



Magnolia Oil & Gas Corporation Investor Presentation – August 2022



Disclaimer



FORWARD LOOKING STATEMENTS

The information in this presentation and the oral statements made in connection therewith include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of present or historical fact included in this presentation, regarding Magnolia Oil & Gas Corporation’s (“Magnolia,” “we,” “us,” “our” or the “Company”) financial and production guidance, strategy, future operations, financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, including any oral statements made in connection therewith, the words could, should, will, may, believe, anticipate, intend, estimate, expect, project, the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events. Except as otherwise required by applicable law, Magnolia disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation. Magnolia cautions you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Magnolia, incident to the development, production, gathering and sale of oil, natural gas and natural gas liquids. In addition, Magnolia cautions you that the forward looking statements contained in this press release are subject to the following factors: (i) the economic effects of the COVID-19 pandemic and actions taken by federal, state and local governments and other third parties in response to the pandemic; (ii) the outcome of any legal proceedings that may be instituted against Magnolia; (iii) Magnolia’s ability to realize the anticipated benefits of its acquisitions, which may be affected by, among other things, competition and the ability of Magnolia to grow and manage growth profitably; (iv) changes in applicable laws or regulations; (v) geopolitical and business conditions in key regions of the world; and (vi) the possibility that Magnolia may be adversely affected by other economic, business, and/or competitive factors, including inflation. Should one or more of the risks or uncertainties described in this press release occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact Magnolia’s operations and projections can be found in its filings with the Securities and Exchange Commission (the “SEC”), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on February 17, 2022. Magnolia’s SEC filings are available publicly on the SEC’s website at www.sec.gov.

NON-GAAP FINANCIAL MEASURES

This presentation includes non-GAAP financial measures, including adjusted net income, free cash flow, EBITDAX, adjusted EBITDAX, adjusted cash operating costs and adjusted cash operating margin. Magnolia believes these metrics are useful because they allow Magnolia to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to accounting methods or capital structure. Magnolia does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDAX should not be considered an alternative to, or more meaningful than, net income as determined in accordance with GAAP. Certain items excluded from free cash flow, adjusted EBITDAX, adjusted cash operating costs and adjusted cash operating margin are significant components in understanding and assessing a company’s financial performance, and should not be construed as an inference that its results will be unaffected by unusual or non-recurring terms.

As performance measures, adjusted net income, adjusted EBITDAX, adjusted cash operating costs and adjusted cash operating margin may be useful to investors in facilitating comparisons to others in the Company’s industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, and capital structure, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. As a liquidity measure, management believes free cash flow is useful for investors and widely accepted by those following the oil and gas industry as financial indicators of a company’s ability to generate cash to internally fund drilling and completion activities, fund acquisitions, and service debt. Our presentation of adjusted net income, adjusted EBITDAX, free cash flow, adjusted cash operating costs and adjusted cash operating margin may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 23, adjusted EBITDAX reconciliation is shown on page 24 of the presentation, adjusted net income is shown on page 25, and adjusted cash operating costs and adjusted cash operating margin reconciliations are shown on page 6.

INDUSTRY AND MARKET DATA

This presentation has been prepared by Magnolia and includes market data and other statistical information from sources believed by Magnolia to be reliable, including independent industry publications, governmental publications or other published independent sources. Some data is also based on the good faith estimates of Magnolia, which are derived from its review of internal sources as well as the independent sources described above. Although Magnolia believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

Magnolia Oil & Gas – Overview



- High-quality, low-risk pure-play South Texas operator with a core Eagle Ford and Austin Chalk position acquired at an attractive entry multiple
- Significant scale and PDP base generates material free cash flow, reduces development risk, and increases optionality
- **Asset Overview:**
 - ~23,800 net acres in a well-delineated, low-risk position in the core of Karnes County, representing some of the most prolific acreage in the United States with industry leading break-evens
 - ~450,000 net acres in the Giddings area, a re-emerging oil play with significant upside and what we believe to be substantial inventory
 - Both assets expected to remain self funding and within cash flow

Market Statistics

Trading Symbol (NYSE)	MGY
Share Price as of 8/9/2022	\$22.17
Common Shares Outstanding ⁽¹⁾	219 million
Market Capitalization	\$4.9 billion
Long-term Debt – Principal	\$400 million
Cash as of 6/30/2022	\$502 million
Total Enterprise Value	\$4.8 billion

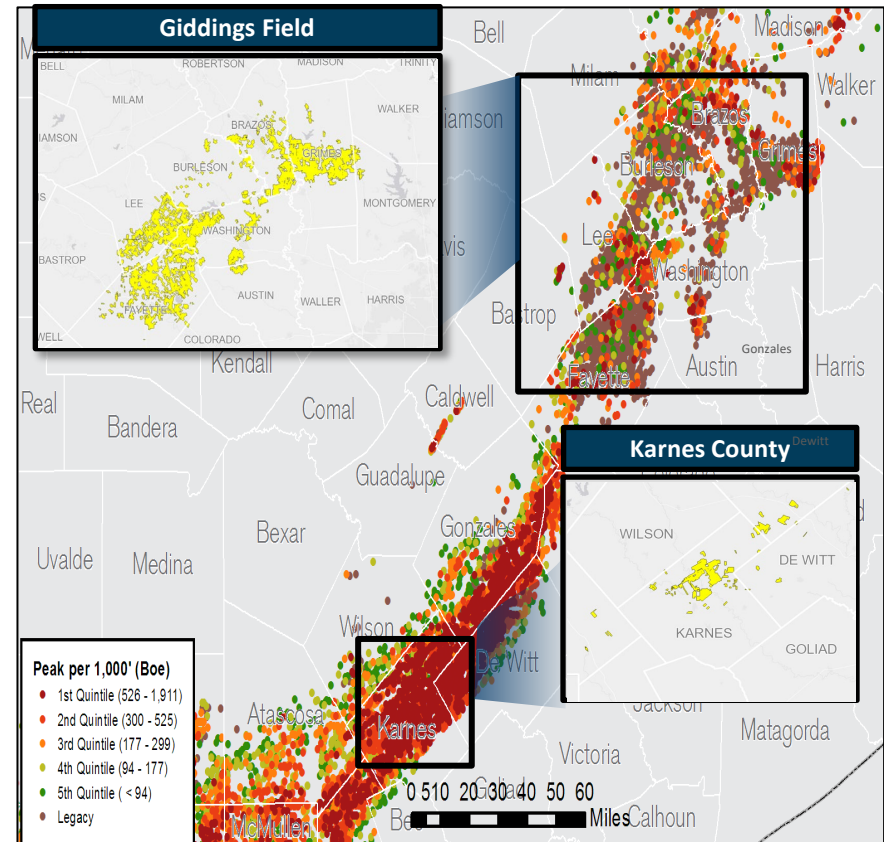
Operating Statistics

	Karnes	Giddings	Total
Net Acreage	23,767	447,924	471,691
2Q22 Net Production (Mboe/d) ⁽²⁾	30.1	44.1	74.2

(1) Common Stock outstanding includes Class A and Class B Stock.

(2) Giddings includes other production not located in the Giddings Field.

