UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 26, 2024

Callon Petroleum Company
(Exact name of registrant as specified in its charter)

DE	001-14039	64-0844345
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

One Briarlake Plaza
2000 W. Sam Houston Parkway S., Suite 2000
Houston, TX 77042
(Address of Principal Executive Offices, and Zip Code)

(281) 589-5200
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☑ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	CPE	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

☐ 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. ☐

Item 2.02. Results of Operations and Financial Condition

The following information, including the press releases and certain financial and operational supplemental information attached as exhibits, is being furnished pursuant to Item 2.02 “Results of Operations and Financial Condition,” not filed, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This information shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

On February 26, 2024, Callon Petroleum Company issued the press release, attached as Exhibit 99.1, and certain financial and operational supplemental information, attached as Exhibit 99.2, regarding the Company’s fourth quarter and full-year 2023 financial and operating results and outlook.

Item 7.01. Regulation FD

The information set forth under Item 2.02 is incorporated herein by reference.

No Offer or Solicitation

Communications in this Current Report on Form 8-K are for informational purposes only and are not intended to and do not constitute an offer to sell or a solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, with respect to the proposed transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the “Securities Act”).

Additional Information and Where to Find It

In connection with the proposed transaction, APA has filed with the SEC a registration statement on Form S-4 (the “Registration Statement”) that includes a joint proxy statement of Callon and APA and a prospectus of APA (the “Joint Proxy Statement/Prospectus”). The Registration Statement was declared effective on February 15, 2024, and APA filed a prospectus on February 16, 2024 and Callon filed a definitive proxy statement on February 16, 2024. Callon and APA commenced mailing of the definitive Joint Proxy Statement/Prospectus to their respective stockholders on or about February 16, 2024. The proposed transaction will be submitted to Callon’s stockholders and APA’s stockholders for their consideration. Callon and APA may also file other documents with the SEC regarding the proposed transaction. This Current Report on Form 8-K is not a substitute for the Registration Statement and definitive Joint Proxy Statement/Prospectus that has been filed with the SEC or any other document that Callon or APA has filed or may file with the SEC and send to Callon’s stockholders and/or APA’s stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CALLON AND APA ARE URGED TO READ THE REGISTRATION STATEMENT AND DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, AS EACH MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT CALLON, APA, THE PROPOSED TRANSACTION, THE RISKS RELATED THERETO AND RELATED MATTERS.

Investors and security holders will be able to obtain free copies of the Registration Statement and definitive Joint Proxy Statement/Prospectus, as each may be amended or supplemented from time to time, and all other relevant documents that are filed or will be filed with the SEC through the website maintained by the SEC at http://www.sec.gov. Copies of documents filed with the SEC by Callon will be made available free of charge on Callon’s website at http://www.callon.com under the “Investors” tab or by contacting Callon’s Investor Relations Department at (281) 589-5200 or IR@callon.com. Copies of documents filed with the SEC by APA will be available free of charge on APA’s website at https://www.apacorp.com.

Participants in the Proxy Solicitation

Callon, APA and their respective directors and certain of their executive officers and other members of management and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from Callon’s stockholders and APA’s stockholders in connection with the proposed transaction. Information regarding the executive officers and directors of Callon is included in its definitive proxy statement for its 2023 annual meeting filed with the SEC on March 13, 2023 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at http://www.sec.gov or by accessing Callon’s website at http://www.callon.com. To the extent holdings of Callon’s securities by such executive officers and directors have changed since the amounts printed in the definitive proxy statement for Callon’s 2023 annual meeting, such changes have been or will be reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC. Information regarding the executive officers and directors of APA is included in its definitive proxy statement for its 2023 annual meeting filed with the SEC on April 11, 2023 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at http://www.sec.gov or by accessing APA’s website at http://www.apacorp.com. To the extent holdings of APA’s securities by such executive officers and directors have changed since the amounts printed in the definitive proxy statement for APA’s 2023 annual meeting, such changes have been or will be reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC. Investors may obtain additional information regarding the participants in the solicitations and a description of their direct and indirect interests, by security holdings or otherwise, by reading the Registration Statement, the definitive Joint Proxy Statement/Prospectus and other relevant materials filed with the SEC regarding the proposed transaction. Stockholders of Callon and APA, potential investors and other readers should read the definitive Joint Proxy Statement/Prospectus carefully before making any voting or investment decisions.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this Current Report on Form 8-K concerning the proposed transaction, including any statements regarding the expected timetable for completing the proposed transaction, the results, effects, benefits and synergies of the proposed transaction, future opportunities for the combined company, future financial performance and condition, guidance and any other statements regarding Callon's or APA's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely," "plan," "positioned," "strategy," and similar expressions or other words of similar meaning, and the negatives thereof, are intended to identify forward-looking statements. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to, failure to obtain the required votes of Callon's stockholders or APA's stockholders to approve the transaction and related matters; the risk that a condition to closing of the proposed transaction may not be satisfied, that either party may terminate the merger agreement or that the closing of the proposed transaction might be delayed or not occur at all; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; the diversion of management time on transaction-related issues; the ultimate timing, outcome and results of integrating the operations of Callon and APA; the effects of the business combination of Callon and APA, including the combined company's future financial condition, results of operations, strategy and plans; the ability of the combined company to realize anticipated synergies in the timeframe expected or at all; changes in capital markets and the ability of the combined company to finance operations in the manner expected; the effects of commodity price changes; and the risks of oil and gas activities. Expectations regarding business outlook, including changes in revenue, pricing, capital expenditures, cash flow generation, strategies for our operations, oil and natural gas market conditions, legal, economic and regulatory conditions, and environmental matters are only forecasts regarding these matters.

Additional factors that could cause results to differ materially from those described above can be found in Callon's Annual Report on Form 10-K for the year ended December 31, 2022 and in its subsequent Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023, each of which is on file with the SEC and available on Callon's website at http://www.callon.com under the "Investors" tab, and in other documents Callon files with the SEC, in APA's Annual Report on Form 10-K for the year ended December 31, 2022 and in its subsequent Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023, each of which is on file with the SEC and available on APA's website at http://www.apacorp.com under the "Investors" tab, and in other documents APA files with the SEC, and in the Registration Statement.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Neither Callon nor APA assumes any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Title of Document
99.1	Press release dated February 26, 2024 - Q4 2023 Earnings
99.2	Supplemental financial information

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 hereunto duly authorized.

