine three months ended September 30, 2022 March 31, 2024 was $3.2 million higher than the three months ended March 31, 2023. This $22.0 million change was driven by higher interest income realized during 2023 as a result is primarily comprised of a higher average cash balance the loss on revaluation of the contingent consideration liability associated with the acquisition of certain oil and higher interest rates. gas producing properties in the Giddings area in the fourth quarter of 2023.

Income tax expense. The following table summarizes the Company's income tax expense for the periods indicated.

		Three Months Ended		Nine Months Ended				
		Three Months Ended						Three Months Ended
(In thousands)	*(In thousands)*	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	*(In thousands)*	March 31, 2024	March 31, 2023
Current income tax expense	Current income tax expense	$ 19,262	$ 19,358	$ 27,450	$ 65,333			
Deferred income tax expense	Deferred income tax expense	11,949	—	48,213	—			
Income tax expense	Income tax expense	$ 31,211	$ 19,358	$ 75,663	$ 65,333			

For the three months ended September 30, 2023 March 31, 2024, income tax expense was $11.9 million $0.7 million higher than the three months ended September 30, 2022 March 31, 2023, comprised of movements in both current and deferred income taxes. This was primarily driven by $11.9 million of deferred income tax expense recognized in 2023 which was not recognized in 2022 due to the existence of a full valuation allowance against net deferred tax assets.

For the nine months ended September 30, 2023, income tax expense was $10.3 million higher than the nine months ended September 30, 2022, comprised of movements in both current and deferred income taxes. This was primarily driven by $48.2 million of deferred income tax expense recognized in 2023 which was not recognized in 2022 due to the existence of a full valuation allowance against net deferred tax assets. This was partially offset by a $37.9 million decrease $7.4 million increase in current income tax expense partially offset by a $6.7 million decrease in deferred income tax expense, primarily due to lower taxable income primarily as a result the statutory reduction in accelerated depreciation of the decline in commodity prices.

As of December 31, 2022, the Company released the valuation allowance against net deferred tax assets. As of September 30, 2023, the Company's total deferred tax assets were $122.5 million. The Company considered, among other things, the overall business environment, its historical earnings and losses, current industry trends, and its outlook for future years. As of September 30, 2023, the Company assessed the realizability of the deferred tax assets and recorded a valuation allowance of $3.8 million to offset the deferred tax asset created by the capital loss attributable to the sale of the Company's interest in Highlander. expenditures. See *Note 9— Income Taxes* in the Notes notes to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for further detail.

Liquidity and Capital Resources

Magnolia's primary source of liquidity and capital has been its cash flows from operations. The Company's primary uses of cash have been for development of the Company's oil and natural gas properties, returning capital to shareholders, bolt-on acquisitions of oil and natural gas properties, and general working capital needs.

The Company may also utilize borrowings under other various financing sources available to it, including its RBL Facility and the issuance of equity or debt securities through public offerings or private placements, to fund Magnolia's acquisitions and long-term liquidity needs. Magnolia's ability to complete future offerings of equity or debt securities and the timing of these offerings will depend upon various factors, including prevailing market conditions and the Company's financial condition. The Company anticipates its current cash balance, cash flows from operations, and its available sources of liquidity to be sufficient to meet the Company's cash requirements.

As of September 30, 2023 March 31, 2024, the Company had $400.0 million of principal debt related to the 2026 Senior Notes outstanding and no outstanding borrowings related to the RBL Facility. As of September 30, 2023 March 31, 2024, the Company had $1.1 billion $849.3 million of liquidity comprised of the $450.0 million of borrowing base capacity of the RBL Facility, and $618.5 million $399.3 million of cash and cash equivalents.

Cash and Cash Equivalents

At September 30, 2023 March 31, 2024, Magnolia had $618.5 million $399.3 million of cash and cash equivalents. The Company's cash and cash equivalents are maintained with various financial institutions in the United States. Deposits with these institutions may exceed the amount of insurance provided on such deposits. However, the Company regularly monitors the financial stability of such financial institutions and believes that the Company is not exposed to any significant default risk.