~472,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



Magnolia Value Creation Principles

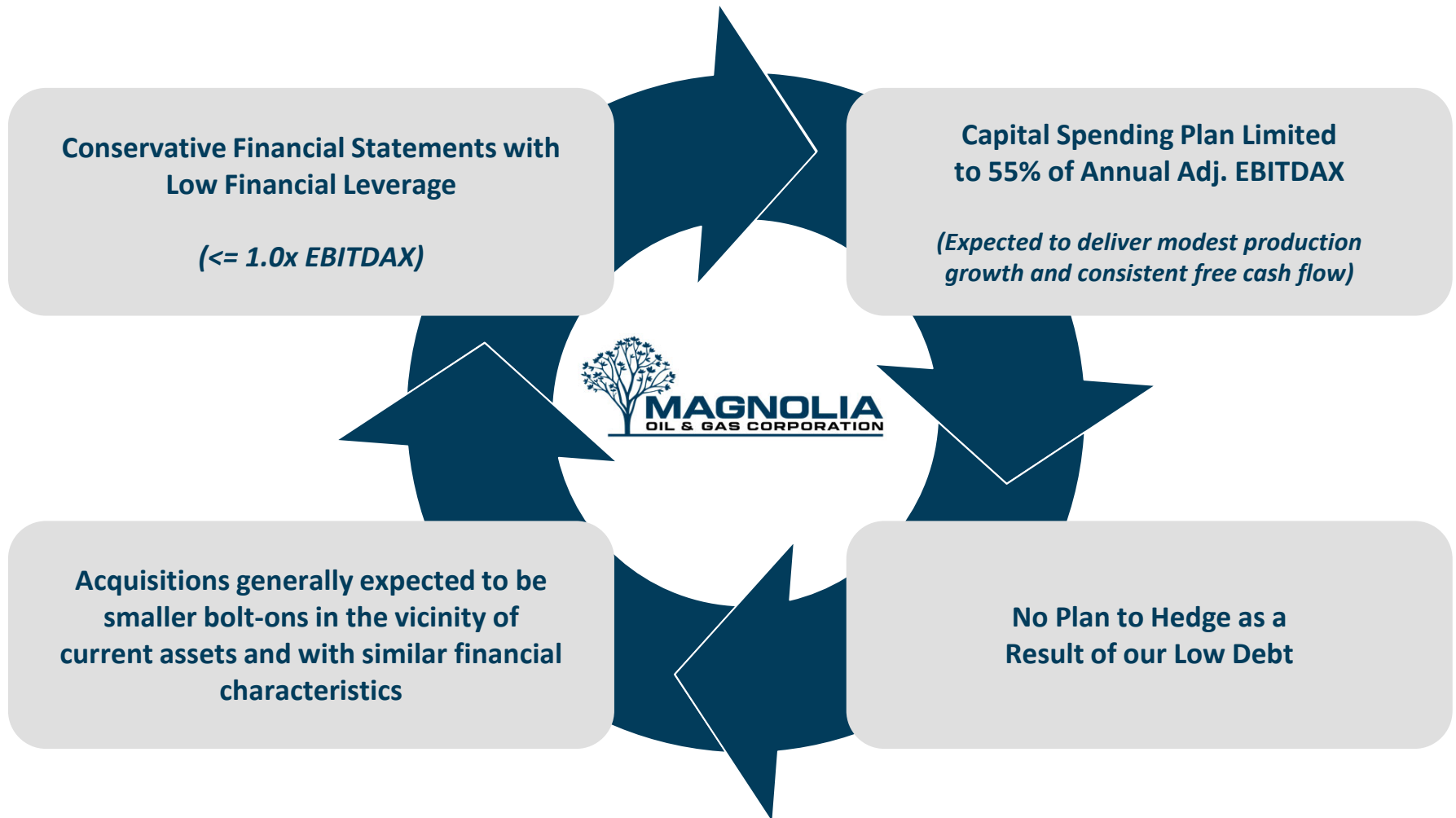
- 1 Generate moderate annual organic production growth**
- 2 Limit D&C capital to 55% of annual Adjusted EBITDAX, providing significant free cash flow**
- 3 Maintain conservative financial leverage profile**
- 4 Generate high full-cycle operating margins**
- 5 Prudent & effective reinvestment of free cash flow to maximize shareholder returns**

Objectives & Execution

- 2022 production guidance is 12% to 14%
- Actual D&C capital spending since company inception is 47% of Operating Cash Flow
- \$400 million of principal debt outstanding and \$502 million of cash on the balance sheet as of 2Q22
- Operating income margins were 68% during 2Q22
- Closed ~\$220 million of bolt-on acquisitions since 1/1/19 while increasing our Karnes net acreage position by ~40%
- Repurchased 46.9 ⁽¹⁾ million shares of Magnolia stock since inception of repurchase program (3Q19)
- Announced a \$0.10 quarterly dividend (\$0.40 annualized), a 43% increase from 2021 levels

(1) Includes Class A, Class B, and non-compete shares paid in cash.

Magnolia Oil & Gas – Prudent Financial Policy



Return-focused, long-term value creation through (1) moderate annual production growth, (2) share repurchases, (3) accretive bolt-on acquisitions, and (4) a secure and growing dividend.

Magnolia Oil & Gas – Margin and Cost Structure



<i>\$ / Boe, unless otherwise noted</i>	<i>For the Quarter Ended June 30, 2022</i>		<i>For the Quarter Ended June 30, 2021</i>
Revenue	\$71.78	Δ \$29.14/boe	\$42.64
Total Cash Operating Costs:			
Lease Operating Expenses ⁽¹⁾	(4.78)		(3.70)
Gathering, Transportation & Processing	(2.43)		(1.74)
Taxes Other Than Income	(4.06)		(2.34)
Exploration Expenses	(0.50)		(0.01)
General & Administrative Expenses ⁽²⁾	(2.27)		(3.61)
Total Adjusted Cash Operating Costs ⁽³⁾	(14.04)	Δ \$2.64/boe	(11.40)
Adjusted Cash Operating Margin ⁽³⁾	\$57.74		\$31.24
Margin %	80%		73%
Non-Cash Costs:			
Depreciation, Depletion, and Amortization	(8.48)		(7.33)
Asset Retirement Obligations Accretion	(0.12)		(0.24)
Amortization on Intangible Assets	-		(1.22)
Non-cash stock-based compensation	(0.52)		(0.60)
Total non-cash expenses	(9.12)		(9.39)
Operating Income Margin	\$48.62	Δ \$26.77/boe	\$21.85
Margin %	68%		51%

(1) Lease operating expenses exclude non-cash stock based compensation of \$0.3 MM, or \$0.05 per boe, and \$0.1 MM, or \$0.02 per boe, for the quarters ended June 30, 2022 and 2021, respectively.