Callon Petroleum Company
(Registrant)

February 26, 2024

/s/ Kevin Haggard
Kevin Haggard
Senior Vice President and Chief Financial Officer

Exhibit 99.1

Callon Petroleum Company Reports Fourth Quarter and Full Year 2023 Results

Fourth quarter results top expectations for production
Long-term debt further reduced to $1.9 billion
Realized reductions in well costs and gains in well productivity to drive 2024 capital efficiency

HOUSTON, February 26, 2024 /PRNewswire/ - Callon Petroleum Company (NYSE: CPE) ("Callon" or the "Company") today reported fourth quarter and full year 2023 financial and operating results. Due to the pending merger (the "Merger") with APA Corporation ("APA"), Callon will not host a conference call or webcast to discuss its fourth quarter and full year 2023 results.

Fourth Quarter 2023 Highlights

- Generated $298.3 million of net cash provided by operating activities
- Adjusted free cash flow of $120.2 million marking 15 consecutive quarters of adjusted free cash flow generation
- Total production was above the high end of guidance and averaged 103.4 MBoe/d (79% liquids); oil production averaged 58.7 MBbls/d
- Capital expenditures were in line with guidance at $170.5 million
- Repurchased $40.5 million in common stock during the quarter

Full-Year 2023 Highlights

- Completed transformative transactions to focus on the Permian Basin, reduce leverage and accelerate returns to shareholders following the acquisition of high-value, accretive assets in the Delaware Basin and the simultaneous divestiture of its legacy Eagle Ford assets
- Launched a $300 million share buyback program, repurchasing 1.7 million shares, or approximately 2.5% of total shares outstanding at December 31, 2023, at an average-weighted price of $33.59 per share
- Allocated free cash flow to reduce long-term debt by 14% year-over-year, exiting 2023 with $1.9 billion in long-term debt and a leverage ratio, calculated as net debt divided adjusted EBITDAX as defined in our credit facility, of less than 1.5x
- Generated $1.1 billion of net cash provided by operating activities
- Adjusted free cash flow of $188.1 million
- Total production averaged 103.0 MBoe/d and 60.0 MBbl/d (80% liquids and 58% oil)
- Capital expenditures were in line with guidance at $977 million
- Estimated proved reserves at year-end, as prepared by DeGolyer and MacNaughton, were 433.5 MMBoe, of which 64% was proved developed producing (PDP) and 55% was crude oil. Using SEC prices, the standardized measure of discounted future net cash flows was $5.4 billion with an associated PV-10 metric of $5.9 billion (73% PDP)

"The steps we took in 2023 to focus on the Permian and improve overall capital efficiency are paying dividends as demonstrated in the fourth quarter. We posted exceptional results, with a sequential production increase and capital spending on target with plan. Our recent operational initiatives, including fit-for-purpose completion designs and artificial lift optimization, generated tangible improvements in well performance and pave the way for sustained uplift in the future," said Joe Gatto, President and Chief Executive Officer. "Callon is firing on all cylinders today with a solid capital efficiency trajectory driven by both well productivity and significant reductions in wells costs. Our pending combination with APA will further increase the value proposition for shareholders from an expanded Permian footprint and organization that can drive incremental gains in performance through the application of best practices and technical expertise from both companies."

Fourth Quarter 2023 Financial and Operating Summary

Fourth quarter 2023 net income of $169.0 million, or $2.51 per share, (all share amounts are stated on a diluted basis), and adjusted EBITDAX of $325.8 million. Adjusted income was $109.0 million, or $1.62 per share.

Fourth quarter production was above the high end of guidance and averaged 103.4 MBoe/d (57% oil and 79% liquids). During the quarter, 14 gross wells were TIL. Notably, cumulative oil production from fourth quarter wells were 51% more productive on a per lateral foot basis in the first 90 days of production (6,848 Bbl / 1,000 lateral ft.) compared to third quarter 2023 wells.

Average realized commodity prices during the quarter were $79.05 per Bbl for oil (101% of NYMEX WTI), $20.94 per Bbl for natural gas liquids, and $1.60 per MMBtu for natural gas (55% of NYMEX HH). Total average realized price for the period was $51.54 per Boe on an unhedged basis.

Lease operating expense, which includes workover expense, for the quarter was $77.9 million or $8.19 per Boe compared to $73.5 million or $7.85 per Boe in the third quarter of 2023.

Capital expenditures for the fourth quarter were $170.5 which was within guidance. Over the course of the second half of 2023, relative to prior activity plans, Callon drilled an incremental nine wells (all to be completed in 2024) and completed roughly 40,000 incremental lateral feet at higher than planned intensities while staying within the original budget guidance. The incremental completions activity was related to an eleven-well project placed on production in Q1 of 2024. Entering 2024, these types of realized efficiency gains have positioned the Company to deliver significantly lower average well costs, including facilities, of approximately $980 per lateral foot in the Delaware Basin (a 19% decrease to 2023 actuals) and $682 per lateral foot in the Midland Basin (a 26% decrease to 2023 actuals). This well cost structure also includes an average 20% increase in completion intensity, or proppant lb/ft, compared to 2023 actuals. These capital cost estimates, which underpin our AFEs currently in process for 2024, are consistent with previously disclosed estimates of per well cost reductions of at least 15% for 2024 versus 2023.

Shareholder Returns

During the fourth quarter, Callon repurchased 1.3 million shares of common stock at a weighted average purchase price of $32.02 per common share for a total cost of $40.5 million. As of December 31, 2023, the remaining authorized repurchase amount under the share repurchase program was $244.5 million; however, Callon is restricted under its merger agreement with APA from share repurchases.

Environmental, Social, and Governance ("ESG") Updates

The Company is committed to GHG emission reductions and has made significant progress in its 2023 environmental performance, including reaching its 2024 goals for GHG emissions a year earlier than expected. Highlights of the 2023 program include:

- Attained corporate 2024 goal of reducing GHG intensity by more than 50% over 2019 levels
- Reduced methane emissions by more than 80% as compared to 2021 levels to exceed our 2024 goal of methane emissions <0.2% of total gas produced
- Accelerated achievement of 2024 goal to reduce Callon-controlled flaring to less than 1%

2024 Guidance

Due to the pending merger with APA, Callon has discontinued providing guidance.

About Callon Petroleum

Callon Petroleum Company is an independent oil and natural gas company focused on the acquisition, exploration and sustainable development of high-quality assets in the Permian Basin in West Texas.

Contact Information

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No Offer or Solicitation

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Registration Statement and definitive Joint Proxy Statement/Prospectus that has been filed with the SEC or any other document that Callon or APA has filed or may file with the SEC and send to Callon's stockholders and/or APA's stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CALLON AND APA ARE URGED TO READ THE REGISTRATION STATEMENT AND DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, AS EACH MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT CALLON, APA, THE PROPOSED TRANSACTION, THE RISKS RELATED THERETO AND RELATED MATTERS.

