

Management

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EPG Commentary by Dan Steffens

Viper Energy, Inc. (NASDAQ: VNOM) is one of the Minerals / Royalties companies in our High Yield Income Portfolio. *The share price is up ~74% YTD.* It was created by **Diamondback Energy, Inc. (NASDAQ: FANG)**, which is one of the large-cap upstream companies in our Sweet 16 Growth Portfolio. Both companies are “Pure Plays” on the Permian Basin. ***Diamondback’s aggressive drilling program drives double digit annual production growth for Viper.***

Based on my forecast, Viper’s “Base + Variable” dividends should be ~\$3.12/share in 2025.

Viper: Investment Highlights

Q3 2024 Review

- 3Q '24 cash available for distribution of \$0.73/share; total return of capital to Class A shareholders of \$0.61/share
- 3Q '24 average production of 26,978 Bo/d (49,370 Boe/d), an increase of 2.4% from 2Q '24
- 330 total gross (6.8 net 100% royalty interest) horizontal wells with average lateral of 11,866' turned to production during 3Q '24
- Closed acquisition of Tumbleweed Royalty IV, as well as related acquisitions of Tumbleweed-Q Royalty and MC Tumbleweed Royalty (the “Tumbleweed acquisitions”), for combined \$648 million cash and 10.1 million OpCo units

Forward Outlook

- Q4 2024 average production guidance of 29,250 – 29,750 Bo/d (52,500 – 53,000 Boe/d); the midpoint reflects slight organic growth q/q and the addition of ~2,500 bo/d of production contribution from the Tumbleweed acquisitions
- Increased FY 2024 average production guidance to 27,000 – 27,250 Bo/d (48,750 – 49,250 Boe/d)
- 803 gross (17.7 net 100% royalty interest) horizontal wells in the process of active development; additional 1,125 gross (22.0 net 100% royalty interest) horizontal wells with line-of-sight to future development
- Unmatched size and scale with \$583 million in liquidity⁽¹⁾ and proved reserves of 179.3 MMBoe

Return of Capital

- Base dividend of \$0.30/share implies a 2.3% annualized yield⁽²⁾; represents approximately 45% of estimated cash available for distribution assuming \$50 WTI
- Declared variable dividend for 3Q '24 of \$0.31/share; total base-plus-variable dividend of \$0.61/share implies a 4.7% annualized yield⁽²⁾
- Board authorized \$750 share repurchase program; 13.4 million shares repurchased to date for an aggregate \$316 million (average \$23.49/share)

Undeveloped Inventory Supports Durable Free Cash Flow

- ~35,600 net royalty acres located entirely in the Permian Basin; 60 rigs currently operating on Viper’s acreage
- Largely undeveloped, concentrated acreage throughout the core of the Permian under competent operators, primarily Diamondback, provides long-term organic growth potential
- High cash margins, no capital requirements and minimal operating costs drive continuous free cash flow generation through the cycle and provide significant upside potential to increases in commodity prices

Viper’s Mineral and Royalty Interests Provide Significant Exposure to High Margin, Largely Undeveloped Assets with Zero Capital Requirements to Support its Free Cash Flow Profile

Source: Company data and filings. Data as of 9/30/2024 unless stated otherwise.

(1) Pro forma to give effect to the closing of the TWR IV acquisition on 10/11/2024 and the funding of the remaining \$416 million cash consideration.

(2) Based on VNOM’s closing price on 11/1/2024.



My Fair Value Estimate for VNOM is \$57.00/share

Compared to TipRank’s Price Target of \$54.54

Disclosure: I have a long position in VNOM. I do not intend on buying or selling any shares in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this report.

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Company Overview

Viper Energy, Inc. (NASDAQ: VNOM) is a publicly traded Delaware corporation formed by Diamondback Energy (FANG) to own and acquire mineral and royalty interests in oil and natural gas properties primarily in the Permian Basin. *< Diamondback's aggressive drilling program on acreage where Viper owns the minerals continues to generate strong production growth for Viper. 60 rigs are currently drilling on Viper's minerals.*

Effective November 13, 2023, Viper Energy Partners LP converted from a publicly traded Delaware limited partnership to a Delaware corporation pursuant to a plan of conversion and changed names from Viper Energy Partners LP to Viper Energy, Inc. There were no tax impacts resulting from the conversion as Viper Energy Partners LP was treated as a corporation for tax purposes.

The Company is a publicly traded Delaware corporation focused on owning and acquiring mineral interests and royalty interests in oil and natural gas properties primarily in the Permian Basin.

Prior to March 8, 2024, the Company was a "controlled company" under the rules of the Nasdaq Stock Market LLC. On March 8, 2024, Viper's parent, Diamondback, completed an underwritten public offering in which it sold approximately 13.2 million shares of the Company's Class A Common Stock. Following the Offering, Diamondback owned no shares of the Company's Class A Common Stock and owned 85,431,453 shares of the Company's Class B Common Stock, reducing its beneficial ownership to approximately 48% of the Company's total Common Stock outstanding. As such, the Company ceased to be a "controlled company" under the Nasdaq Rules. Prior to the Offering, the Company's board of directors had a majority of independent directors and a standing audit committee comprised of all independent directors but had elected to take advantage of certain exemptions from corporate governance requirements applicable to controlled companies under the Nasdaq Rules and, until March 8, 2024, did not have a compensation committee or a committee of independent directors that selects director nominees.

Effective as of March 8, 2024, the Company's board of directors formed (i) the compensation committee for purposes of making certain executive and other compensation decisions and (ii) the nominating and corporate governance committee for purposes of making certain nominating and corporate governance decisions, with each such committee's rights and obligations being subject to the terms and conditions of (x) Viper's certificate of incorporation, (y) such committee's charter as adopted by the board and (z) the Services and Secondment Agreement, dated as of November 2, 2023, pursuant to which Diamondback provides personnel and general and administrative services to Viper, including the services of the executive officers and other employees, substantially in the same manner as those provided to Viper by the former General Partner prior to the Conversion.

As of September 30, 2024, Diamondback beneficially owned approximately 45% of the Company's total Common Stock outstanding.