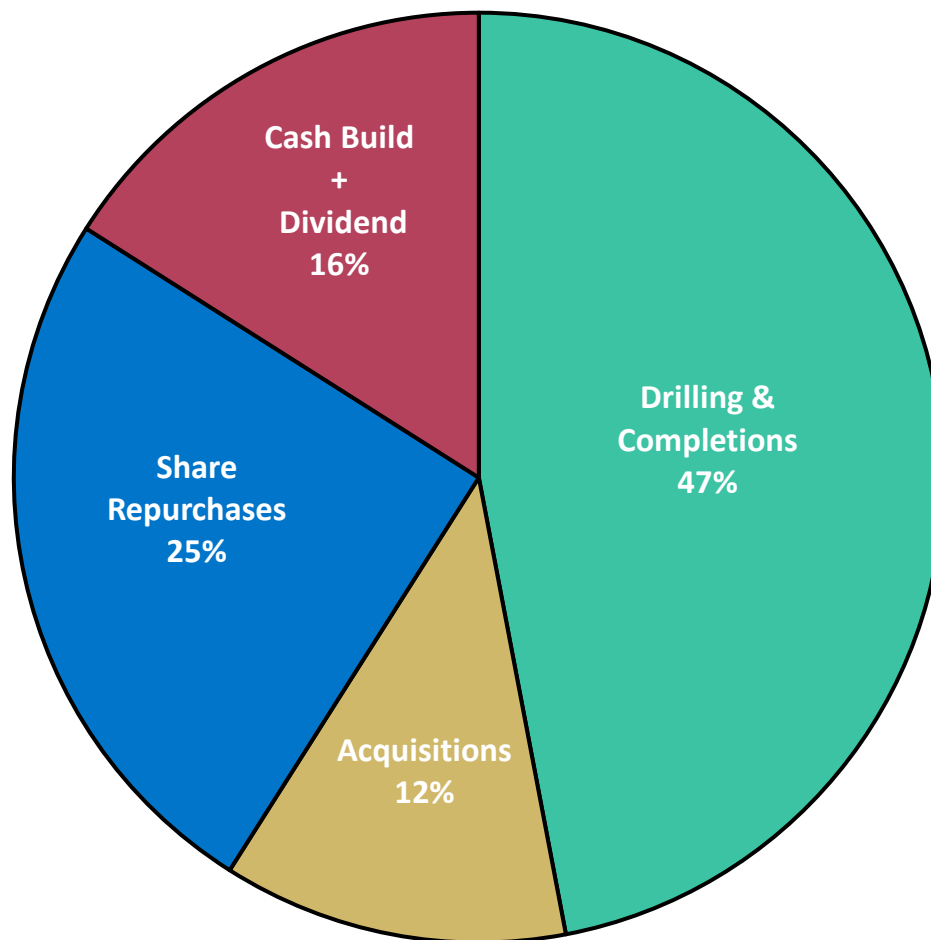
(2) General and administrative expenses exclude non-cash stock based compensation of \$3.2 MM, or \$0.47 per boe, and \$3.4 MM, or \$0.58 per boe, for the quarters ended June 30, 2022 and 2021, respectively.

(3) Adjusted cash operating costs and adjusted cash operating margin are non-GAAP measures. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measures."

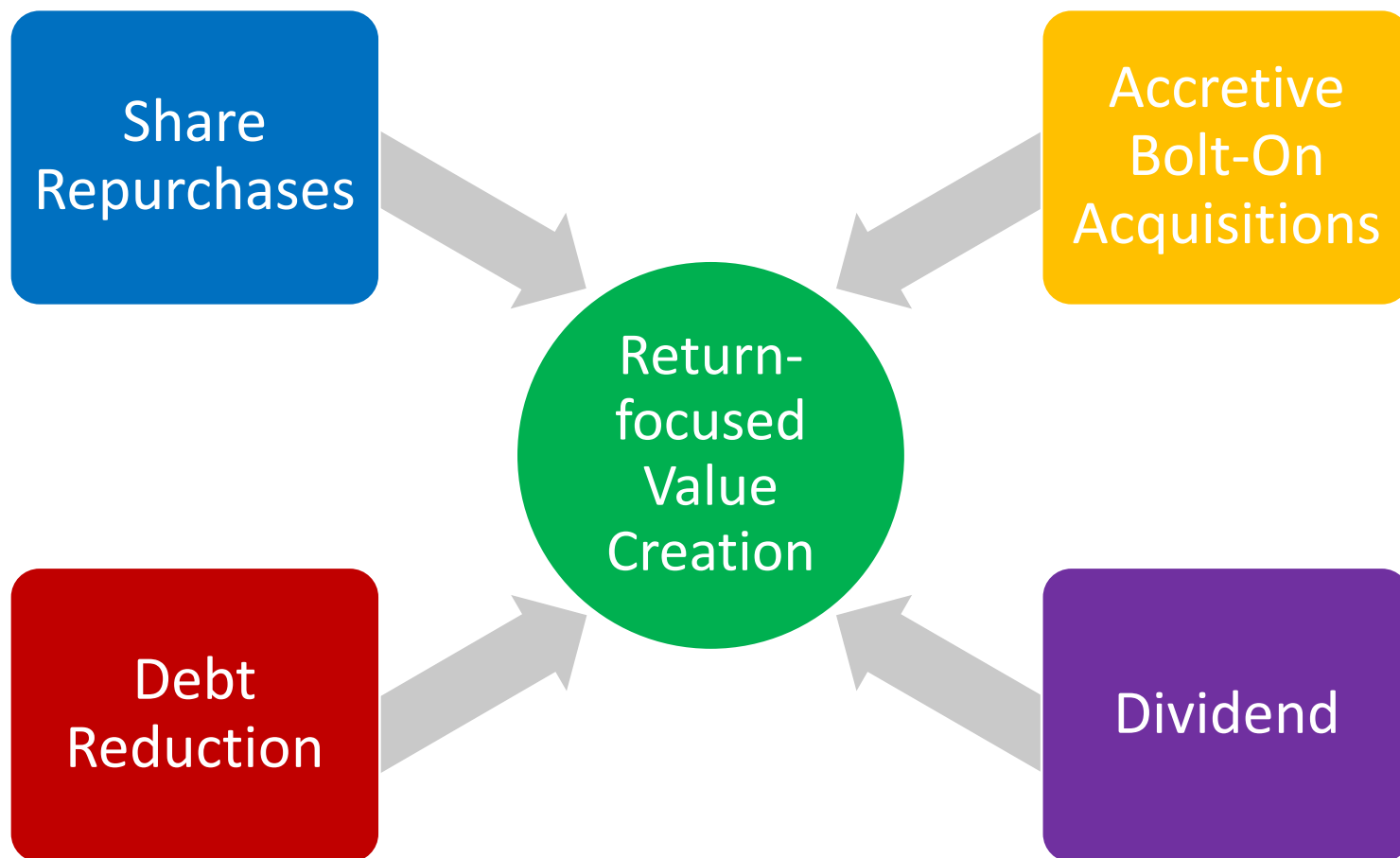
Cash Flow Allocation Matches Magnolia's Business Model



(Percentage of Operating Cash Flow ⁽¹⁾ – Since Inception - 7/31/18 thru 6/30/22)



(1) Operating Cash Flow is cash flow from operations before changes in working capital.