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Participants in the Proxy Solicitation

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Cautionary Statement Regarding Forward Looking Information

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are all statements other than statements of historical facts. In some cases, you can identify forward-looking statements in this news release by words such as "anticipate," "project," "intend," "estimate," "expect," "believe," "predict," "budget," "projection," "goal," "plan," "forecast," "target" or similar expressions but not all forward-looking statements contain such words. Forward-looking statements that may be included in this news release include statements about our oil and natural gas reserve quantities and the discounted present value of these reserves, the amount and nature of our capital expenditures, our future drilling and development plans and our potential drilling locations, the timing and amount of future capital and operating costs, commodity price risk management activities and the impact on our average realized prices, business strategies and plans of management, our initiatives to control costs and improve capital and structural drilling efficiency; our ability to efficiently integrate recent acquisitions, and the pending Merger.

These forward-looking statements reflect the Company's current views with respect to future events and financial performance based on management's experience and perception of historical trends, current conditions, anticipated (or assumed) future developments and other factors believed to be appropriate. No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. Some of the factors which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include the volatility of oil and natural gas prices; changes in the supply of and demand for oil and natural gas, including as a result of actions by, or disputes among members of OPEC and other oil and natural gas producing countries with respect to production levels or other matters related to the price of oil; general economic conditions, including the availability of credit, inflation or rising interest rates; our ability to drill and complete wells; operational, regulatory and environment risks; the cost and availability of equipment and labor; our ability to finance our development activities at expected costs or at expected times or at all; rising interest rates and inflation; our inability to realize the benefits of recent transactions; currently unknown risks and liabilities relating to the newly acquired assets and operations; the effects of the business combination of Callon and APA, including the combined company's future financial condition, results of operations, strategy and plans and the ability of the combined company to realize anticipated synergies in the timeframe expected or at all; risks that are not yet known or material to us; and other risks more fully discussed in our filings with the SEC, including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and the definitive proxy statement relating to the Merger, available on our website or the SEC's website at www.sec.gov.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

This news release refers to non-GAAP financial measures such as "adjusted free cash flow," "adjusted EBITDAX," "adjusted income," "adjusted income per diluted share," "net debt" and "PV-10." These measures, detailed below, are provided in addition to, and not as an alternative for, and should be read in conjunction with, the information contained in our financial statements prepared in accordance with GAAP (including the notes), included in our filings with the SEC and posted on our website.

- Adjusted free cash flow is a non-GAAP measure that is defined by the Company as net cash provided by operating activities before net change in working capital, changes in accrued hedge settlements, merger, integration and transaction expense, and other income and expense, less capital expenditures before increase (decrease) in accrued capital expenditures. We believe adjusted free cash flow provides useful information to investors because it is a comparable metric against other companies in the industry and is a widely accepted financial indicator of an oil and natural gas company's ability to generate cash for the use of internally funding their capital development program and to service or incur debt. Adjusted free cash flow is not a measure of a company's financial performance under GAAP and should not be considered as an alternative to net cash provided by operating activities, or as a measure of liquidity.
- Callon calculates adjusted EBITDAX as net income (loss) before interest expense, income tax expense (benefit), depreciation, depletion and amortization, (gains) losses on derivative instruments excluding net settled derivative instruments, (gain) loss on sale of oil and gas properties, impairment of oil and gas properties, non-cash share-based compensation expense, exploration expense, merger, integration and transaction expense, (gain) loss on extinguishment of debt, and certain other expenses. Adjusted EBITDAX is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, the Company believes that adjusted EBITDAX provides useful information to investors because it provides additional information with respect to our performance or ability to meet our future debt service, capital expenditures and working capital requirements. Because adjusted EBITDAX excludes some, but not all, items that affect net income (loss) and may vary among companies, the adjusted EBITDAX presented above may not be comparable to similarly titled measures of other companies.
- Adjusted income and adjusted income per diluted share are non-GAAP measures that Callon believes are useful to investors because they provide readers with a meaningful measure of our profitability before recording certain items whose timing or amount cannot be reasonably determined. These measures exclude the net of tax effects of these items and non-cash valuation adjustments, which are detailed in the reconciliation provided. Adjusted income and adjusted income per diluted share are not measures of financial performance under GAAP. Accordingly, neither should be considered as a substitute for net income (loss), operating income (loss), or other income data prepared in accordance with GAAP. However, the Company believes that adjusted income and adjusted income per diluted share provide additional information with respect to our performance. Because adjusted income and adjusted income per diluted share exclude some, but not all, items that affect net income (loss) and may vary among companies, the adjusted income and adjusted income per diluted share presented above may not be comparable to similarly titled measures of other companies.
- Net debt is a supplemental non-GAAP measure that is defined by the Company as total debt excluding unamortized premiums, discount, and deferred loan costs, less cash and cash equivalents. Net debt should not be considered an alternative to, or more meaningful than, total debt, the most directly comparable GAAP measure. Management uses net debt to determine the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand. We believe this metric is useful to analysts and investors in determining the Company's leverage position since the Company has the ability to, and may decide to, use a portion of its cash and cash equivalents to reduce debt.
- Callon believes that the presentation of PV-10 provides greater comparability when evaluating oil and gas companies due to the many factors unique to each individual company that impact the amount and timing of future income taxes. In addition, we believe that PV-10 is widely used by investors and analysts as a basis for comparing the relative size and value of our proved reserves to other oil and gas companies. PV-10 should not be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows or any other measure of a company's financial or operating

performance presented in accordance with GAAP. Neither PV-10 nor the standardized measure of discounted future net cash flows purport to represent the fair value of our proved oil and gas reserves.

Adjusted Income and Adjusted EBITDAX. The following tables reconcile the Company's adjusted income and adjusted EBITDAX to net income:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands except per share data)			
Net income	$168,975	$119,484	$221,868	$401,201
(Gain) loss on derivative contracts	(43,116)	55,804	25,855	(18,898)
Gain (loss) on commodity derivative settlements, net	(4,638)	(9,196)	(44,380)	11,841
Non-cash expense related to share-based awards	1,889	3,955	3,615	11,413
Impairment of oil and gas properties	—	—	2,201	406,898
Gain on sale of oil and gas properties	(2,906)	(20,570)	—	(23,476)
Merger, integration and transaction	4,730	4,925	—	11,198
Other (income) expense	(3,544)	3,220	(485)	(6,684)
(Gain) loss on extinguishment of debt	—	(1,238)	3,241	(1,238)
Tax effect on adjustments above [(a)]	9,993	(7,749)	2,090	(82,121)
Change in valuation allowance	(22,379)	(24,690)	(40,836)	(234,201)
Adjusted income	**$109,004**	**$123,945**	**$173,169**	**$475,933**
Net income per diluted share	$2.51	$1.75	$3.59	$6.19
Adjusted income per diluted share	**$1.62**	**$1.82**	**$2.80**	**$7.34**
Basic weighted average common shares outstanding	67,257	67,931	61,610	64,692
Diluted weighted average common shares outstanding (GAAP)	67,421	68,083	61,844	64,852

(a) Calculated using the federal statutory rate of 21%.