Sources and Uses of Cash and Cash Equivalents

The following table presents the sources and uses of the Company's cash and cash equivalents for the periods presented:

		Nine Months Ended				
		Three Months Ended			Three Months Ended	
(In thousands)	*(In thousands)*	September 30, 2023	September 30, 2022	*(In thousands)*	March 31, 2024	March 31, 2023
SOURCES OF CASH AND CASH EQUIVALENTS	SOURCES OF CASH AND CASH EQUIVALENTS					
Net cash provided by operating activities	Net cash provided by operating activities	$608,907	$1,028,685			
Net cash provided by operating activities						
Net cash provided by operating activities						
USES OF CASH AND CASH EQUIVALENTS	USES OF CASH AND CASH EQUIVALENTS					
USES OF CASH AND CASH EQUIVALENTS						
USES OF CASH AND CASH EQUIVALENTS						
Acquisitions						
Acquisitions						
Acquisitions	Acquisitions	$ (53,812)	$ (11,749)			
Deposits for acquisitions of oil and natural gas properties	Deposits for acquisitions of oil and natural gas properties	(22,503)	—			
Additions to oil and natural gas properties	Additions to oil and natural gas properties	(332,055)	(323,510)			
Changes in working capital associated with additions to oil and natural gas properties	Changes in working capital associated with additions to oil and natural gas properties	(21,688)	14,152			

Class A Common Stock repurchases	Class A Common Stock repurchases	(151,696)	(153,138)
Class B Common Stock purchases and cancellations		—	(138,753)
Dividends paid	Dividends paid	(66,480)	(56,220)
Distributions to noncontrolling interest owners	Distributions to noncontrolling interest owners	(9,946)	(23,852)
Other	Other	(7,702)	(13,058)
Net uses of cash and cash equivalents	Net uses of cash and cash equivalents	(665,882)	(706,128)
NET CHANGE IN CASH AND CASH EQUIVALENTS	NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (56,975)	$ 322,557

NET CHANGE IN CASH AND CASH EQUIVALENTS

NET CHANGE IN CASH AND CASH EQUIVALENTS

Sources of Cash and Cash Equivalents

Net Cash Provided by Operating Activities

Operating cash flows are the Company's primary source of liquidity and are impacted, in the short- short-term and long-term, by oil and natural gas prices. The factors that determine operating cash flows are largely the same as those that affect net earnings, with the exception of certain non-cash expenses such as DD&A, stock based compensation, amortization of deferred financing costs, gain on sale revaluation of assets, contingent consideration, impairment of oil and natural gas properties, non-cash exploration expenses, asset retirement obligations accretion, and deferred income tax expense. taxes.

Net cash provided by operating activities totaled $608.9 million $210.9 million and $1.0 billion $219.8 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. During the nine three months ended September 30, 2023 March 31, 2024, cash provided by operating activities was negatively impacted by the timing of collections and a decrease in realized oil and natural gas and NGL prices, partially offset by the timing of payments and net changes an increase in operating assets and liabilities. realized oil prices.

Uses of Cash and Cash Equivalents

Acquisitions

During The Company made individually insignificant bolt-on acquisitions and purchase price adjustments during each of the nine three months ended September 30, 2023, the Company paid $53.8 million for acquisitions, primarily comprised of a $40.0 million acquisition in the Giddings area. March 31, 2024 and 2023. In addition, Magnolia paid a $22.5 million deposit $13.2 million in deposits for an acquisition acquisitions that closed in the Giddings area expected to close in the fourth second quarter of 2023. The remaining consideration for this acquisition will be funded with cash on hand. 2024.

Additions to Oil and Natural Gas Properties

The following table sets forth the Company's capital expenditures for the periods presented:

		Three Months Ended		Nine Months Ended			
	Three Months Ended						Three Months Ended
(In thousands)	*(In thousands)*	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	*(In thousands)* March 31, 2024	March 31, 2023
Drilling and completion	Drilling and completion	$104,310	$114,468	$330,147	$319,843		
Leasehold acquisition costs	Leasehold acquisition costs	2,358	1,582	1,908	3,667		
Total capital expenditures	Total capital expenditures	$106,668	$116,050	$332,055	$323,510		

During the third first quarter of 2023, 2024, Magnolia was running a two-rig program. The number of operated drilling rigs is largely dependent on commodity prices and the Company's strategy of maintaining spending to accommodate the Company's business model. The Company's ongoing plan is to continue to spend within cash flow on drilling and completing wells while maintaining low financial leverage.

Capital Requirements

As of September 30, 2023 March 31, 2024 the Company's board of directors had authorized a share repurchase program of up to 40.0 million shares of Class A Common Stock. The program does not require purchases to be made within a particular time frame and whether the Company undertakes these additional repurchases is ultimately subject to numerous considerations, market conditions, and other factors. During each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company repurchased 7.1 million and 6.6 million 2.4 million shares under this authorization, for a total cost of approximately $152.9 million $52.4 million and $144.0 million $51.3 million, respectively.