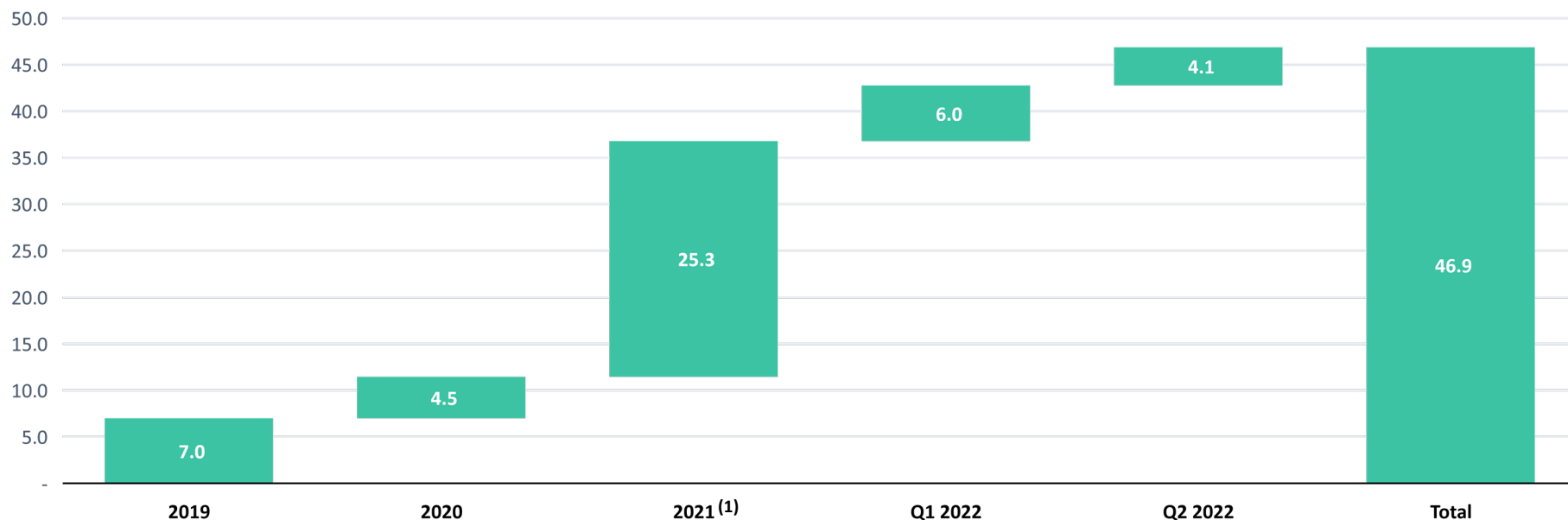
Consistent free cash flow generation allows for prudent and effective reinvestment to maximize Magnolia's total shareholder return proposition.

Share Repurchase Summary Through 2Q 2022



- Since the initial repurchase authorization in 3Q19, Magnolia has reduced its dilutive share count by 22.0⁽¹⁾ million shares of Class A common stock as well as 24.9 million shares of Class B common stock, for a **total reduction of 46.9 million shares, or approximately 18% of the diluted shares outstanding as of the authorization date.**
 - Repurchased 4.1 MM shares during 2Q22.
- Magnolia plans to continue to opportunistically repurchase at least 1% of the total shares outstanding each quarter.
- There are 12.3 million shares remaining under the current share repurchase authorization.

Share Reduction Summary (Million Shares)

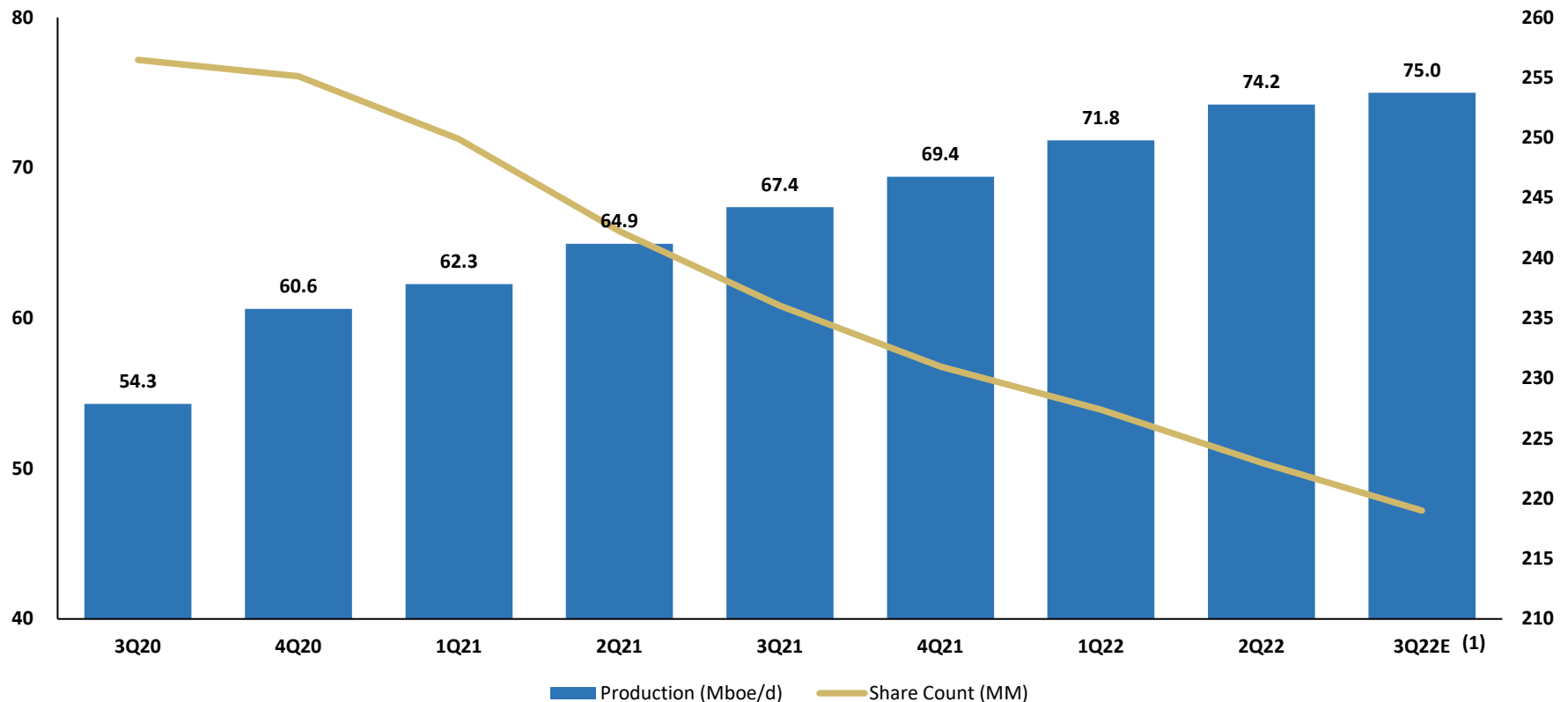


(1) Class A share reduction includes 3.6 million non-compete shares that were paid in cash in lieu of stock in 2021.

Increasing Production Per Share

- Since 3Q20, our production has increased 37% and our share count has declined by 13%.
 - The lower share count improves our prospective per share metric – EPS, CFPS, and production per share.
 - Production per share has increased 58%.
 - During this Period of time, our cash balance increased ~\$350 Million.

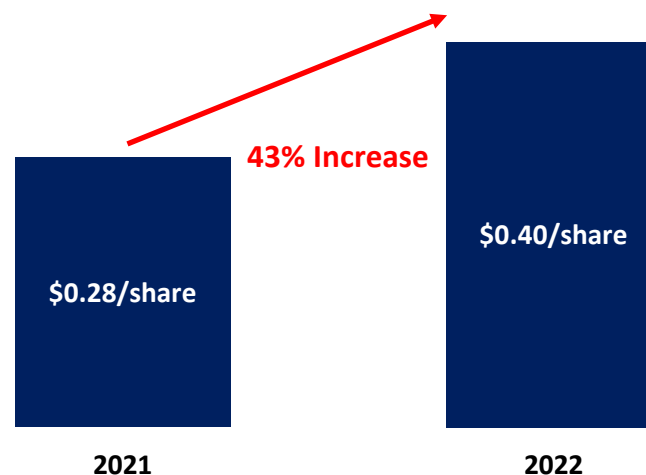
Increasing Production and Declining Share Count



(1) Based on our 3Q22 production and share count guidance.