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
Net income	$168,975	$119,484	$221,868	$401,201
(Gain) loss on derivative contracts	(43,116)	55,804	25,855	(18,898)
Gain (loss) on commodity derivative settlements, net	(4,638)	(9,196)	(44,380)	11,841
Non-cash expense related to share-based awards	1,889	3,955	3,615	11,413
Impairment of oil and gas properties	—	—	2,201	406,898
Gain on sale of oil and gas properties	(2,906)	(20,570)	—	(23,476)
Merger, integration and transaction	4,730	4,925	—	11,198
Other (income) expense	(3,544)	3,220	(485)	(6,684)
Income tax (benefit) expense	16,590	509	7,286	(189,808)
Interest expense	42,611	43,149	46,772	179,305
Depreciation, depletion and amortization	143,750	138,598	134,735	535,661
Exploration	1,441	3,588	2,466	9,143
(Gain) loss on extinguishment of debt	—	(1,238)	3,241	(1,238)
Adjusted EBITDAX	**$325,782**	**$342,228**	**$403,174**	**$1,326,556**

Adjusted Free Cash Flow. The following table reconciles the Company's adjusted free cash flow to net cash provided by operating activities:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
Net cash provided by operating activities	$298,266	$266,828	$333,987	$1,092,529
Changes in working capital and other	(16,255)	26,344	13,781	40,146
Changes in accrued hedge settlements	5,714	(10,224)	15,816	8,919
Merger, integration and transaction	4,730	4,925	—	11,198
Cash flow from operations before net change in working capital	292,455	287,873	363,584	1,152,792
Capital expenditures	217,978	252,407	200,539	968,982
Increase (decrease) in accrued capital expenditures	(45,756)	(12,872)	(1,870)	(4,251)
Capital expenditures before accruals	172,222	239,535	198,669	964,731
Adjusted free cash flow	**$120,233**	**$48,338**	**$164,915**	**$188,061**

Net Debt. The following table presents and reconciles the Company's net debt to total debt:

	December 31, 2023	September 30, 2023	December 31, 2022
	(In thousands)		
Total debt	$1,918,655	$1,948,619	$2,241,295
Unamortized premiums, discount, and deferred loan costs, net	17,128	18,164	19,726
Adjusted total debt	$1,935,783	$1,966,783	$2,261,021
Less: Cash and cash equivalents	3,325	3,456	3,395
Net debt	**$1,932,458**	**$1,963,327**	**$2,257,626**

PV-10. PV-10 as of December 31, 2023 is reconciled below to the standardized measure of discounted future net cash flows:

	As of December 31, 2023
	(In millions)
Standardized measure of discounted future net cash flows	$5,434.2
Add: present value of future income taxes discounted at 10% per annum	$455.4
Total proved reserves - PV-10	**$5,889.6**
Total proved developed reserves - PV-10	$4,294.9
Total proved undeveloped reserves - PV-10	$1,594.7

Callon Petroleum Company
Consolidated Balance Sheets
(In thousands, except par and share amounts)

	December 31, 2023	December 31, 2022*
ASSETS		
Current assets:		
Cash and cash equivalents	$3,325	$3,395
Accounts receivable, net	206,791	237,128
Fair value of derivatives	11,857	21,332
Other current assets	30,154	35,783
Total current assets	252,127	297,638
Oil and natural gas properties, successful efforts accounting method:		
Proved properties, net	5,086,973	4,851,529
Unproved properties	1,063,033	1,225,768
Total oil and natural gas properties, net	6,150,006	6,077,297
Other property and equipment, net	26,784	26,152
Deferred income taxes	180,963	—
Other assets, net	101,596	87,382
Total assets	**$6,711,476**	**$6,488,469**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$526,446	$536,233
Fair value of derivatives	24,147	16,197
Other current liabilities	96,369	150,384
Total current liabilities	646,962	702,814
Long-term debt	1,918,655	2,241,295
Asset retirement obligations	42,653	53,892
Fair value of derivatives	29,880	13,415
Other long-term liabilities	81,965	51,272
Total liabilities	**2,720,115**	**3,062,688**
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 130,000,000 shares authorized; 66,474,525 and 61,621,518 shares outstanding, respectively	665	616
Capital in excess of par value	4,186,524	4,022,194
Accumulated deficit	(195,828)	(597,029)
Total stockholders' equity	**3,991,361**	**3,425,781**
Total liabilities and stockholders' equity	**$6,711,476**	**$6,488,469**

* Financial information for the prior period has been recast to reflect retrospective application of the successful efforts method of accounting. For additional information, refer to our Form 10-K for the year ended December 31, 2023.

Callon Petroleum Company
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	**2022***	**2023**	**2022***
Operating Revenues:				
Oil	$427,030	$513,734	$1,697,026	$2,262,647
Natural gas	19,414	42,774	82,468	232,681
Natural gas liquids	43,919	49,776	174,407	260,472
Sales of purchased oil and gas	110,994	97,965	389,083	475,164
Total operating revenues	601,357	704,249	2,342,984	3,230,964
Operating Expenses:				
Lease operating	77,948	74,097	303,363	290,486
Production and ad valorem taxes	25,493	34,079	113,512	159,920
Gathering, transportation and processing	27,651	25,285	108,221	96,902
Exploration	1,441	2,466	9,143	9,703
Cost of purchased oil and gas	113,295	100,338	399,242	478,445
Depreciation, depletion and amortization	143,750	134,735	535,661	494,229
Impairment of oil and gas properties	—	2,201	406,898	2,201
Gain on sale of oil and gas properties	(2,906)	—	(23,476)	—
General and administrative	28,439	26,511	115,344	97,996
Merger, integration and transaction	4,730	—	11,198	769
Total operating expenses	419,841	399,712	1,979,106	1,630,651
Income From Operations	**181,516**	**304,537**	**363,878**	**1,600,313**
Other (Income) Expenses:				
Interest expense	42,611	46,772	179,305	187,792
(Gain) loss on derivative contracts	(43,116)	25,855	(18,898)	330,953
(Gain) loss on extinguishment of debt	—	3,241	(1,238)	45,658
Other (income) expense	(3,544)	(485)	(6,684)	2,645
Total other (income) expense	(4,049)	75,383	152,485	567,048
Income Before Income Taxes	**185,565**	**229,154**	**211,393**	**1,033,265**
Income tax benefit (expense)	(16,590)	(7,286)	189,808	(13,822)
Net Income	**$168,975**	**$221,868**	**$401,201**	**$1,019,443**
Net Income Per Common Share:				
Basic	$2.51	$3.60	$6.20	$16.54
Diluted	$2.51	$3.59	$6.19	$16.47
Weighted Average Common Shares Outstanding:				
Basic	67,257	61,610	64,692	61,620
Diluted	67,421	61,844	64,852	61,904

* Financial information for the prior period has been recast to reflect retrospective application of the successful efforts method of accounting. For additional information, refer to our Form 10-K for the year ended December 31, 2023.