During the nine months ended September 30, 2022, the Company also repurchased 0.6 million shares of Class A Common Stock for $11.6 million from EnerVest Energy Institutional Fund XIV-C, L.P. outside of the share repurchase program.

During the nine months ended September 30, 2022, Magnolia LLC repurchased and subsequently canceled 5.9 million Magnolia LLC Units with an equal number of shares of corresponding Class B Common Stock for $138.8 million of cash consideration, respectively. As of September 30, 2023 March 31, 2024, Magnolia owned approximately 89.5% 89.3% of the interest in Magnolia LLC and the noncontrolling interest was approximately 10.5% 10.7%.

During the nine three months ended September 30, 2023 March 31, 2024, the Company declared cash dividends to holders of its Class A Common Stock totaling $66.3 $24.0 million. During the same time period, cash paid for dividends was $66.5 $24.0 million, inclusive of dividends on vested non-participating securities. Additionally, $7.5 $2.8 million was distributed to the Magnolia LLC Unit Holders. During the nine three months ended September 30, 2022 March 31, 2023, the Company declared cash dividends to holders of its Class A Common Stock totaling $56.4 $22.4 million, of which $56.2 $22.6 million was paid as of September 30, 2022. March 31, 2023, inclusive of dividends on vested non-participating securities. Additionally, $11.4 $2.5 million was distributed to the Magnolia LLC Unit Holders. The amount and frequency of future dividends is subject to the discretion of the Company's board of directors and primarily depends on earnings, capital expenditures, debt covenants, and various other factors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

For variable rate debt, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. The Company is subject to market risk exposure related to changes in interest rates on borrowings under the RBL Facility. Interest on borrowings under the RBL Facility is based on the SOFR rate or alternative base rate plus an applicable margin. At September 30, 2023 March 31, 2024, the Company had no borrowings outstanding under the RBL Facility.

Commodity Price Risk

Magnolia's primary market risk exposure is to the prices it receives for its oil, natural gas, and NGL production. The prices the Company ultimately realizes for its oil, natural gas, and NGLs are based on a number of variables, including prevailing index prices attributable to the Company's production and certain differentials to those index prices. Pricing for oil, natural gas, and NGLs has historically been volatile and unpredictable, and this volatility is expected to continue in the future. The prices the Company receives for production depend on factors outside of its control, including physical markets, supply and demand, financial markets, and national and international policies. A $1.00 per barrel increase (decrease) in the weighted average oil price for the nine three months ended September 30, 2023 March 31, 2024 would have increased (decreased) the Company's revenues by approximately $12.5 million $13.7 million on an annualized basis and a $0.10 per Mcf increase (decrease) in the weighted average natural gas price for the nine three months ended September 30, 2023 March 31, 2024 would have increased (decreased) the Company's revenues by approximately $5.4 million $5.5 million on an annualized basis.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, Magnolia has evaluated, under the supervision and with the participation of its management, including Magnolia's principal executive officer and principal financial officer, the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2023 March 31, 2024. Based on such evaluation, Magnolia's principal executive officer and principal financial officer have concluded that as of such date, the Company's disclosure controls and procedures were effective. The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by it in reports that it files under the Exchange Act is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure and is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC.

Changes in Internal Control over Financial Reporting

There were no changes in the system of internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See *Part I, Item 1, Note 8—Commitments and Contingencies* to the consolidated financial statements, which is incorporated herein by reference.

From time to time, the Company is party to certain legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not currently expect these matters to have a materially adverse effect on the financial position or results of operations of the Company.

Item 1A. Risk Factors

Please refer to *Part I, Item 1A - Risk Factors* of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 ("2022 2023 Form 10-K"), and *Part I, Item 3 - Quantitative and Qualitative Disclosures About Market Risk* of this Quarterly Report on Form 10-Q. Any of these factors could result in a significant or material adverse effect on Magnolia's business, results of operations, or financial condition. There have been no material changes to the Company's risk factors since its 2022 2023 Form 10-K. Additional risk factors not presently known to the Company or that the Company currently deems immaterial may also impair its business, results of operations, or financial condition.