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Viper Energy Overview

Differentiated Investment Opportunity

✓ **Unique Relationship with Primary Operator**
Diamondback relationship and ownership reduces uncertainty around pace of development

✓ **Minimal Exposure to Cost Inflation**
Zero capital requirements means insulated from inflationary cost pressures

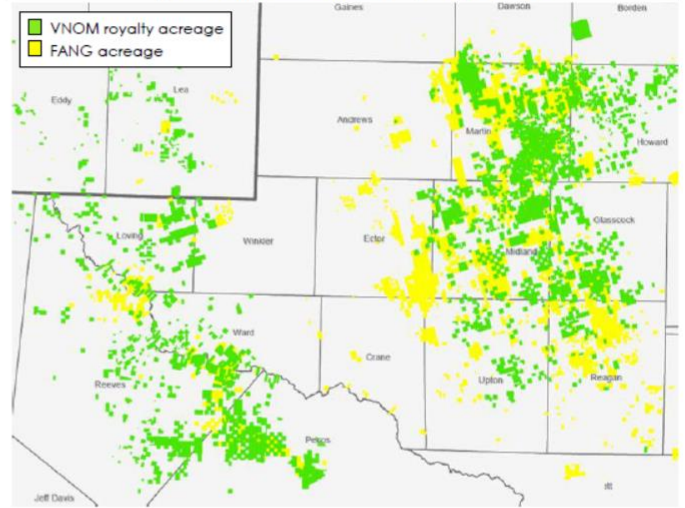
✓ **High Margin Upside to Commodity Prices**
Limited operating costs enable best-in-class margins
Hedging strategy maximizes upside commodity exposure

✓ **Differentiated Focus on Per Share Growth**
3Q '24 oil production per share +9% Y/Y
Accretive acquisitions enhance organic growth profile

✓ **Significant Undeveloped Resource**
Permian asset <35% developed⁽¹⁾
Concentrated acreage throughout core of Permian

✓ **Unmatched Size and Scale**
Current liquidity of \$583 million
Proved reserves of 179.3 MMBoe⁽²⁾

Viper Mineral and Royalty Assets



Market Snapshot

NASDAQ Symbol: VNOM
Market Cap: \$10,354 million
Net Debt: \$1,078MM / Liquidity: \$583 million
Enterprise Value: \$11,432 million
Share Count: 199 million⁽³⁾
Dividend Yield: 4.7% (MRQA)
Net Royalty Acreage: ~35,600 (~54% FANG-operated)

Source: Company data and filings. Financial data pro forma to give effect to the closing of the TWR IV acquisition on 10/1/2024 and the funding of the remaining \$416 million cash consideration. All market data based on VNOM's closing price on 11/1/2024.

(1) Illustrative calculation assuming 1.5 mile laterals, 28 wells per DSU in the Midland Basin and 20 wells per DSU in the Delaware Basin.

(2) Reserves as of year-end 2023.

(3) Includes 10.1 million OpCo units that have the option to be granted an equal number of shares of Class B common stock.

Business Strategy

- **Capitalize on the development of the properties underlying Viper's mineral interests to grow Viper's cash flow.** Viper expects the production from its mineral interests will increase as Diamondback and Viper's other operators continue to drill, complete and develop Viper's acreage. Viper expects to capitalize on this development, which requires no capital expenditure funding from Viper, and believes the anticipated increase in its aggregate royalty payment receipts will enable Viper to grow its cash flows.
- **Leverage Viper's relationship with Diamondback to participate with it in acquisitions of mineral or other interests in producing properties from third parties and to increase the size and scope of Viper's**

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potential third party acquisition targets. Viper has in the past and intends to continue to make opportunistic acquisitions of mineral and other interests that have substantial oil-weighted resource potential and organic growth potential. Through Viper's relationships with Diamondback and its affiliates, Viper has access to Diamondback's significant pool of management talent and industry relationships, which Viper believes provide it with a competitive advantage in pursuing potential third party acquisition opportunities. For example, Viper and Diamondback may pursue an acquisition where Diamondback would acquire working and revenue interests in properties and Viper would acquire mineral or royalty interests in such properties either in the same or subsequent transactions, similar to Diamondback's acquisition of certain assets from Guidon Operating LLC and Viper's acquisition of certain mineral and royalty interests from Swallowtail Royalties LLC and Swallowtail Royalties II LLC in October 2021, which Viper refers to in this report as the Swallowtail Acquisition.

- **Seek to acquire from Diamondback, from time to time, mineral or other interests in producing oil and natural gas properties that meet Viper's acquisition criteria.** Since Viper's formation, Viper has acquired, and may have additional opportunities from time to time in the future to acquire, mineral or other interests in producing oil and natural gas properties directly from Diamondback. Viper believes Diamondback may be incentivized to sell properties to it, as doing so may enhance Diamondback's economic returns by monetizing long-lived producing properties while potentially retaining a portion of the resulting cash flow through distributions on Diamondback's limited partner interests in Viper. However, neither Diamondback nor any of its affiliates are contractually obligated to offer or sell any interests in properties to Viper.
- **High-grade Viper's asset base.** Viper intends to continue to high-grade its asset base and selectively divest non-core minerals with limited optionality when the amount negotiated exceeds its projected total value and then redeploy proceeds into its core areas of focus.
- **Maintain a conservative capital structure to allow financial flexibility.** Since Viper's formation, Viper has maintained a conservative capital structure that has allowed it to opportunistically purchase accretive minerals and other interests. Viper is committed to maintaining a conservative leverage profile and will continue to seek to opportunistically fund accretive acquisitions. In addition to making distributions in accordance with Viper's distribution policy, Viper intends to continue to repay debt using free cash flow to ensure Viper's ability to successfully operate in challenging business and commodity price environments.
- **Hedge to manage commodity price risk and to protect Viper's balance sheet and cash flow.** Viper uses a combination of derivative instruments to economically hedge exposure to changes in commodity prices and maintain financial and balance sheet flexibility.

Updates

Drop Down Transaction

On March 8, 2023, Viper completed the acquisition of certain mineral and royalty interests from subsidiaries of Diamondback for approximately \$74.5 million in cash, including customary post-closing adjustments for net title benefits. The mineral and royalty interests acquired in the Drop Down represent approximately 660 net royalty acres in Ward County in the Southern Delaware Basin, 100% of which are operated by Diamondback, and have an average net royalty interest of approximately 7.2% and current production of approximately 300 BO/d. Viper funded the Drop Down through a combination of cash on hand and borrowings under the Viper Energy Partners LLC's revolving credit

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facility. The Drop Down was accounted for as a transaction between entities under common control with the properties acquired recorded at Diamondback's historical carrying value in the Viper's condensed consolidated balance sheet. The historical carrying value of the properties approximated the Drop-Down purchase price.

Drop Down Acquisition Highlights

Consideration

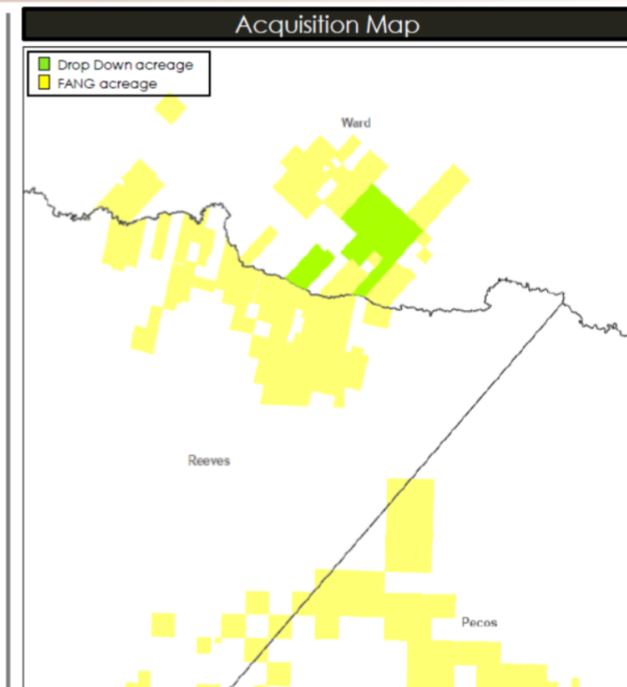
- \$75 million cash
- Closed March 8, 2023, with an effective date of February 1, 2023