Dividend Principles

- **Secure & Sustainable** – Dividend is safe, and supported by our strong balance sheet, prudent spending and consistent free cash flow
- **Paid out of Earnings** – Dividend is paid out of earnings generated by the business, and will not exceed 50% of the prior year's reported net income
- **Dividend Growth** – We expect each of these regular dividend payments to grow annually based on execution of our plan, which includes moderate production growth and share reduction



- We are moving to a quarterly dividend, from a semi-annual dividend, with an initial quarterly rate of \$0.10 per share, a 43% annualized increase from 2021.
- Differentiated dividend framework is aligned with the principles of our business model and reinforces our plan and demonstrates the quality of our assets.
- Our approach is meant to appeal to long-term investors who seek dividend safety, moderate and regular dividend growth, and a dividend that is paid out of actual earnings.
- We intend to use this dividend framework to demonstrate the underlying results of our business in a stable product price environment (\$55 oil and \$3.50 natural gas), and within our current cost structure.
- Our objective is to provide a superior total shareholder return by improving the per share value of the enterprise while providing a secure and growing dividend.



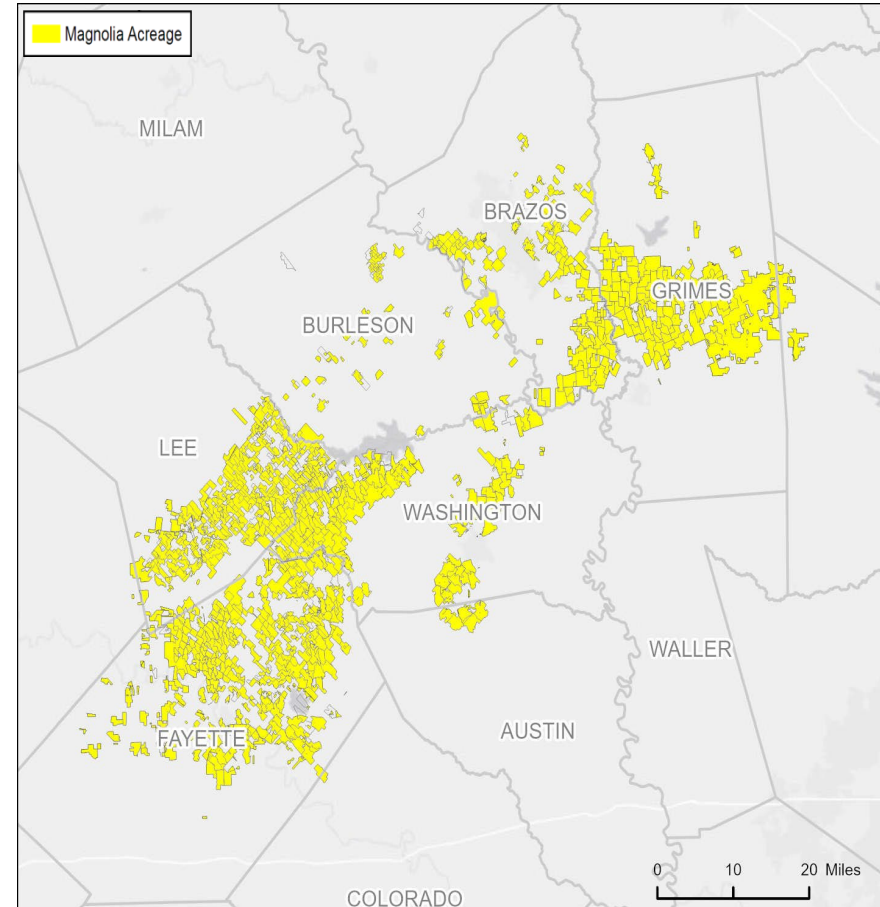
Asset Overview

Giddings Field – Development & Appraisal Opportunities

Giddings Asset Overview

- Emerging, high-growth asset with extensive inventory potential and significant development flexibility
- ~650,000 gross acres (~450,000 net acres) that is 98% HBP and 96% operated. 2Q 2022 production averaged 41.5 Mboe/d (36% oil, 66% liquids)
- HBP nature of asset allows for systematic delineation and optimization of play while generating free cash flow
- Shallower production declines allow for more stable cash flows and beneficial with higher future oil prices
- Modern high-intensity completions have resulted in a step-change improvement in well performance
- Have successfully transitioned 70,000 acres to development
- We could have at least 1,000 locations based on conservative spacing assumptions

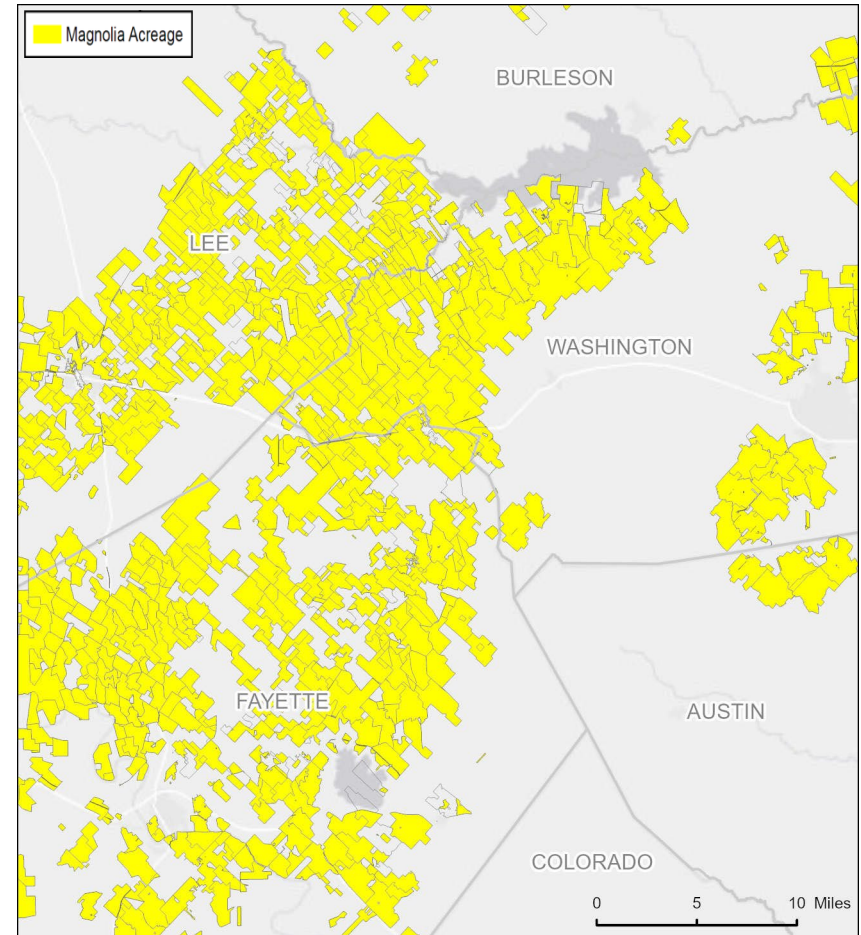
Lease Map



With significant scale and high HBP position, Giddings offers a unique opportunity to develop an emerging play while generating free cash flow

Giddings Field – Development

- MGY has identified some contiguous acreage blocks which have produced consistent results to date. One of these areas comprises ~70,000 acres.
 - Operating one full-time rig drilling development wells in this area
 - Have greater than 45 horizontal wells online
- 2Q22 production at Giddings has increased 21% YOY
- We entered full field development during 2021
 - Primarily drilling 4 well pads
 - Drilling efficiency increased 20% compared to 2021
 - Plan to average 8,000 ft laterals during 2022
- Benefits of Giddings:
 - Low entry costs and high economic returns
 - Shallower production declines
 - High EURs with low F&D Costs



Note: All MGY Giddings acreage not displayed on map.