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

The following table sets forth the Company's share repurchase activities for each period presented:

Period	Number of Shares of Class A Common Stock Purchased	Average Price Paid per Share	Total Number of Shares of Class A Common Stock Purchased as Part of Publicly Announced Program	Maximum Number of Shares of Class A Common Stock that May Yet Be Purchased Under the Program (1)
January 1, 2023 - March 31, 2023	2,400,000	21.36	2,400,000	6,467,105
April 1, 2023 - June 30, 2023	2,250,000	19.92	2,250,000	4,217,105
July 1, 2023 - July 31, 2023	214,600	20.79	214,600	14,002,505
August 1, 2023 - August 31, 2023	1,275,000	22.80	1,275,000	12,727,505
September 1, 2023 - September 30, 2023	1,009,400	23.02	1,009,400	11,718,105
Total	7,149,000	21.38	7,149,000	11,718,105

Period	Number of Shares of Class A Common Stock Purchased	Average Price Paid per Share	Total Number of Shares of Class A Common Stock Purchased as Part of Publicly Announced Program	Maximum Number of Shares of Class A Common Stock that May Yet Be Purchased Under the Program (1)
January 1, 2024 - January 31, 2024	600,000	$ 20.41	600,000	8,618,105
February 1, 2024 - February 29, 2024	832,500	21.34	832,500	7,785,605
March 1, 2024 - March 31, 2024	917,500	24.36	917,500	6,868,105
Total	2,350,000	$ 22.28	2,350,000	6,868,105

(1) As of June 30, 2023, the The Company's board of directors had has authorized a share repurchase program of up to 30.0 million 40.0 million shares of Class A Common Stock. The program does not require purchases to be made within a particular time frame. On July 31, 2023, the Company's board of directors increased the share repurchase authorization by an additional 10.0 million shares of Class A Common Stock, which increased total share repurchase authorization to 40.0 million shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Trading Arrangements

During the three and nine months ended September 30, 2023 March 31, 2024 no director or officer of Magnolia adopted, modified, or terminated any Rule 10b5–1 trading arrangement or any non-Rule 10b5–1 trading arrangement, as each term is defined in Item 408(a) and (c) of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1*	Second Amended and Restated Certificate of Incorporation of the Company, dated as of July 31, 2018 (incorporated herein by reference to Exhibit 3.1 filed with the Current Report on Form 8-K filed on August 6, 2018 (File No. 001-38083)).
3.2*	Bylaws of the Company (incorporated herein by reference to Exhibit 3.3 filed with the Registration Statement on Form S-1 filed on April 17, 2017 (File No. 333-217338)).
10.1*	Form of 2024 Restricted Stock Unit Grant Notice and attached Restricted Stock Unit Agreement under the Magnolia Oil & Gas Corporation Long Term Incentive Plan (incorporated herein by reference to Exhibit 10.23 filed with the Annual Report on Form 10-K, filed on February 15, 2024 (File No. 001-38083)).
10.2*	Form of 2024 Performance Share Unit Grant Notice and attached Performance Share Unit Agreement under the Magnolia Oil & Gas Corporation Long Term Incentive Plan (incorporated herein by reference to Exhibit 10.24 filed with the Annual Report on Form 10-K, filed on February 15, 2024 (File No. 001-38083)).
31.1**	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1***	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.
104**	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101).

* Incorporated herein by reference as indicated.
** Filed herewith.
*** Furnished herewith.

SIGNATURES

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

MAGNOLIA OIL & GAS CORPORATION

Date: November 2, 2023 May 8, 2024

By: /s/ Christopher Stavros
Christopher Stavros
Chief Executive Officer (Principal Executive Officer)

Date: November 2, 2023 May 8, 2024

By: /s/ Brian Corales
Brian Corales
Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Stavros, Chief Executive Officer of Magnolia Oil & Gas Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Magnolia Oil & Gas Corporation (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.
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: November 2, 2023 May 8, 2024 By: /s/ Christopher Stavros

Christopher Stavros
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Corales, Chief Financial Officer of Magnolia Oil & Gas Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Magnolia Oil & Gas Corporation (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.

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: November 2, 2023 May 8, 2024 By: /s/ Brian Corales

Brian Corales

Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Magnolia Oil & Gas Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Christopher Stavros and Brian Corales, Principal Executive Officer and Principal Financial Officer, respectively, of the Company, certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023 May 8, 2024 By: /s/ Christopher Stavros

Christopher Stavros

Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023 May 8, 2024 By: /s/ Brian Corales

Brian Corales

Chief Financial Officer
(Principal Financial Officer)

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