Acreage

- 660 net royalty acres, 100% operated by Diamondback
- Acreage provides a 6.9% average NRI across ten Diamondback operated units
- Overriding royalty interest created from Diamondback leasehold having a greater than 75% effective net revenue interest

Development

- 28 existing producing horizontal wells at time of acquisition; primarily undeveloped acreage
- Q1 2023 average daily production of ~300 bo/d (72% oil)
- Full year 2023 estimated average daily production of 525 bo/d
 - 6 wells planned with a 12.5% average NRI (0.8 net wells)
- Full year 2024 estimated average daily production of 550 bo/d
 - 8 wells planned with an 8.8% average NRI (0.7 net wells)
- Over 20 wells planned from 2025 and beyond with a ~5% average NRI (>1.0 net wells)



Immediately Accretive Acquisition that Provides Concentrated Exposure to Largely Undeveloped Acreage where Diamondback Plans to Focus Development in the Southern Delaware Basin for the Next Several Years

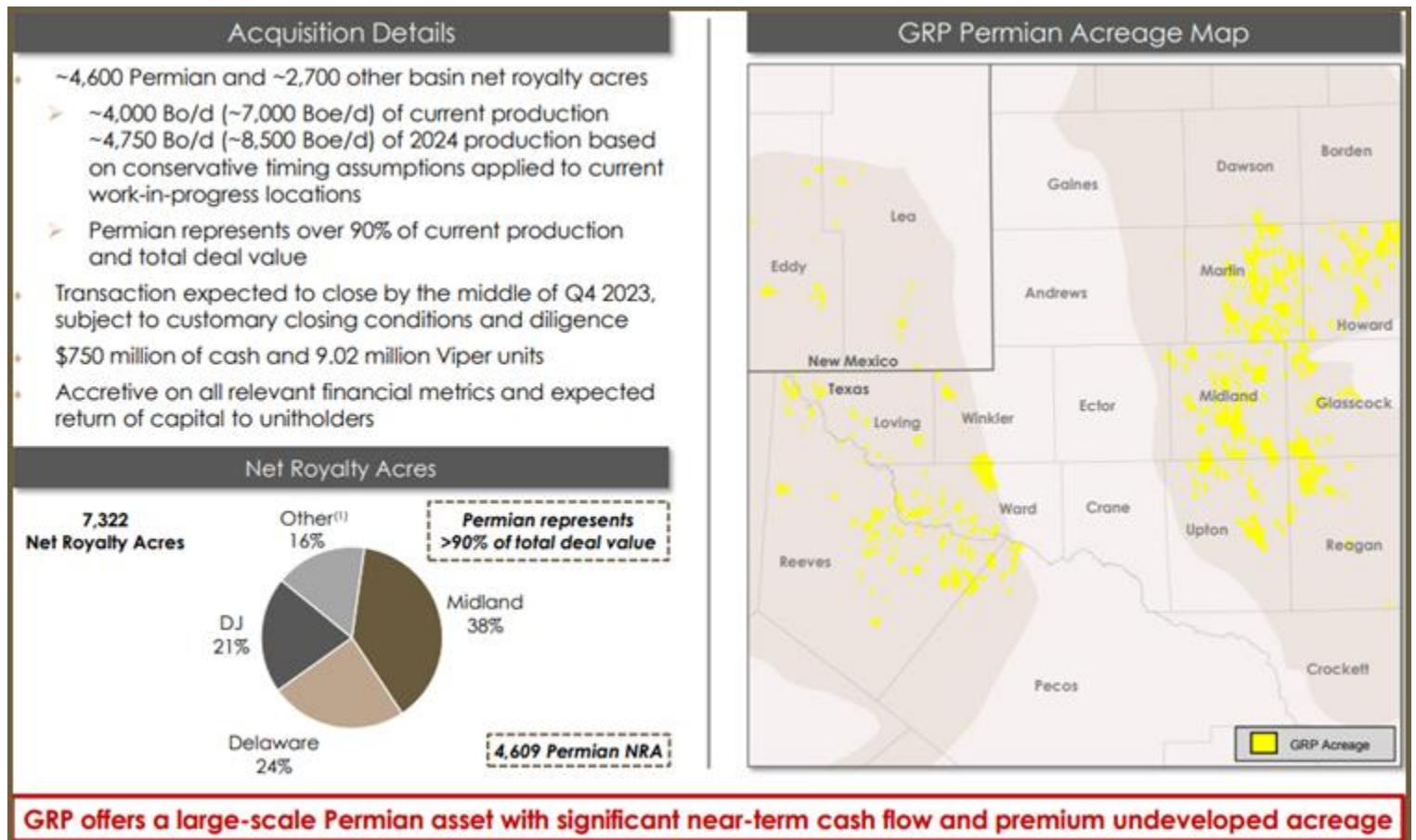
Source: Partnership data and estimates.

GRP Acquisition

On November 1, 2023, Viper and the Viper Energy Partners LLC acquired certain mineral and royalty interests from Royalty Asset Holdings, LP, Royalty Asset Holdings II, LP and Saxum Asset Holdings, LP pursuant to a definitive purchase and sale agreement for approximately 9.02 million common units and \$750.0 million in cash, subject to customary post-closing adjustments. The mineral and royalty interests acquired in the Acquisition represent approximately 4,600 net royalty acres in the Permian Basin, plus approximately 2,700 additional net royalty acres in other major basins. The cash consideration for the Acquisition was funded through a combination of cash on hand and held in escrow, borrowings under the Viper Energy Partners LLC's revolving credit facility, proceeds from the 2031 Notes Offering and proceeds from the \$200.0 million common unit issuance to Diamondback. Following the

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completion of the Acquisition, Diamondback beneficially owned approximately 56% of Viper’s total limited partner units outstanding. *On March 8, 2024 Diamondback’s equity ownership in Viper declined to approximately 48%.*



Q3 2024 Acquisitions

On September 3, 2024, the Company and the Operating Company acquired all of the issued and outstanding equity interests in Tumbleweed-Q Royalties, LLC, pursuant to a definitive purchase and sale agreement for consideration consisting of (i) approximately \$113.6 million in cash, subject to transaction costs and customary post-closing adjustments, and (ii) contingent cash consideration of up to \$5.4 million, payable in January of 2026, based on the average price of WTI sweet crude oil prompt month futures contracts for the calendar year 2025. The contingent cash consideration payment will be (i) \$2.2 million if the WTI 2025 Average is between \$60.00 and \$65.00, (ii) \$3.2 million if the WTI 2025 Average is between \$65.00 and \$75.00, or (iii) \$5.4 million if the WTI 2025 Average is greater than \$75.00. The Company recorded the contingent cash consideration at its fair value of \$2.9 million on the Q Closing Date. The mineral and royalty interests acquired in the Q Acquisition represent approximately 406 net royalty acres located primarily in the Permian Basin. The Company funded the cash consideration, and intends to fund the contingent cash consideration, for the Q Acquisition through a combination of cash on hand and borrowings under the Operating Company’s revolving credit facility.