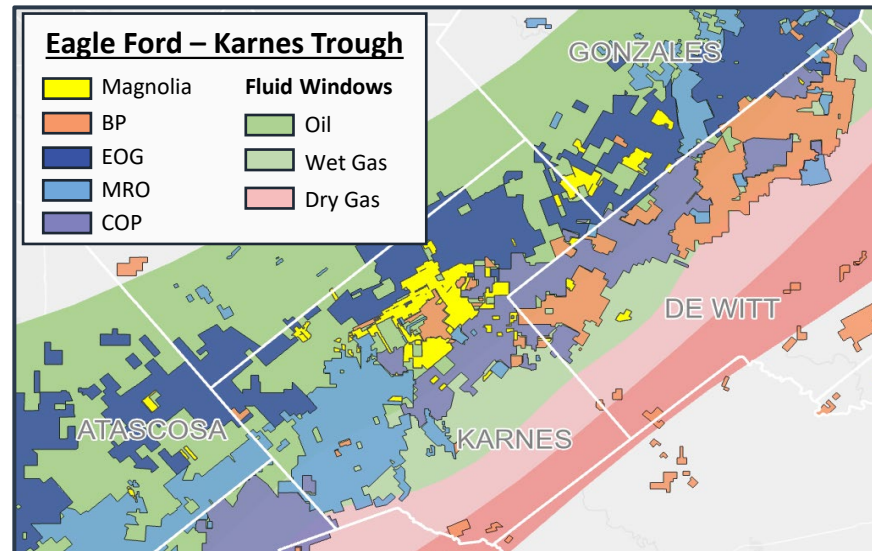
Karnes County – Core Eagle Ford and Austin Chalk



Key Asset Highlights

- World-class acreage footprint located in the core of the Eagle Ford, substantially de-risked
 - ~23,800 net acres, 65% operated, 96% HBP, 30.1 Mboe/d 2Q22 production (60% oil, 79% liquids)
 - EOG represents ~60% of non-operated activity
- Provides substantial free cash flow
 - Full field development allows for operational efficiencies and improved performance
- Well-known, repeatable acreage position targeting multiple benches and represents some of the best economics in North America

Premier Position in the Core of the Eagle Ford



**Core position in Karnes County Oil Window adjacent to EOG and Marathon
and less than 1-year new well paybacks**

Level of Risk Generally Acceptable to Magnolia

<u>Risk Factor</u>	<u>Low</u>	<u>Moderate</u>	<u>Fully Exposed</u>
Geologic/Exploratory	✓		
Political	✓		
Cost Risk		✓	
Reinvestment		✓	
Commodity			✓
Financial	✓		

ENVIRONMENTAL

Air Emissions

Reduced our 2021 GHG intensity rate by 9.5% compared to 2020, following an 8.2% reduction in 2019

Flaring

Do not conduct routine flaring; reduced our 2021 gas flared as a percent of total production by 72% compared to 2019

Fugitive Emissions

Integrate vapor recovery towers and units into storage tanks to minimize fugitive emissions

Surface Impacts

Use pad drilling to significantly reduce surface acreage needed for operations

Groundwater

Routinely install 7 alternating layers of steel and cement as a barrier between wellbores and groundwater

SOCIAL

Workforce Health & Safety

Have not recorded a fatal accident in connection with our operations since the company's inception

Training

In 2021, full-time field employees each received an average of 37 hours of safety training

Diversity

As of December 31, 2021, 26% of our employees were women (38% in our Houston corporate office) and 31% identified as a member of a minority group, as defined by the U.S. EEOC⁽¹⁾

Compensation

In 2021, every Magnolia employee received a minimum of 1,000 shares under our long-term incentive program

Workplace Flexibility

We offer a workplace flexibility program to eligible employees who can work from home effectively

GOVERNANCE

Board Independence

71% of board members are independent

Board Diversity

29% of board members are women; 14% identify as a member of a minority group

Executive Compensation

Ratio of 2021 Chief Executive Officer's compensation to median employee's compensation was 2.14 to 1

Say-on-Pay

More than 92% of stockholders approved say-on-pay at 2022 Annual Meeting of Stockholders

Oversight

Expanded the duties of our Nominating and Corporate Governance Committee to include formal oversight of ESG policies and practices

Magnolia 2022 Sustainability Report is Available on Our Website Under the Sustainability Tab

(1) U.S. Equal Employment Opportunity Commission



High Quality Assets Positioned for Success

- Coveted position in core of Karnes County with industry leading breakevens
- Emerging position in the Giddings Field with 70,000 acres now in development.



Positive Free Cash Flow and Leading Margins

- One of the select upstream independents that has generated substantial free cash flow after capital expenditures
- Leading free cash flow yield at a wide range of commodity prices versus the vast majority of the E&P group



Multiple Levers of Growth

- Modest organic growth through proven drilling while remaining well within cash flow (~55% of EBITDAX)
- Low debt and strong free cash flow allows Magnolia to pursue accretive bolt-on acquisitions or buy back stock which improves the Company's per share metrics



Strong Balance Sheet, Financial Flexibility & Conservative Financial Policy

- Conservative leverage profile with \$502 million of cash and only \$400 million of principal total debt outstanding⁽²⁾
- Substantial liquidity of \$952 million⁽²⁾

(1) Source: RSEG.

(2) Debt and liquidity as of 6/30/2022.



Appendix

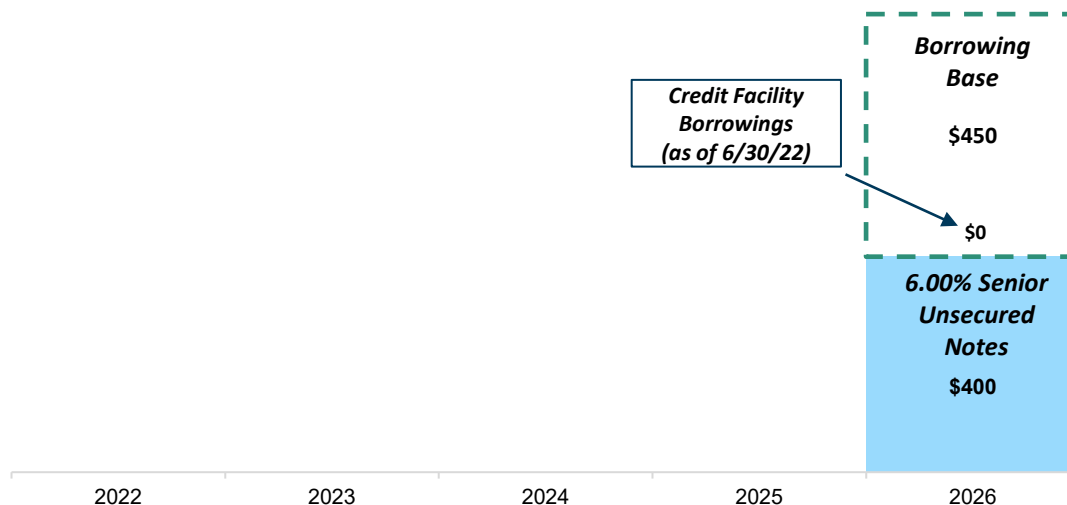
2Q 2022 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Currently have a net cash position of \$102 MM
 - Net Debt / Q2 Annualized adjusted EBITDAX of -0.1x
- Current Liquidity of \$952 million, including fully undrawn credit facility ⁽¹⁾
- No debt maturities until senior unsecured notes mature in 2026

