



Magnolia Oil & Gas Corporation Investor Presentation – Jan 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 length, scope and severity of the ongoing coronavirus disease 2019 (“COVID-19”) pandemic (including the emergence and spread of variant strains of COVID-19), including the effects of related public health concerns and the impact of continued or new actions taken by governmental authorities and other third parties in response to the pandemic and its impact on commodity prices and supply and demand considerations; (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; and (v) the possibility that Magnolia may be adversely affected by other economic, business, and/or competitive factors. 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”), its Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 23, 2021. 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 free cash flow, EBITDAX, adjusted EBITDAX, adjusted net income, adjusted earnings, 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.

Magnolia excludes certain items from net income in arriving at adjusted net income and adjusted earnings because these amounts can vary substantially from company to company within its industry depending upon accounting methods, book values of assets and the method by which the assets were acquired. Adjusted EBITDAX, adjusted net income, and adjusted earnings should not be considered as alternatives to, or more meaningful than, net income as determined in accordance with GAAP. Certain items excluded from free cash flow, adjusted EBITDAX, adjusted net income, adjusted earnings, 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 EBITDAX, adjusted net income, adjusted earnings, 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 EBITDAX, adjusted net income, free cash flow, adjusted earnings, 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 22, adjusted EBITDAX reconciliation is shown on page 23 of the presentation, adjusted net income reconciliation is shown on page 24, adjusted earnings reconciliation is shown on page 25 and adjusted cash operating costs and adjusted cash operating margin reconciliations are shown on page 7.

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:**
 - ~23,500 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

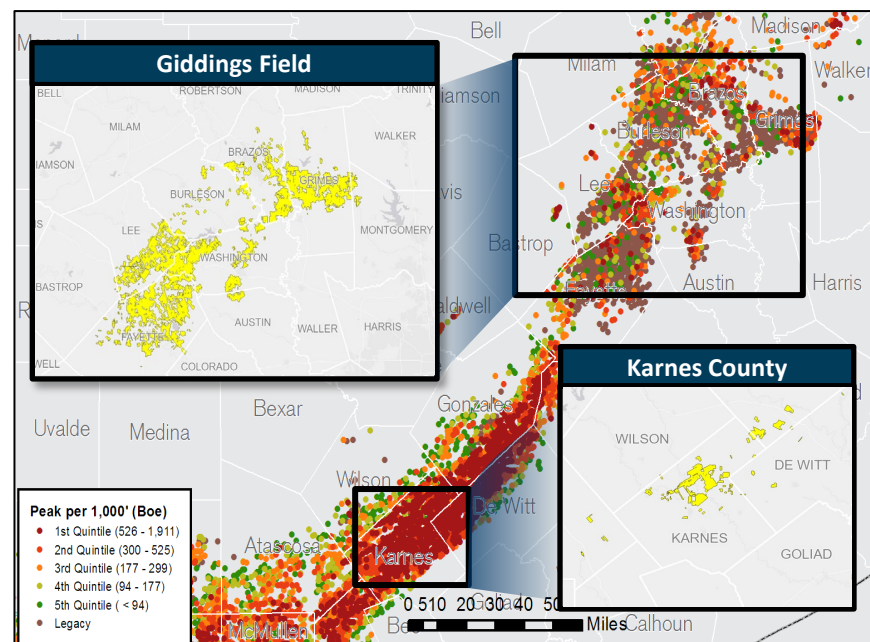
Market Statistics

Trading Symbol (NYSE)	MGY
Share Price as of 1/3/2022	\$19.81
Common Shares Outstanding ⁽¹⁾	231 million
Market Capitalization	\$4.6 billion
Long-term Debt – Principal	\$400 million
Cash as of 9/30/2021	\$245 million
Total Enterprise Value	\$4.7 billion

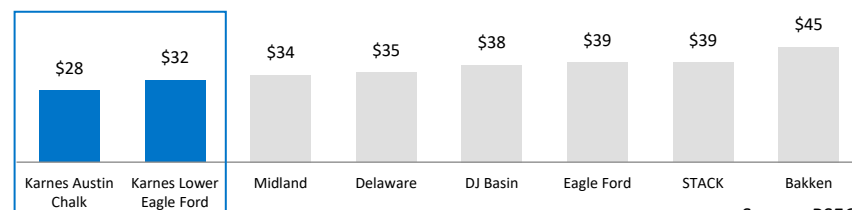
Operating Statistics

	Karnes	Giddings	Total
Net Acreage	23,513	454,687	478,200
3Q21 Net Production (Mboe/d) ⁽²⁾	30.6	36.8	67.4