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Bolt-on Acquisition

On September 3, 2024, the Company and the Operating Company also acquired all of the issued and outstanding equity interests in MC TWR Royalties, LP and MC TWR Intermediate, LLC, pursuant to a definitive purchase and sale agreement for consideration consisting of (i) approximately \$75.8 million in cash, subject to transaction costs and customary post-closing adjustments, and (ii) contingent cash consideration of up to \$3.6 million, payable in January of 2026, based on the WTI 2025 Average. The contingent cash consideration payment will be (i) \$1.4 million if the WTI 2025 Average is between \$60.00 and \$65.00, (ii) \$2.2 million if the WTI 2025 Average is between \$65.00 and \$75.00, or (iii) \$3.6 million if the WTI 2025 Average is greater than \$75.00. The Company recorded the contingent cash consideration at its fair value of \$1.9 million on the M Closing Date. The mineral and royalty interests acquired in the M Acquisition represent approximately 267 net royalty acres located primarily in the Permian Basin. The Company funded the cash consideration, and intends to fund the contingent cash consideration, on hand and borrowings under the Operating Company's revolving credit facility.

Other Acquisitions

During the nine months ended September 30, 2024, the Company acquired, in individually insignificant transactions from unrelated third-party sellers, mineral and royalty interests representing 256 net royalty acres in the Permian Basin for an aggregate purchase price of approximately \$52.0 million, subject to customary post-closing adjustments.

Other Divestitures

In the second quarter of 2024, the Company divested all of its non-Permian assets for a purchase price of approximately \$87.2 million, including transaction costs and customary post-closing adjustments. The divested properties consisted of approximately 2,713 net royalty acres with current production of approximately 450 BO/d. The Company recorded the proceeds as a reduction of its full cost pool with no gain or loss recognized on the sale.

Third Quarter 2024 Highlights

- Q3 2024 average production of 26,978 bo/d (49,370 boe/d), an increase of 2.4% from Q2 2024
- Q3 2024 consolidated net income (including non-controlling interest) of \$109.0 million; net income attributable to Viper Energy, Inc. of \$48.9 million, or \$0.52 per common share
- Q3 2024 cash available for distribution to Viper's common shares of \$75.4 million, or \$0.73 per Class A common share
- Declared Q3 2024 base cash dividend of \$0.30 per Class A common share; implies a 2.3% annualized yield based on the November 1, 2024, share closing price of \$52.16
- Q3 2024 variable cash dividend of \$0.31 per Class A common share; total base-plus-variable dividend of \$0.61 per Class A common share implies a 4.7% annualized yield based on the November 1, 2024, share closing price of \$52.16
- Total Q3 2024 return of capital of \$62.4 million, or \$0.61 per Class A common share, represents 83% of cash available for distribution
- 330 total gross (6.8 net 100% royalty interest) horizontal wells turned to production on Viper's acreage during Q3 2024 with an average lateral length of 11,866 feet

- As previously announced, closed acquisition of certain mineral and royalty interest-owning subsidiaries of Tumbleweed-Q Royalty Partners, LLC and MC Tumbleweed Royalty, LLC on September 3, 2024; closed acquisition of subsidiaries of Tumbleweed Royalty IV, LLC on October 1, 2024
- Initiating average daily production guidance for Q4 2024 of 29,250 to 29,750 bo/d (52,500 to 53,000 boe/d)
- Increasing full year 2024 average daily production guidance to 27,000 to 27,250 bo/d (48,750 to 49,250 boe/d)

“The third quarter marked a continuation of Viper delivering on its differentiated strategy and value proposition, and was highlighted by both continued organic production growth on our legacy asset base and the closing of the Tumbleweed Acquisitions. As we prepare to head into 2025, we look forward to further delivering on our strategy of consolidating high quality mineral and royalty assets through a disciplined and focused approach.”

Looking specifically at current operations, activity remains strong across our acreage position as represented by the substantial amount of work-in-progress and line-of-sight wells, and we continue to benefit from Diamondback’s large scale development of our high concentration royalty acreage. We expect our durable production profile, along with our best-in-class cost structure, to continue to highlight the advantaged nature of our business model as we can maintain our strong free cash flow conversion despite the volatility in commodity prices.” –

Travis Stice, Chief Executive Officer of Viper’s General Partner

Operations Update

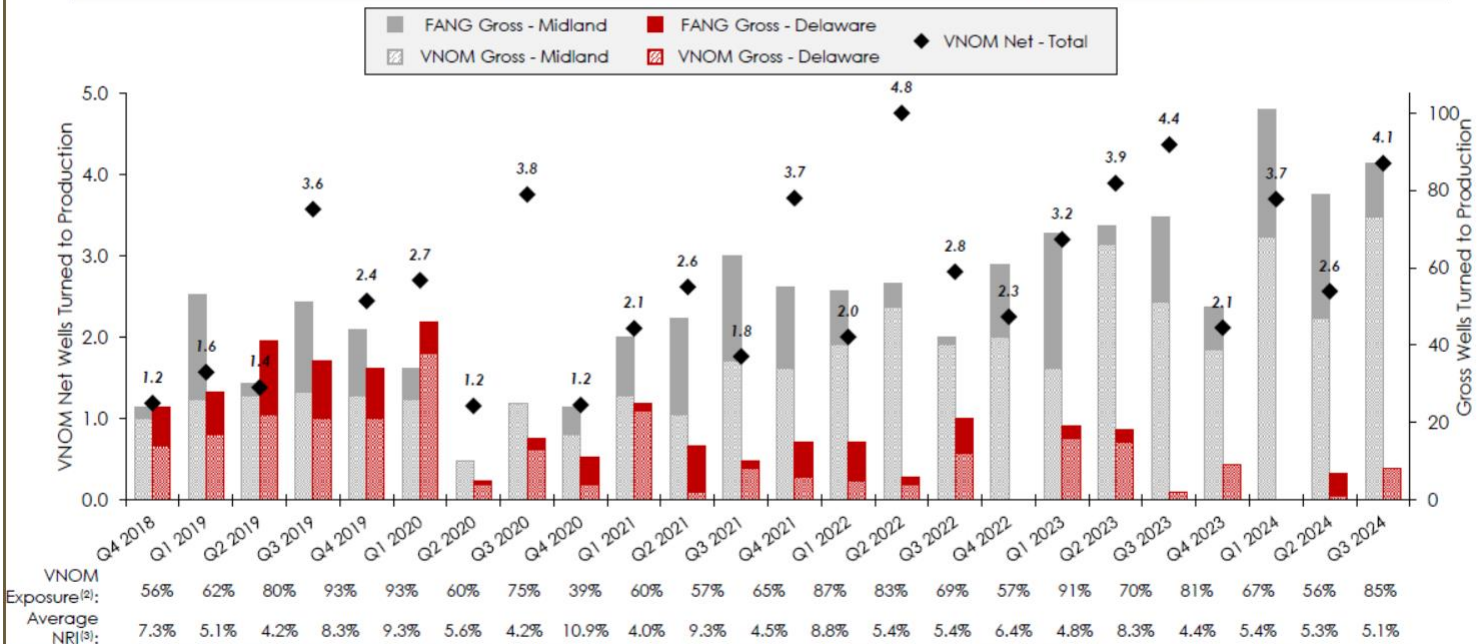
During the third quarter of 2024, Viper estimates that 330 gross (6.8 net 100% royalty interest) horizontal wells with an average royalty interest of 2.1% were turned to production on its acreage position with an average lateral length of 11,866 feet. Of these 330 gross wells, Diamondback is the operator of 81 gross wells, with an average royalty interest of 5.1%, and the remaining 249 gross wells, with an average royalty interest of 1.1%, are operated by third parties.