Debt Maturity Schedule (\$MM)



Capitalization & Liquidity (\$MM)

Capitalization Summary As of 6/30/2022

Cash and Cash Equivalents	\$502
Revolving Credit Facility	\$0
6.00% Senior Notes Due 2026	\$400
Total Principal Debt Outstanding	\$400
Total Equity ⁽²⁾	\$1,269

Net Debt / Q2 Annualized Adjusted EBITDAX	-0.1x
Net Debt / Total Book Capitalization	-6%

Liquidity Summary As of 6/30/2022

Cash and Cash Equivalents	\$502
Credit Facility Availability	\$450
Liquidity ⁽¹⁾	\$952

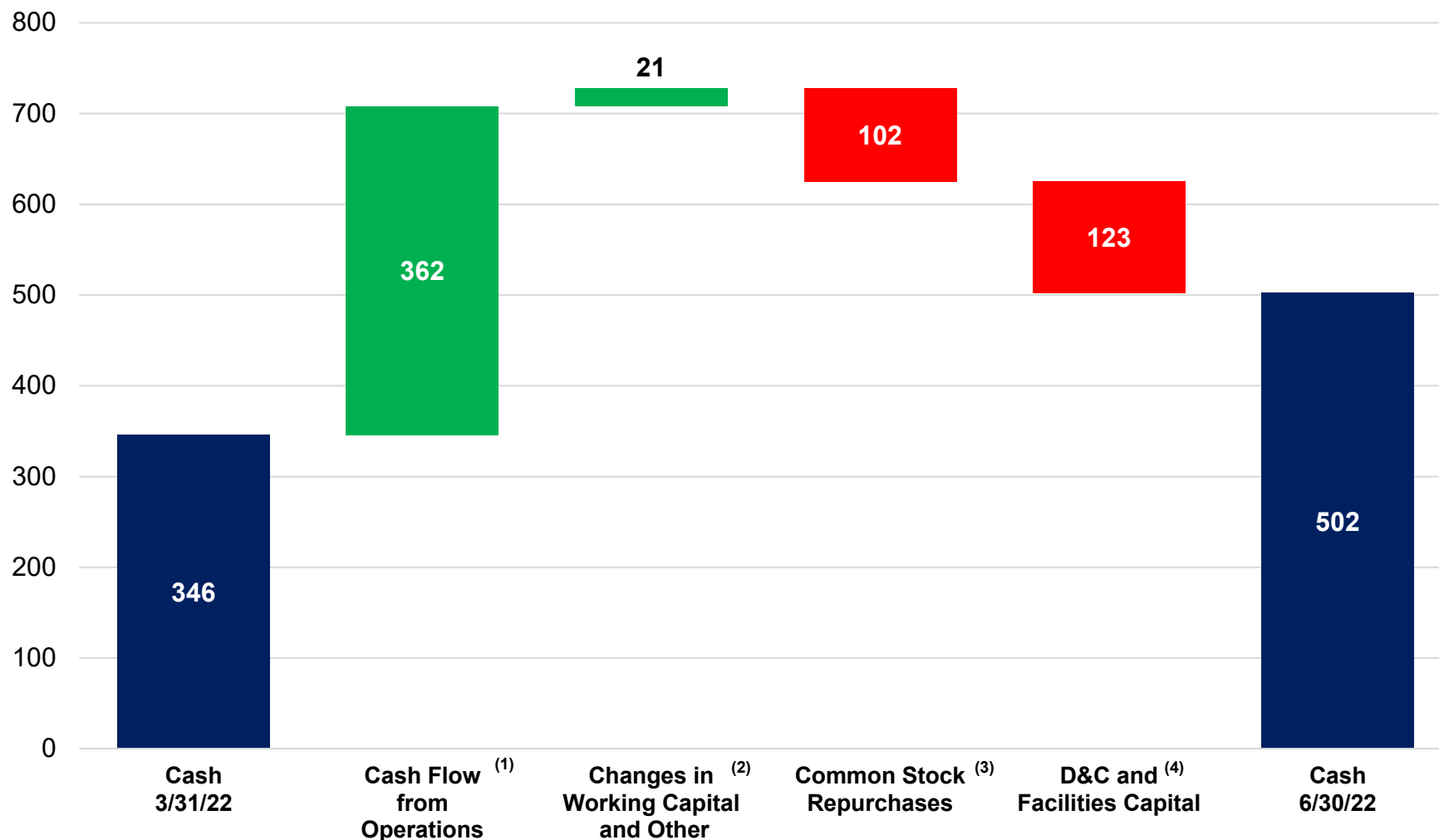
(1) Liquidity defined as cash plus availability under revolving credit facility.

(2) Total Equity includes noncontrolling interest.

2Q 2022 QTD Cash Flow Reconciliation



(In millions)



(1) Cash flow from operations before changes in working capital

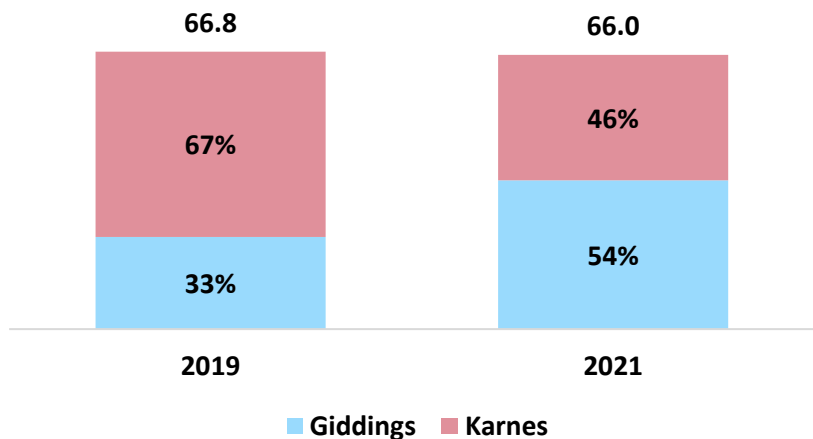
(2) Includes \$28MM change in working capital including capital accruals and offset by a \$7 MM change in other investing and financing items

(3) Includes \$48 MM Class A Common Stock and \$54 MM Class B Common Stock.

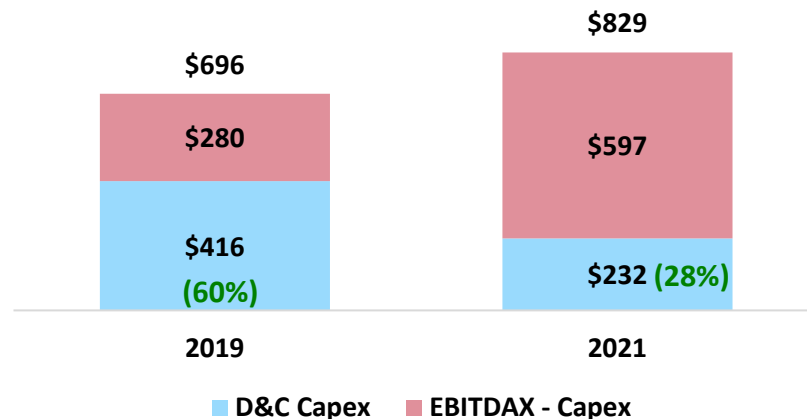
(4) D&C capital of \$123 million includes \$11 million of capital activities that have been accrued but not yet paid.