Callon Petroleum Company
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	**2022***	**2023**	**2022***
Cash flows from operating activities:				
Net income	$168,975	$221,868	$401,201	$1,019,443
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	143,750	134,735	535,661	494,229
Impairment of oil and gas properties	—	2,201	406,898	2,201
Amortization of non-cash debt related items, net	2,811	2,652	10,790	12,332
Deferred income tax (benefit) expense	18,771	5,198	(187,270)	6,308
(Gain) loss on derivative contracts	(43,116)	25,855	(18,898)	330,953
Cash received (paid) for commodity derivative settlements, net	(10,352)	(60,196)	2,922	(493,714)
Gain on sale of oil and gas properties	(2,906)	—	(23,476)	—
(Gain) loss on extinguishment of debt	—	3,241	(1,238)	45,658
Non-cash expense related to share-based awards	1,889	3,615	11,413	8,042
Other, net	824	(1,568)	5,387	7,136
Changes in current assets and liabilities:				
Accounts receivable	34,066	48,943	48,285	(3,480)
Other current assets	(3,284)	(3,163)	(16,462)	(15,392)
Accounts payable and accrued liabilities	(13,162)	(49,394)	(82,684)	(58,043)
Net cash provided by operating activities	**298,266**	**333,987**	**1,092,529**	**1,355,673**
Cash flows from investing activities:				
Capital expenditures	(217,978)	(200,539)	(968,982)	(848,688)
Acquisition of oil and gas properties	(9,505)	(9,700)	(287,939)	(26,706)
Proceeds from sales of assets	1,776	17,780	553,222	27,093
Cash paid for settlement of contingent consideration arrangement	—	—	—	(19,171)
Other, net	(762)	792	(3,612)	14,289
Net cash used in investing activities	**(226,469)**	**(191,667)**	**(707,311)**	**(853,183)**
Cash flows from financing activities:				
Borrowings on credit facility	883,500	751,000	3,513,000	3,286,000
Payments on credit facility	(914,500)	(884,000)	(3,651,000)	(3,568,000)
Issuance of 7.5% Senior Notes due 2030	—	—	—	600,000
Redemption of 8.25% Senior Notes due 2025	—	—	(187,238)	—
Redemption of 6.125% Senior Notes due 2024	—	—	—	(467,287)
Redemption of 9.0% Second Lien Senior Secured Notes due 2025	—	—	—	(339,507)
Payment of deferred financing costs	(362)	(10,275)	(922)	(21,898)
Cash paid to repurchase common stock	(40,525)	—	(55,505)	—
Other, net	(41)	—	(3,623)	1,715
Net cash used in financing activities	**(71,928)**	**(143,275)**	**(385,288)**	**(508,977)**
Net change in cash and cash equivalents	(131)	(955)	(70)	(6,487)
Balance, beginning of period	3,456	4,350	3,395	9,882
Balance, end of period	**$3,325**	**$3,395**	**$3,325**	**$3,395**

***** Financial information for the prior period has been recast to reflect retrospective application of the successful efforts method of accounting. For additional information, refer to our Form 10-K for the year ended December 31, 2023.

SOURCE Callon Petroleum Company

Exhibit 99.2

Callon Petroleum Company Fourth Quarter and Year-End 2023
Supplemental Tables

Table of Contents:	Page:

Callon Petroleum Company
Consolidated Balance Sheets
(In thousands, except par and share amounts)

	December 31, 2023	December 31, 2022*
ASSETS		
Current assets:		
Cash and cash equivalents	$3,325	$3,395
Accounts receivable, net	206,791	237,128
Fair value of derivatives	11,857	21,332
Other current assets	30,154	35,783
Total current assets	252,127	297,638
Oil and natural gas properties, successful efforts accounting method:		
Proved properties, net	5,086,973	4,851,529
Unproved properties	1,063,033	1,225,768
Total oil and natural gas properties, net	6,150,006	6,077,297
Other property and equipment, net	26,784	26,152
Deferred income taxes	180,963	—
Other assets, net	101,596	87,382
Total assets	**$6,711,476**	**$6,488,469**
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Current liabilities:		
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Fair value of derivatives	24,147	16,197
Other current liabilities	96,369	150,384
Total current liabilities	646,962	702,814
Long-term debt	1,918,655	2,241,295
Asset retirement obligations	42,653	53,892
Fair value of derivatives	29,880	13,415
Other long-term liabilities	81,965	51,272
Total liabilities	**2,720,115**	**3,062,688**
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 130,000,000 shares authorized; 66,474,525 and 61,621,518 shares outstanding, respectively	665	616
Capital in excess of par value	4,186,524	4,022,194
Accumulated deficit	(195,828)	(597,029)
Total stockholders' equity	**3,991,361**	**3,425,781**
Total liabilities and stockholders' equity	**$6,711,476**	**$6,488,469**

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Callon Petroleum Company
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	**2022***	**2023**	**2022***
Operating Revenues:				
Oil	$427,030	$513,734	$1,697,026	$2,262,647
Natural gas	19,414	42,774	82,468	232,681
Natural gas liquids	43,919	49,776	174,407	260,472
Sales of purchased oil and gas	110,994	97,965	389,083	475,164
Total operating revenues	601,357	704,249	2,342,984	3,230,964
Operating Expenses:				
Lease operating	77,948	74,097	303,363	290,486
Production and ad valorem taxes	25,493	34,079	113,512	159,920
Gathering, transportation and processing	27,651	25,285	108,221	96,902
Exploration	1,441	2,466	9,143	9,703
Cost of purchased oil and gas	113,295	100,338	399,242	478,445
Depreciation, depletion and amortization	143,750	134,735	535,661	494,229
Impairment of oil and gas properties	—	2,201	406,898	2,201
Gain on sale of oil and gas properties	(2,906)	—	(23,476)	—
General and administrative	28,439	26,511	115,344	97,996
Merger, integration and transaction	4,730	—	11,198	769
Total operating expenses	419,841	399,712	1,979,106	1,630,651
Income From Operations	**181,516**	**304,537**	**363,878**	**1,600,313**
Other (Income) Expenses:				
Interest expense	42,611	46,772	179,305	187,792
(Gain) loss on derivative contracts	(43,116)	25,855	(18,898)	330,953
(Gain) loss on extinguishment of debt	—	3,241	(1,238)	45,658
Other (income) expense	(3,544)	(485)	(6,684)	2,645
Total other (income) expense	(4,049)	75,383	152,485	567,048
Income Before Income Taxes	**185,565**	**229,154**	**211,393**	**1,033,265**
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Net Income	**$168,975**	**$221,868**	**$401,201**	**$1,019,443**
Net Income Per Common Share:				
Basic	$2.51	$3.60	$6.20	$16.54
Diluted	$2.51	$3.59	$6.19	$16.47
Weighted Average Common Shares Outstanding:				
Basic	67,257	61,610	64,692	61,620
Diluted	67,421	61,844	64,852	61,904