Viper’s footprint of mineral and royalty interests was 32,567 net royalty acres as of September 30, 2024. Giving effect to the closing of the TWR IV acquisition on October 1, 2024, Viper’s pro forma acreage position was approximately 35,634 net royalty acres, of which Diamondback operated approximately 19,227 net royalty acres.

Diamondback Activity on Viper's Acreage

- Higher exposure to Diamondback's completions with a higher average NRI supports Viper's production despite lower gross Diamondback activity levels
- Viper has high confidence visibility into Diamondback's expected forward development for years to come, with concentrated exposure particularly in the Northern Midland Basin

Diamondback Operated Wells Turned to Production on Viper's Acreage⁽¹⁾



Source: Company data and filings.

(1) Completions represent Diamondback activity levels during the quarter represented as well as Viper's estimated interest at that time.

(2) Represents percentage of total gross Diamondback-operated completions in which Viper owned an interest.

(3) Average net revenue interest Viper owned in Diamondback-operated completions on Viper's acreage.

The 803 gross wells currently in the process of active development are those wells that have been spud and are expected to be turned to production within approximately the next six to eight months. Further in regard to the active development on Viper's asset base, there are currently 60 gross rigs operating on Viper's acreage, seven of which are operated by Diamondback. The 1,125 line-of-sight wells are those that are not currently in the process of active development, but for which Viper has reason to believe that they will be turned to production within approximately the next 15 to 18 months. The expected timing of these line-of-sight wells is based primarily on permitting by third party operators or Diamondback's current expected completion schedule. Existing permits or active development of Viper's royalty acreage does not ensure that those wells will be turned to production.

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Portfolio Overview

- ◆ 330 gross (6.8 net) horizontal wells turned to production during Q3 2024
- ◆ Near-term inventory of 17.7 net wells currently in the process of active development and an additional 22.0 net line-of-sight wells not currently being developed
- ◆ 60 gross rigs currently operating on Viper's acreage, 7 of which are operated by Diamondback

	Diamondback Operated		Third Party Operated		Total
	Midland	Delaware	Midland	Delaware	
Net Royalty Acres	12,708	6,518	8,308	8,099	35,634
3Q '24 Gross Hz Wells Turned to Production (Net 100% NRI Wells)	73 (3.4)	8 (0.7)	171 (1.7)	78 (1.0)	330 (6.8)
Gross Producing Hz Locations (Net 100% NRI Wells)	2,279 (122.4)	476 (27.7)	5,271 (65.3)	2,698 (36.6)	10,724 (252.1)
Gross Active Rigs (Net 100% NRI Rigs)	6 (0.4)	1 (0.1)	28 (0.3)	25 (0.1)	60 (0.9)
Gross Work-in-Progress ⁽¹⁾ (Net 100% NRI Wells)	169 (8.7)	10 (1.7)	400 (4.4)	224 (2.9)	803 (17.7)
Gross (Net) Line-of-Sight ⁽²⁾	244 (7.5)	22 (1.2)	381 (8.0)	478 (5.4)	1,125 (22.0)

Source: Company data and estimates and Enverus. Acreage as of 10/1/2024 and activity data as of 10/9/2024. Existing permits or active development of Viper's royalty acreage does not ensure that those wells will be turned to production.

(1) Work in progress wells represent those that have been spud and are expected to be turned to production within approximately the next six to eight months.

(2) Line-of-sight wells are those that are not currently in the process of active development, but for which Viper has reason to believe that they will be turned to production within approximately the next 15 to 18 months. The expected timing of these wells is based primarily on permitting by third party operators or Diamondback's current expected completion schedule.



Financial Update

Viper's third quarter 2024 average unhedged realized prices were \$75.24 per barrel of oil, \$0.13 per Mcf of natural gas and \$19.89 per barrel of natural gas liquids, resulting in a total equivalent realized price of \$45.83/boe.

Viper's third quarter 2024 average hedged realized prices were \$74.27 per barrel of oil, \$0.56 per Mcf of natural gas and \$19.89 per barrel of natural gas liquids, resulting in a total equivalent realized price of \$45.87/boe.

During the third quarter of 2024, the Company recorded total operating income of \$209.6 million and consolidated net income (including non-controlling interest) of \$109.0 million.

Financial Overview

Financial Strategy

Maintain Financial Flexibility

- Elected commitment of \$850 million with \$280 million drawn on revolver pro forma as of 10/1/2024
- Borrowing base of \$1.25 billion on facility that matures in 2028
- Pro forma net debt as of 10/1/2024 of \$1.1 billion

Capital Return Framework

- Return of capital commitment of at least 75% of cash available for distribution, inclusive of base dividend, variable dividends and opportunistic share repurchases
- Base annual dividend of \$1.20/share; declared 3Q '24 total base-plus-variable dividend of \$0.61/share, representing a 4.7% annualized yield
- Board authorized share repurchase program of \$750 million; repurchased \$316 million through 9/30/2024
- Expect to continue to use a portion of cash available for distribution to reduce debt and help fund small acquisitions

No Direct Operating or Capital Expenses

- Focus on mineral and royalty interests preserves low-cost structure
- Expected production and ad valorem taxes of ~7% of royalty income
- Operators bear capital and operating burden

Viper Capitalization (\$MM)

VNOM Capitalization & Leverage	9/30/2024	Adjustments	Pro Forma
Cash	\$169	-\$136	\$33
Revolving Credit Facility	0	280	280
Senior Notes	830	0	830
Total Debt	\$830	\$280	\$1,110
Net Debt⁽¹⁾	\$662	\$416	\$1,078
Net Debt / LTM EBITDA ⁽¹⁾	0.9x		1.4x
Net Debt / MRQA EBITDA ⁽¹⁾⁽²⁾	0.9x		1.4x

VNOM Liquidity	9/30/2024	Adjustments	Pro Forma
Cash	\$169	-\$136	\$33
Revolving Credit Facility	0	280	280
Borrowing Base	850	\$0	830
Liquidity	\$1,019	-\$416	\$583