A Fundamental Change To Our Business – 2021 vs 2019

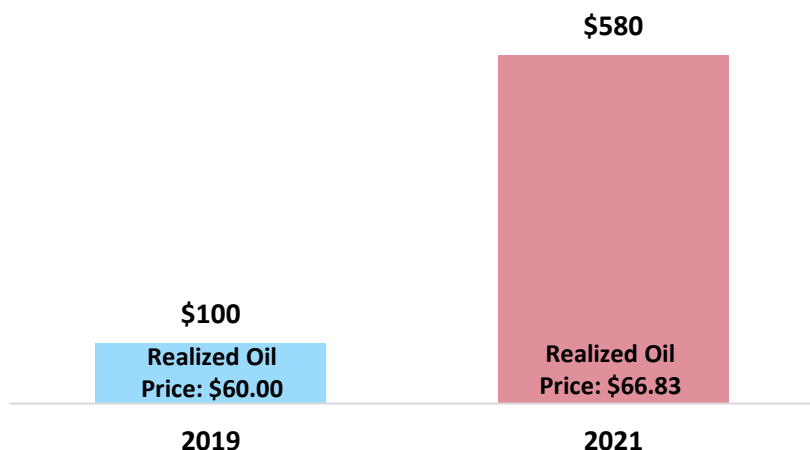
Total Net Production (Mboe/d)



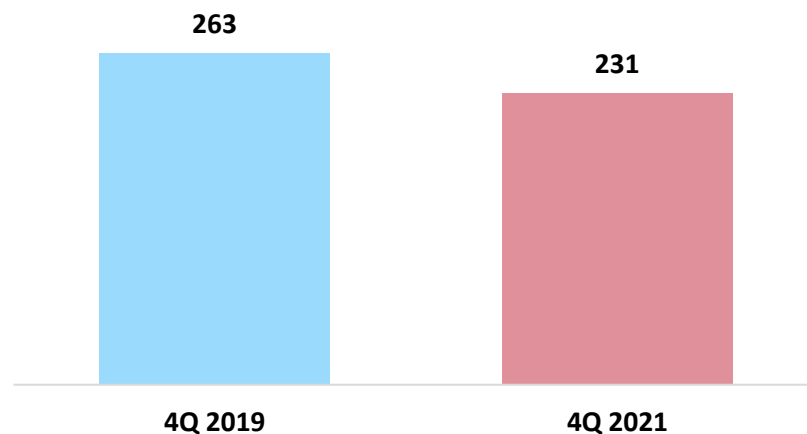
D&C Capex / Adjusted EBITDAX (\$MM)



Adjusted Pre-Tax Net Income (\$MM)



Diluted Share Count (MM) ⁽¹⁾



(1) Shares of Class B Common Stock, and corresponding Magnolia LLC Units, are anti-dilutive in the calculation of weighted average number of common shares outstanding.

Free Cash Flow Reconciliations



<i>(in thousands)</i>		
Free Cash Flow Reconciliations	For the Quarter Ended June 30, 2022	For the Quarter Ended June 30, 2021
Net cash provided by operating activities	\$379,135	\$187,879
Add back: Net change in operating assets and liabilities	(16,690)	(13,263)
Cash flows from operations before net change in operating assets and liabilities	\$362,445	\$174,616
Additions to oil and natural gas properties	(123,231)	(54,190)
Changes in working capital associated with additions to oil & gas properties	11,548	13,558
Free cash flow⁽¹⁾	\$250,762	\$133,984

(1) Free cash flow is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measures."

Adjusted EBITDAX Reconciliation



(in thousands)

Adjusted EBITDAX reconciliation to net income:	For the Quarter Ended June 30, 2022	For the Quarter Ended June 30, 2021
Net income	\$299,905	\$116,172
Exploration expenses	3,408	62
Asset retirement obligations accretion	802	1,405
Depreciation, depletion and amortization	57,254	43,332
Amortization of intangible assets	-	7,233
Interest expense, net	7,017	8,752
Income tax expense	27,875	2,398
EBITDAX ⁽¹⁾	\$396,261	\$179,354
Service Agreement transition costs ⁽²⁾	-	10,345
Other income changes	(6,333)	-
Non-cash stock based compensation expense	3,517	3,528
Unrealized loss on derivatives, net	-	1,838
Adjusted EBITDAX ⁽¹⁾	\$393,445	\$195,065

(1) EBITDAX and Adjusted EBITDAX are non-GAAP measures. For reasons management believes these are useful to Investors, refer to slide 2 "Non-GAAP Financial Measures."

(2) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

Adjusted Net Income Reconciliation



(in thousands)

Adjusted Net Income	For the Quarter Ended June 30, 2022	For the Quarter Ended June 30, 2021
Net income	\$299,905	\$116,172
Adjustments:		
Service agreement transition costs ⁽¹⁾	-	10,345
Other income adjustment	(6,333)	-
Accelerated amortization of intangible	-	5,877
Unrealized loss on derivatives, net	-	1,838
Interest expense costs related to debt modification		1,147
Change in estimated income tax	-	(357)
Adjusted Net Income ⁽²⁾	\$293,572	\$135,022

(in thousands)

Total Share Count	For the Quarter Ended June 30, 2022	For the Quarter Ended June 30, 2021
Diluted weighted average of Class A Common Stock outstanding during the period	188,589	176,129
Weighted average shares of Class B Common Stock outstanding during the period ⁽³⁾	33,779	66,088
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽³⁾	222,368	242,217

(1) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

(2) Adjusted Net Income is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measure."

(3) Shares of Class B Common Stock, and corresponding Magnolia LLC Units, are anti-dilutive in the calculation of weighted average number of common shares outstanding.

Proved Developed Reserves Detail

(In thousands)		<i>For the Year Ended December 31, 2021</i>	<i>For the Year Ended December 31, 2020</i>
Costs incurred:			
Proved property acquisition costs		\$12,354	\$49,246
Unproved properties acquisition costs		10,483	25,966
Total acquisition costs		\$22,837	\$75,212
Exploration and development costs		240,815	188,352
Total costs incurred		\$263,652	\$263,564
Less: Total acquisition costs		(\$22,837)	(\$75,212)
Less: Asset retirement obligations		(\$1,153)	\$12,839
Less: Exploration expenses		(\$3,237)	(\$3,334)
Less: Leasehold acquisition costs		(\$4,521)	(\$2,966)
Drilling and completions capital	(A)	\$231,904	\$194,891
Proved developed reserves:			
Beginning of period		85.8	86.8
End of period		109.8	85.8
Increase (decrease) in proved developed reserves		24.0	(1.0)
Production	(B)	24.1	22.6
Increase in proved developed reserves plus production		48.1	21.6
Less: Purchase of reserves in place		(0.4)	(2.0)
Increase in proved developed reserves, excluding acquisitions	(C)	47.7	19.6
Less: Price-related revisions		(16.7)	10.8
Increase in proved developed reserves, excluding acquisitions and price-related revisions	(D)	31.0	30.4
Organic proved developed F&D cost per boe	(A)/(D)	\$7.48	\$6.41
Reserve replacement ratio	(C)/(B)	198%	87%