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Callon Petroleum Company
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	**2022***	**2023**	**2022***
Cash flows from operating activities:				
Net income	$168,975	$221,868	$401,201	$1,019,443
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	143,750	134,735	535,661	494,229
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Deferred income tax (benefit) expense	18,771	5,198	(187,270)	6,308
(Gain) loss on derivative contracts	(43,116)	25,855	(18,898)	330,953
Cash received (paid) for commodity derivative settlements, net	(10,352)	(60,196)	2,922	(493,714)
Gain on sale of oil and gas properties	(2,906)	—	(23,476)	—
(Gain) loss on extinguishment of debt	—	3,241	(1,238)	45,658
Non-cash expense related to share-based awards	1,889	3,615	11,413	8,042
Other, net	824	(1,568)	5,387	7,136
Changes in current assets and liabilities:				
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Other current assets	(3,284)	(3,163)	(16,462)	(15,392)
Accounts payable and accrued liabilities	(13,162)	(49,394)	(82,684)	(58,043)
Net cash provided by operating activities	**298,266**	**333,987**	**1,092,529**	**1,355,673**
Cash flows from investing activities:				
Capital expenditures	(217,978)	(200,539)	(968,982)	(848,688)
Acquisition of oil and gas properties	(9,505)	(9,700)	(287,939)	(26,706)
Proceeds from sales of assets	1,776	17,780	553,222	27,093
Cash paid for settlement of contingent consideration arrangement	—	—	—	(19,171)
Other, net	(762)	792	(3,612)	14,289
Net cash used in investing activities	**(226,469)**	**(191,667)**	**(707,311)**	**(853,183)**
Cash flows from financing activities:				
Borrowings on credit facility	883,500	751,000	3,513,000	3,286,000
Payments on credit facility	(914,500)	(884,000)	(3,651,000)	(3,568,000)
Issuance of 7.5% Senior Notes due 2030	—	—	—	600,000
Redemption of 8.25% Senior Notes due 2025	—	—	(187,238)	—
Redemption of 6.125% Senior Notes due 2024	—	—	—	(467,287)
Redemption of 9.0% Second Lien Senior Secured Notes due 2025	—	—	—	(339,507)
Payment of deferred financing costs	(362)	(10,275)	(922)	(21,898)
Cash paid to repurchase common stock	(40,525)	—	(55,505)	—
Other, net	(41)	—	(3,623)	1,715
Net cash used in financing activities	**(71,928)**	**(143,275)**	**(385,288)**	**(508,977)**
Net change in cash and cash equivalents	(131)	(955)	(70)	(6,487)
Balance, beginning of period	3,456	4,350	3,395	9,882
Balance, end of period	**$3,325**	**$3,395**	**$3,325**	**$3,395**

***** Financial information for the prior period has been recast to reflect retrospective application of the successful efforts method of accounting. For additional information, refer to our Form 10-K for the year ended December 31, 2023.

Operating Results

The following table presents summary information for the periods indicated:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
Total production				
Oil (MBbls)				
Permian	5,402	5,310	4,715	19,658
Eagle Ford	—	28	1,377	2,233
Total oil	5,402	5,338	6,092	21,891
Natural gas (MMcf)				
Permian	12,096	11,644	9,013	43,437
Eagle Ford	—	44	1,530	2,672
Total natural gas	12,096	11,688	10,543	46,109
NGLs (MBbls)				
Permian	2,097	2,069	1,645	7,554
Eagle Ford	—	6	285	457
Total NGLs	2,097	2,075	1,930	8,011
Total production (MBoe)				
Permian	9,515	9,320	7,862	34,452
Eagle Ford	—	41	1,917	3,135
Total barrels of oil equivalent	**9,515**	**9,361**	**9,779**	**37,587**
Total daily production (Boe/d)				
Permian	103,426	101,292	85,461	94,388
Eagle Ford	—	449	20,826	8,590
Total barrels of oil equivalent	**103,426**	**101,741**	**106,287**	**102,977**
Oil as % of total daily production	57 %	57 %	62 %	58 %
Average realized sales price (excluding impact of settled derivatives)				
Oil (per Bbl)				
Permian	$79.05	$82.19	$84.19	$77.81
Eagle Ford	—	79.61	84.82	75.01
Total oil	$79.05	$82.18	$84.33	$77.52
Natural gas (per Mcf)				
Permian	$1.60	$2.13	$3.83	$1.74
Eagle Ford	—	4.82	5.38	2.64
Total natural gas	$1.60	$2.14	$4.06	$1.79
NGL (per Bbl)				
Permian	$20.94	$22.25	$25.99	$21.86
Eagle Ford	—	74.33	24.67	20.26
Total NGL	$20.94	$22.40	$25.79	$21.77
Average realized sales price (per Boe)				
Permian	$51.54	$54.43	$60.32	$51.38
Eagle Ford	—	70.41	68.89	58.63
Total average realized sales price	**$51.54**	**$54.50**	**$62.00**	**$51.98**
Average realized sales price (including impact of settled derivatives)				
Oil (per Bbl)	$78.23	$80.66	$76.82	$77.27
Natural gas (per Mcf)	1.62	2.08	4.19	2.18
NGLs (per Bbl)	20.78	22.23	25.79	21.68
Total average realized sales price (per Boe)	**$51.05**	**$53.52**	**$57.46**	**$52.30**