Guidance Update

Q4 2024 Net Oil Production – Mbo/d	29.25 – 29.75
Q4 2024 Net Total Production – Mboe/d	52.50 – 53.00
Full Year 2024 Net Oil Production – Mbo/d	27.00 – 27.25
Full Year 2024 Net Total Production – Mboe/d	48.75 – 49.25

Unit Costs (\$/boe)	
Depletion	\$11.50 - \$12.00
Cash G&A	\$0.80 - \$1.00
Non-Cash Share-Based Compensation	\$0.10 - \$0.20
Interest Expense	\$4.00 - \$4.25
Production & Ad Valorem Taxes (% of Revenue)	~7%
Cash Tax Rate ⁽³⁾	20% - 22%
Q4 2024 Cash Taxes (\$ - million)	\$13.0 - \$18.0

Source: Company data and filings. Financial data pro forma to give effect to the closing of the TWR IV acquisition on 10/1/2024 and the funding of the remaining \$416 million cash consideration.

(1) Net debt, a non-GAAP measure, is defined as total debt less cash and cash equivalents.

(2) MRQA stands for Most Recent Quarter Annualized.

(3) Percent of pre-tax income attributable to Viper Energy, Inc.



As of September 30, 2024, the Company had a cash balance of \$168.6 million and total long-term debt outstanding (excluding debt issuance costs, discounts and premiums) of \$830.4 million, resulting in net debt of \$661.7 million. Viper's outstanding long-term debt as of September 30, 2024 consisted of \$430.4 million in aggregate principal amount

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of its 5.375% Senior Notes due 2027, \$400.0 million in aggregate principal amount of its 7.375% Senior Notes due 2031 and no borrowings on its revolving credit facility, leaving \$850.0 million available for future borrowings and \$1.0 billion of total liquidity.

Giving effect to the closing of the TWR IV acquisition on October 1, 2024 and the funding of the cash consideration of \$458.9 million (of which \$43.1 million had previously been paid into escrow, and the remainder was funded at closing with net proceeds from the underwritten public equity offering of Class A common stock that was completed on September 13, 2024, cash on hand, and borrowings under the revolving credit facility), pro forma net debt as of October 1, 2024 was approximately \$1.1 billion.

Return of Capital Framework

Return of Capital Framework

- Viper is committed to returning at least 75% of cash available for distribution to Class A shareholders
- Board has authorized a share repurchase program of \$750 million, of which \$434 million remains available for future repurchases as of 9/30/2024
- Capital returned through the following methods:
 - Sustainable and growing base dividend protected down to below \$30/bbl WTI
 - Variable dividend
 - Opportunistic share repurchases

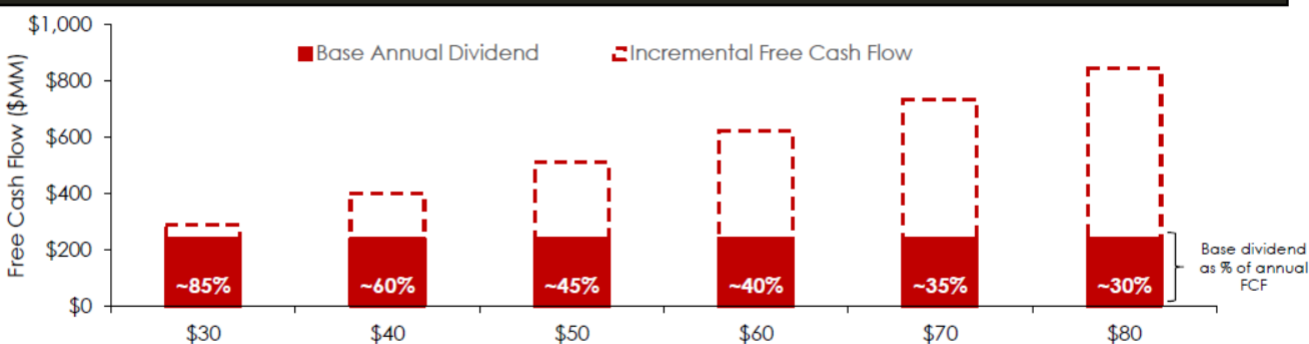
3Q '24 Return of Capital

- Base-plus-variable dividend of \$0.61 per Class A share; represents 4.7% annualized yield

Q3 2024 Return of Capital to Class A Shareholders Reconciliation

	\$MM	\$ / Share
Base Dividend - \$1.20 / Share <i>Paid quarterly</i>	\$30.9	\$0.30
Share Repurchases	\$0.0	\$0.00
Variable Dividend <i>Paid the following quarter to make investors whole for at least 75% return of capital</i>	\$31.5	\$0.31
Q3 2024 Return of Capital to Class A Shareholders	\$62.4	\$0.61
Cash Available for Distribution to Class A Shareholders	\$75.4	\$0.73
Q3 2024 Payout Ratio		83%

Estimated Coverage of Annual Base Dividend at Various Oil Prices



Source: Company data and filings. Current price reflects closing price as of 11/11/2024.



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Third Quarter 2024 Cash Distribution & Capital Return Program

Viper announced that the Board of Directors of Viper Energy, Inc., declared a base dividend of \$0.30 per Class A common share for the third quarter of 2024 payable on November 21, 2024 to Class A common shareholders of record at the close of business on November 14, 2024.

The Board also declared a variable cash dividend of \$0.31 per Class A common share for the third quarter of 2024 payable on November 21, 2024 to Class A common shareholders of record at the close of business on November 14, 2024.

Viper Hedging

Hedge Update

Crude Oil (Bbls/day, \$/Bbl)	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Deferred Premium Put Options - WTI	16,000	20,000	20,000	--	--
Strike	\$55.00	\$55.00	\$55.00	--	--
Premium	-\$1.70	-\$1.62	-\$1.61	--	--
Costless Collars - WTI	4,000	--	--	--	--
Floor	\$55.00	--	--	--	--
Ceiling	\$93.66	--	--	--	--
Natural Gas - Henry Hub (Mmbtu/day, \$/Mmbtu)	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Costless Collars - Henry Hub	--	60,000	60,000	60,000	60,000
Floor	--	\$2.50	\$2.50	\$2.50	\$2.50
Ceiling	--	\$4.93	\$4.93	\$4.93	\$4.93
Natural Gas Waha Basis (Mmbtu/day, \$/Mmbtu)	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Swaps - Waha Basis	30,000	60,000	60,000	60,000	60,000
Swap Price	-\$1.20	-\$0.80	-\$0.80	-\$0.80	-\$0.80

Given the Company's strong balance sheet, Viper's hedging strategy is to maximize upside exposure to commodity prices while protecting against the extreme downside

Source: Company data as of 11/1/2024.



Viper Reserves

Viper's proved oil and natural gas reserve estimates and their associated future net cash flows were prepared by Viper's internal reservoir engineers, and **audited by Ryder Scott Company, L.P.**, independent petroleum engineers, as of December 31, 2023. Reference prices of \$78.22 per barrel of oil and natural gas liquids and \$2.64 per MMBtu of natural gas were used in accordance with applicable rules of the Securities and Exchange Commission.

Realized prices with applicable differentials were \$77.93 per barrel of oil, \$1.54 per Mcf of natural gas and \$23.79 per barrel of natural gas liquids.

Proved reserves at year-end 2023 of 179,249 Mboe (89,903 Mbo) represent a 20% increase over year-end 2022 reserves. The year-end 2023 proved reserves have a PV-10 value of approximately \$3.6 billion and a standardized measure of discounted future net cash flows of \$3.2 billion.

Proved developed reserves increased by 34% year over year to 143,371 Mboe (69,043 Mbo) as of December 31, 2023, reflecting continued horizontal development by the operators of Viper's acreage.

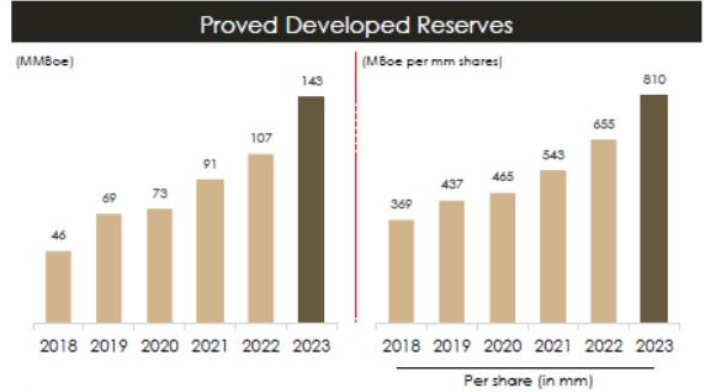
Net proved reserve additions of 44,673 Mboe resulted in a reserve replacement ratio of 312% (defined as the sum of extensions, discoveries, revisions, purchases and divestitures, divided by annual production). The organic reserve replacement ratio was 179% (defined as the sum of extensions, discoveries and revisions, divided by annual production).

Extensions and discoveries of 25,558 Mboe are primarily attributable to the drilling of 904 new wells and from 179 new proved undeveloped locations added. The Company's total positive revisions of previous estimated quantities of 138 Mboe consist of positive revisions of 5,688 MBOE primarily attributable to performance revisions which were largely offset by PUD downgrades of 5,548 MBOE. The purchase of reserves in place of 18,977 Mboe resulted primarily from the GRP Acquisition and other acquisitions of certain mineral and royalty interests.

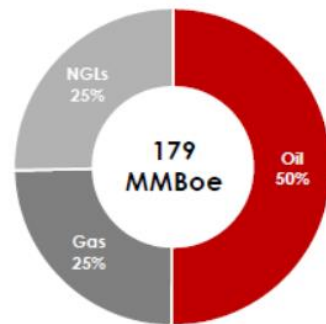
High Growth, Oil Weighted Reserves

- Proved reserves at YE 2023 of 179.2 MMBoe (89.9 MMBo) represent a 20% increase over YE 2022 reserves
- Net proved reserve additions of 44.7 MMBoe resulted in a reserve replacement ratio of 312%; the organic reserve replacement ratio was 179%
- 80% proved developed reserves; conservatively booked
- 50% oil-weighting on a 3-stream basis

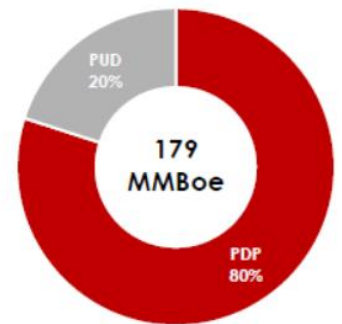
Reserve Report Summary				
	Oil (MMbbls)	Gas (MMcf)	NGLs (MMbbls)	Total (Mboe)
Proved reserves as of December 31, 2022	79,004	209,964	34,902	148,900
Purchase of reserves in place	10,469	27,011	4,006	18,977
Extensions and discoveries	13,636	34,632	6,150	25,558
Revisions of previous estimates	(5,178)	11,101	3,466	138
Production	(8,028)	(19,130)	(3,108)	(14,324)
Proved reserves as of December 31, 2023	89,903	263,578	45,416	179,249



Reserves by Commodity



Reserves by Category



Conservatively Booked, Oil Weighted Reserves Have Grown Significantly on an Absolute and Per Share Basis

Source: Company data and filings. Data as of 12/31/2023.

“Diamondback Energy's "Mega Merger" with Endeavor Energy (private company) that is expected to close in Q4 will have a BIG positive impact on Viper Energy (VNOM) because Diamondback is expected to drop down the minerals owned by Endeavor into Viper. Endeavor owns a lot of minerals and Diamondback's aggressive drilling program will be increasing production on their minerals.” – Dan Steffens

Viper Guidance

Below is Viper's updated guidance for the full year 2024, as well as production guidance for Q4 2024.

GUIDANCE UPDATE	
Below is Viper's updated guidance for the full year 2024, as well as production guidance for Q4 2024.	
	Viper Energy, Inc.
Q4 2024 Net Production - MBo/d	29.25 - 29.75
Q4 2024 Net Production - MBoe/d	52.50 - 53.00
Full Year 2024 Net Production - MBo/d	27.00 - 27.25
Full Year 2024 Net Production - MBoe/d	48.75 - 49.25
<i>Share costs (\$/boe)</i>	
Depletion	\$11.50 - \$12.00
Cash G&A	\$0.80 - \$1.00
Non-Cash Share-Based Compensation	\$0.10 - \$0.20
Interest Expense	\$4.00 - \$4.25
Production and Ad Valorem Taxes (% of Revenue)	~7%
Cash Tax Rate (% of Pre-Tax Income Attributable to Viper Energy, Inc.) ⁽¹⁾	20% - 22%
Q4 2024 Cash Taxes (\$ - million) ⁽²⁾	\$13.0 - \$18.0
⁽¹⁾ Pre-tax income attributable to Viper Energy, Inc. is reconciled below.	
⁽²⁾ Attributable to Viper Energy, Inc.	