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
Revenues (in thousands)[(a)]				
Oil				
Permian	$427,030	$436,436	$396,940	$1,529,538
Eagle Ford	—	2,229	116,794	167,488
Total oil	$427,030	$438,665	$513,734	$1,697,026
Natural gas				
Permian	$19,414	$24,833	$34,541	$75,411
Eagle Ford	—	212	8,233	7,057
Total natural gas	$19,414	$25,045	$42,774	$82,468
NGLs				
Permian	$43,919	$46,043	$42,746	$165,148
Eagle Ford	—	446	7,030	9,259
Total NGLs	$43,919	$46,489	$49,776	$174,407
Total revenues				
Permian	$490,363	$507,312	$474,227	$1,770,097
Eagle Ford	—	2,887	132,057	183,804
Total revenues	**$490,363**	**$510,199**	**$606,284**	**$1,953,901**
Additional per Boe data				
Sales price [(b)]				
Permian	$51.54	$54.43	$60.32	$51.38
Eagle Ford	—	70.41	68.89	58.63
Total sales price	$51.54	$54.50	$62.00	$51.98
Lease operating expense				
Permian	$8.19	$7.91	$6.97	$7.86
Eagle Ford	—	(3.90)	10.08	10.38
Total lease operating expense	$8.19	$7.85	$7.58	$8.07
Production and ad valorem taxes				
Permian	$2.68	$3.26	$3.39	$2.93
Eagle Ford	—	4.51	3.87	3.98
Total production and ad valorem taxes	$2.68	$3.27	$3.48	$3.02
Gathering, transportation and processing				
Permian	$2.91	$2.92	$2.75	$2.96
Eagle Ford	—	1.12	1.90	1.99
Total gathering, transportation and processing	$2.91	$2.91	$2.59	$2.88
Operating margin				
Permian	$37.76	$40.34	$47.21	$37.63
Eagle Ford	—	68.68	53.04	42.28
Total operating margin	**$37.76**	**$40.47**	**$48.35**	**$38.01**
Depletion, depreciation and amortization	$15.11	$14.81	$13.78	$14.25
General and administrative	$2.99	$3.13	$2.71	$3.07
Adjusted G&A				
Cash component [(c)]	$2.79	$2.71	$2.34	$2.77
Non-cash component	$0.32	$0.42	$0.40	$0.39

(a) Excludes sales of oil and gas purchased from third parties.
(b) Excludes the impact of settled derivatives.
(c) Excludes the change in fair value and amortization of share-based incentive awards.

Commodity Derivatives

	Three Months Ended December 31, 2023	Year Ended December 31, 2023
Gain on oil derivatives	($40,536)	($22,371)
Gain on natural gas derivatives	(7,370)	(4,990)
(Gain) loss on NGL derivatives	(270)	2,663
Loss on contingent consideration arrangements	5,060	5,800
Gain on commodity derivative contracts	**($43,116)**	**($18,898)**

	Three Months Ended December 31, 2023	Year Ended December 31, 2023
Cash paid on oil derivatives	($10,177)	($14,626)
Cash received on natural gas derivatives	293	18,109
Cash paid on NGL derivatives	(468)	(561)
Cash received (paid) for commodity derivative settlements, net	**($10,352)**	**$2,922**

Non-GAAP Financial Measures

Adjusted Income, Adjusted EBITDAX and Unhedged Adjusted EBITDAX The following tables present and reconcile the Company's adjusted income, adjusted EBITDAX and unhedged adjusted EBITDAX to net income:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands except per share data)			
Net income	$168,975	$119,484	$221,868	$401,201
(Gain) loss on derivative contracts	(43,116)	55,804	25,855	(18,898)
Gain (loss) on commodity derivative settlements, net	(4,638)	(9,196)	(44,380)	11,841
Non-cash expense related to share-based awards	1,889	3,955	3,615	11,413
Impairment of oil and gas properties	—	—	2,201	406,898
Gain on sale of oil and gas properties	(2,906)	(20,570)	—	(23,476)
Merger, integration and transaction	4,730	4,925	—	11,198
Other (income) expense	(3,544)	3,220	(485)	(6,684)
(Gain) loss on extinguishment of debt	—	(1,238)	3,241	(1,238)
Tax effect on adjustments above [(a)]	9,993	(7,749)	2,090	(82,121)
Change in valuation allowance	(22,379)	(24,690)	(40,836)	(234,201)
Adjusted income	**$109,004**	**$123,945**	**$173,169**	**$475,933**
Net income per diluted share	$2.51	$1.75	$3.59	$6.19
Adjusted income per diluted share	**$1.62**	**$1.82**	**$2.80**	**$7.34**
Basic weighted average common shares outstanding	67,257	67,931	61,610	64,692
Diluted weighted average common shares outstanding (GAAP)	67,421	68,083	61,844	64,852

(a) Calculated using the federal statutory rate of 21%.

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
Net income	$168,975	$119,484	$221,868	$401,201
(Gain) loss on derivative contracts	(43,116)	55,804	25,855	(18,898)
Gain (loss) on commodity derivative settlements, net	(4,638)	(9,196)	(44,380)	11,841
Non-cash expense related to share-based awards	1,889	3,955	3,615	11,413
Impairment of oil and gas properties	—	—	2,201	406,898
Gain on sale of oil and gas properties	(2,906)	(20,570)	—	(23,476)
Merger, integration and transaction	4,730	4,925	—	11,198
Other (income) expense	(3,544)	3,220	(485)	(6,684)
Income tax (benefit) expense	16,590	509	7,286	(189,808)
Interest expense	42,611	43,149	46,772	179,305
Depreciation, depletion and amortization	143,750	138,598	134,735	535,661
Exploration	1,441	3,588	2,466	9,143
(Gain) loss on extinguishment of debt	—	(1,238)	3,241	(1,238)
Adjusted EBITDAX	**$325,782**	**$342,228**	**$403,174**	**$1,326,556**
Add: (Gain) loss on commodity derivative settlements, net	4,638	9,196	44,380	(11,841)
Unhedged adjusted EBITDAX	**$330,420**	**$351,424**	**$447,554**	**$1,314,715**

Adjusted Free Cash Flow. The following table presents and reconciles the Company's adjusted free cash flow to net cash provided by operating activities:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
Net cash provided by operating activities	$298,266	$266,828	$333,987	$1,092,529
Changes in working capital and other	(16,255)	26,344	13,781	40,146
Changes in accrued hedge settlements	5,714	(10,224)	15,816	8,919
Merger, integration and transaction	4,730	4,925	—	11,198
Cash flow from operations before net change in working capital	292,455	287,873	363,584	1,152,792
Capital expenditures	217,978	252,407	200,539	968,982
Increase (decrease) in accrued capital expenditures	(45,756)	(12,872)	(1,870)	(4,251)
Capital expenditures before accruals	172,222	239,535	198,669	964,731
Adjusted free cash flow	**$120,233**	**$48,338**	**$164,915**	**$188,061**

Adjusted G&A. The following table reconciles G&A to Adjusted G&A - cash component:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
G&A	$28,439	$29,339	$26,511	$115,344
Change in the fair value of liability share-based awards (non-cash)	1,156	(49)	339	3,245
Adjusted G&A – total	29,595	29,290	26,850	118,589
Equity settled, share-based compensation (non-cash)	(3,045)	(3,906)	(3,954)	(14,658)
Adjusted G&A – cash component	**$26,550**	**$25,384**	**$22,896**	**$103,931**

Adjusted Total Revenue. The following table presents and reconciles adjusted total revenue to total operating revenues, which excludes revenue from sales of commodities purchased from a third-party:

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023
	(In thousands)			
Operating revenues				
Oil	$427,030	$438,665	$513,734	$1,697,026
Natural gas	19,414	25,045	42,774	82,468
NGLs	43,919	46,489	49,776	174,407
Total operating revenues	$490,363	$510,199	$606,284	$1,953,901
Impact of settled derivatives	(4,638)	(9,196)	(44,380)	11,841
Adjusted total revenue	**$485,725**	**$501,003**	**$561,904**	**$1,965,742**

Net Debt. The following table presents and reconciles the Company's net debt to total debt:

	December 31, 2023	September 30, 2023	December 31, 2022
	(In thousands)		
Total debt	$1,918,655	$1,948,619	$2,241,295
Unamortized premiums, discount, and deferred loan costs, net	17,128	18,164	19,726
Adjusted total debt	$1,935,783	$1,966,783	$2,261,021
Less: Cash and cash equivalents	3,325	3,456	3,395
Net debt	**$1,932,458**	**$1,963,327**	**$2,257,626**

PV-10. PV-10 as of December 31, 2023 is reconciled below to the standardized measure of discounted future net cash flows:

	As of December 31, 2023
	(In millions)
Standardized measure of discounted future net cash flows	$5,434.2
Add: present value of future income taxes discounted at 10% per annum	$455.4
Total proved reserves - PV-10	**$5,889.6**
Total proved developed reserves - PV-10	$4,294.9
Total proved undeveloped reserves - PV-10	$1,594.7

Non-GAAP Financial Measures

These supplemental tables present non-GAAP financial measures such as “adjusted free cash flow,” “adjusted EBITDAX,” “unhedged adjusted EBITDAX,” “adjusted income,” “adjusted income per diluted share,” “adjusted total revenue,” “adjusted G&A,” “adjusted G&A - cash component,” “net debt,” and “PV-10.” These measures, detailed below, are provided in addition to, and not as an alternative for, and should be read in conjunction with, the information contained in our financial statements prepared in accordance with GAAP (including the notes), included in our filings with the U.S. Securities and Exchange Commission (the “SEC”) and posted on our website.

- Adjusted free cash flow is a supplemental non-GAAP measure that is defined by the Company as net cash provided by operating activities before net change in working capital, changes in accrued hedge settlements, merger, integration and transaction expense, and other income and expense less capital expenditures before increase (decrease) in accrued capital expenditures. We believe adjusted free cash flow provides useful information to investors because it is a comparable metric against other companies in the industry and is a widely accepted financial indicator of an oil and natural gas company’s ability to generate cash for the use of internally funding their capital development program and to service or incur debt. Adjusted free cash flow is not a measure of a company’s financial performance under GAAP and should not be considered as an alternative to net cash provided by operating activities, or as a measure of liquidity.
- Callon calculates adjusted EBITDAX as net income (loss) before interest expense, income tax expense (benefit), depreciation, depletion and amortization, (gains) losses on derivative instruments excluding net settled derivative instruments, (gain) loss on sale of oil and gas properties, impairment of oil and gas properties, non-cash share-based compensation expense, exploration expense, merger, integration and transaction expense, (gain) loss on extinguishment of debt, and certain other expenses. Adjusted EBITDAX is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, the Company believes that adjusted EBITDAX provides useful information to investors because it provides additional information with respect to our performance or ability to meet our future debt service, capital expenditures and working capital requirements. Because adjusted EBITDAX excludes some, but not all, items that affect net income (loss) and may vary among companies, the adjusted EBITDAX presented above may not be comparable to similarly titled measures of other companies.
- Callon calculates unhedged adjusted EBITDAX as adjusted EBITDAX, as defined above, excluding the impact of net settled derivative instruments. Unhedged adjusted EBITDAX is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, the Company believes that unhedged adjusted EBITDAX provides useful information to investors because it provides additional information with respect to our performance without the impact of our settled derivative instruments. Because unhedged adjusted EBITDAX excludes some, but not all, items that affect net income (loss) and may vary among companies, the unhedged adjusted EBITDAX presented above may not be comparable to similarly titled measures of other companies.
- Adjusted income and adjusted income per diluted share are supplemental non-GAAP measures that Callon believes are useful to investors because they provide readers with a meaningful measure of our profitability before recording certain items whose timing or amount cannot be reasonably determined. These measures exclude the net of tax effects of these items and non-cash valuation adjustments, which are detailed in the reconciliation provided. Adjusted income and adjusted income per diluted share are not measures of financial performance under GAAP. Accordingly, neither should be considered as a substitute for net income (loss), operating income (loss), or other income data prepared in accordance with GAAP. However, the Company believes that adjusted income and adjusted income per diluted share provide additional information with respect to our performance. Because adjusted income and adjusted income per diluted share exclude some, but not all, items that affect net income (loss) and may vary among companies, the adjusted income and adjusted income per diluted share presented above may not be comparable to similarly titled measures of other companies.
- Callon believes that the non-GAAP measure of adjusted total revenue (which is revenue including the gain or loss from the settlement of derivative contracts) is useful to investors because it provides readers with a revenue value more comparable to other companies who engage in price risk management activities through the use of commodity derivative instruments and reflects the results of derivative settlements with expected cash flow impacts within total revenues.
- Adjusted G&A is a supplemental non-GAAP financial measure that excludes non-cash incentive share-based compensation valuation adjustments and adjusted G&A - cash component further excludes equity settled, share-based compensation expenses. Callon believes that the non-GAAP measure of adjusted G&A and adjusted G&A - cash component are useful to investors because they provide for greater comparability period-over-period. In addition, adjusted G&A - cash component provides a meaningful measure of our recurring G&A expense.

- Net debt is a supplemental non-GAAP measure that is defined by the Company as total debt excluding unamortized premiums, discount, and deferred loan costs, less cash and cash equivalents. Net debt should not be considered an alternative to, or more meaningful than, total debt, the most directly comparable GAAP measure. Management uses net debt to determine the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand. We believe this metric is useful to analysts and investors in determining the Company's leverage position since the Company has the ability to, and may decide to, use a portion of its cash and cash equivalents to reduce debt. This metric is sometimes presented as a ratio with Adjusted EBITDAX in order to provide investors with another means of evaluating the Company's ability to service its existing debt obligations as well as any future increase in the amount of such obligations. This ratio is referred to by the Company as its leverage ratio.
- Callon believes that the presentation of PV-10 provides greater comparability when evaluating oil and gas companies due to the many factors unique to each individual company that impact the amount and timing of future income taxes. In addition, we believe that PV-10 is widely used by investors and analysts as a basis for comparing the relative size and value of our proved reserves to other oil and gas companies. PV-10 should not be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows or any other measure of a company's financial or operating performance presented in accordance with GAAP. Neither PV-10 nor the standardized measure of discounted future net cash flows purport to represent the fair value of our proved oil and gas reserves.