Viper Energy, Inc. < Converted to a C-Corp. on 11-13-2023		GRP Acquisition closed on Nov 1, 2023					GPR Acquisition added 9.02 million shares on 11-1-2023			Tumbleweed Acq. closed on October 1, 2024 adding 4,500 Boepd			
Net Income and Cash Flow 2022 - 2025 (updated 11/26/2024)		Drop Down from FANG added 300 boepd on Mar 8th					Non-Permian asset sale announced on 4/23 closed on 5/1 for \$90.3 million (-450 boepd)			Soon after the merger of Endeavor Energy into Diamondback (FANG) in Q4, a large package of minerals now owned by Endeavor will dropdown into Viper			
	Actual 2022	Actual Qtr1 2023	Actual Qtr2 2023	Actual Qtr3 2023	Actual Qtr4 2023	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Forecast Qtr4 2024	Forecast 2024	Forecast 2024	
REVENUES:													
Royalty income	\$837,976	\$161,085	\$158,197	\$195,614	\$202,214	\$717,110	\$205,067	\$215,486	\$208,158	\$215,900	\$844,611	\$1,340,554	< Forecast revenues are net of hedging gains and losses that are broken out on row 30 when actual results are reported.
Lease bonus	27,791	7,471	2,411	97,433	2,363	109,678	170	1,096	1,250	2,500	5,016	10,000	
Other operating income	700	402	179	193	135	909	155	126	180	200	661	1,000	
Total Revenues	866,467	168,958	160,787	293,240	204,712	827,697	205,392	216,708	209,588	218,600	850,288	1,351,554	
EXPENSES:													Expenses per Viper's Guidance >>>>
Production and ad valorem taxes	56,372	12,887	12,621	12,286	12,607	50,401	14,406	15,201	15,113	15,113	59,833	93,839	< Row 8 X 7%
DD&A	121,071	30,987	34,064	36,280	44,787	146,118	46,933	48,360	54,528	57,293	207,114	321,656	< \$11.75/boe
Impairment of property & equipment	0	0	0	0	0	0	0	0	0	0	0	0	
General and Adm	3,472	2,121	1,429	1,057	2,910	7,517	3,692	2,716	3,225	4,300	13,933	16,000	
Stock based compensation + other non-cash exp	5,070	643	579	823	1,397	3,442	1,341	1,739	1,390	2,000	6,470	8,000	
Other operating expense							94	139	(236)	100	97	400	
TOTAL EXPENSES	185,985	46,638	48,693	50,446	61,701	207,478	66,466	68,155	74,020	78,806	287,447	439,895	
OPERATING EARNING	680,482	122,320	112,094	242,794	143,011	620,219	138,926	148,553	135,568	139,794	562,841	911,659	
OTHER INCOME (EXPENSES)													
Interest expense - cash	(40,409)	(9,686)	(11,291)	(11,203)	(16,727)	(48,907)	(19,588)	(18,667)	(16,739)	(20,000)	(74,994)	(100,000)	< Debt will increase to pay FANG for drop downs from Endeavor
Amortization of debt issuance costs	0	0	0	0	0	0	0	0	0	0	0	0	Compare to CFPS forecasts on Row 48
Gain (loss) on derivatives - cash	(31,319)	(2,215)	(3,997)	(3,807)	(3,300)	(13,319)	(2,754)	529	187	0	(2,038)	0	
Gain (loss) on derivatives - non-cash MTM	13,181	(12,888)	(8,597)	819	8,192	(12,474)	(4,738)	4,817	7,223	0	7,302	0	
Gain on revaluation of investment	0	0	0	0	0	0	0	0	0	0	0	0	
Other	416	141	172	489	972	1,774	258	0	0	0	258	0	
INCOME BEFORE INCOME TAXES	622,351	97,672	88,381	229,092	132,148	547,293	112,104	135,232	126,239	119,794	493,369	811,659	
INCOME TAXES													
Current	17,003	8,977	8,347	21,524	14,104	52,952	13,170	14,647	15,417	23,959	67,193	121,749	< 15%
Deferred	(49,656)	429	103	355	(7,887)	(7,000)	(641)	(1,641)	1,777	2,516	2,011	56,816	< 07%
NET INCOME	\$655,004	\$88,266	\$79,931	\$207,213	\$125,931	\$501,341	\$99,575	\$122,226	\$109,045	\$93,319	\$424,165	\$633,094	< See NOTE below regarding impact of net income allocated to non-controlling interest
Common stock o/s, including FANG's share	163,940	161,572	161,572	161,572	176,854	165,393	176,855	176,855	188,378	198,378	185,117	200,000	< 1H 2024 is shares outstanding at 6/30/2024
Earnings per share	\$4.00	\$0.55	\$0.49	\$1.28	\$0.71	\$3.03	\$0.56	\$0.69	\$0.58	\$0.47	\$2.29	\$3.17	Stock Buybacks in 2H 2024
Cashflow per share (before CapEx)	\$718,308	\$133,213	\$123,274	\$243,852	\$156,036	\$656,375	\$151,946	\$165,867	\$159,517	\$150,128	\$627,458	\$890,566	< TipRanks EPS estimates
PRODUCTION													< Fair Value of 14 X 2023 to 2025 CFPS = \$57.00
Natural Gas (mcfpd)	43,463	46,933	51,484	53,261	57,837	52,379	61,418	61,900	66,854	69,960	65,033	99,000	< TipRanks CFPS estimates
Oil (bbls/d)	19,438	20,111	21,143	22,141	24,533	21,982	25,407	26,352	26,978	29,680	27,104	42,000	TipRanks \$ 54.54 < \$43 to \$64
NGLs (bbls/d)	6,957	7,034	7,957	9,428	9,610	8,507	10,489	10,804	11,250	11,660	11,051	16,500	Raymond J 11/21/24 \$ 62.00 BUY
boepd	33,639	34,967	37,681	40,446	43,783	39,219	46,132	47,473	49,370	53,000	48,994	75,000	Barclays 11/20/24 \$ 58.00 BUY
PRODUCT PRICES													Piper Sand 11/18/24 \$ 64.00 BUY
Natural Gas (\$/mcf)	\$ 4.15	\$ 2.11	\$ 0.65	\$ 1.47	\$ 1.34	\$ 1.39	\$ 1.12	\$ 0.64	\$ 0.56	\$ 1.15	\$ 0.87	\$ 2.25	Truist Fin 11/6/24 \$ 55.00 BUY
Oil (\$/bbl)	\$ 91.66	\$ 74.30	\$ 71.39	\$ 81.44	\$ 76.56	\$ 75.92	\$ 75.64	\$ 80.24	\$ 74.27	\$ 68.50	\$ 74.66	\$ 73.50	< Q4 2024 production guidance is 52,500 to 53,000 Boepd (~29,500 BOPD) < Nov 4
NGLs (\$/bbl)	\$ 34.77	\$ 24.45	\$ 19.07	\$ 21.58	\$ 21.64	\$ 21.64	\$ 22.17	\$ 20.35	\$ 19.89	\$ 20.00	\$ 20.60	\$ 22.00	< Year over year production growth 53.1%
Gross Revenue check (prod * ave price)	806,647	158,870	154,200	191,807	198,914	701,312	202,313	216,015	208,345	215,900	840,256	1,340,554	< Impact of hedges less \$1.60 Differential (\$1.25 in 2025)
Distributions to unit holders	\$ 2.46	\$ 0.33	\$ 0.36	\$ 0.57	\$ 0.56	\$ 1.82	\$ 0.59	\$ 0.64	\$ 0.61	\$ 0.53	\$ 2.37	\$ 3.12	< See new hedges below less \$1.50 differential
													< Revenues are net of cash settlements on hedges
													< TipRanks Revenue estimates
													< Estimated distributions
													~ 70% of Cash Flow Per Share in 2024 & 2025