~478,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



Industry Leading Breakevens (\$/Bbl WTI)



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

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

Magnolia Value Creation Principles

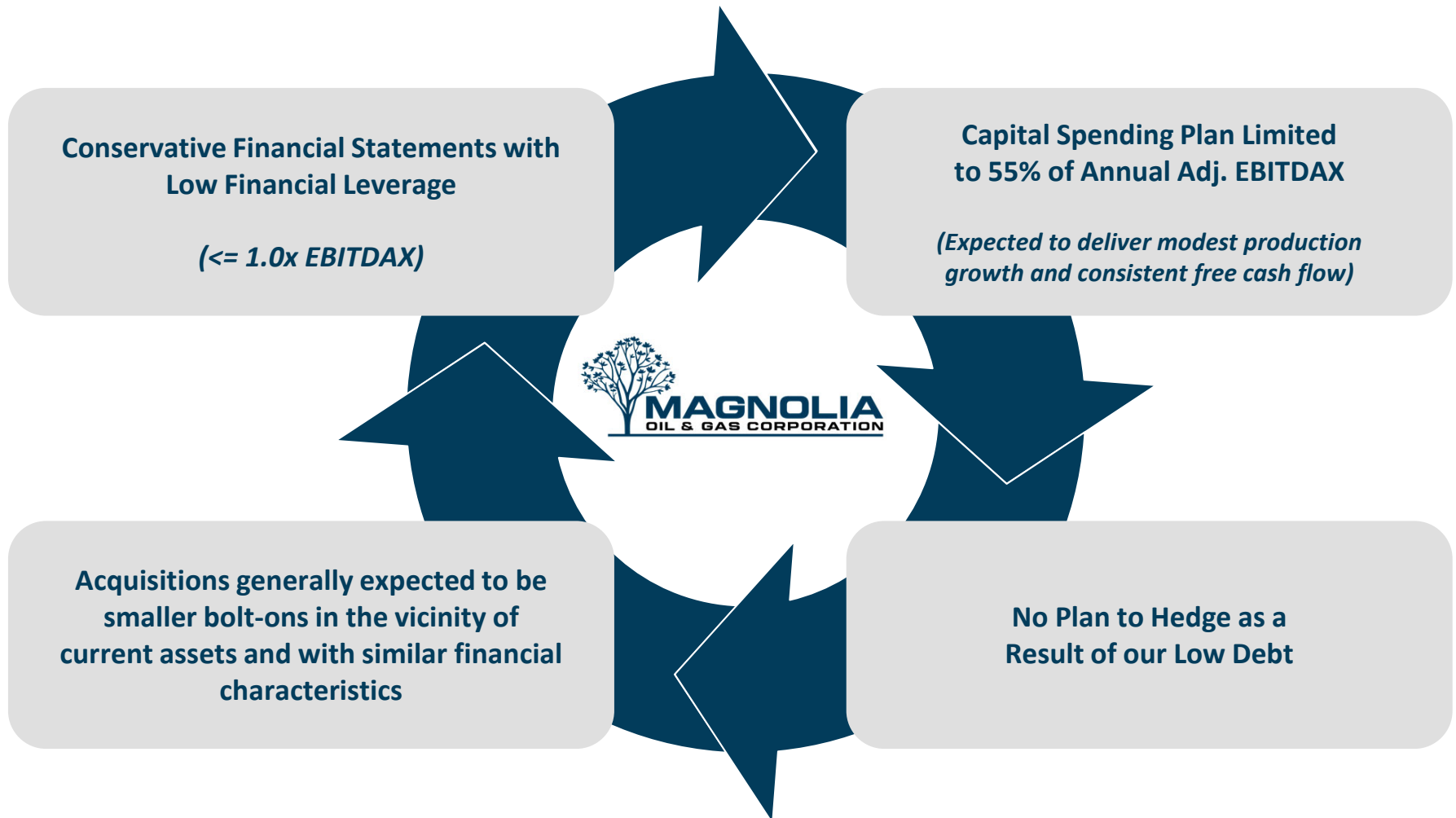
- 1 Generate moderate annual organic production growth**
- 2 Limit D&C capital to 55% of annual Adjusted EBITDAX, providing significant free cash flow**
- 3 Maintain conservative financial leverage profile**
- 4 Generate high full-cycle operating margins**
- 5 Prudent & effective reinvestment of free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

Objectives & Execution

- 2021 production guidance of ~7% YOY growth
- Actual D&C capital spending since company inception is 52% of Operating Cash Flow
- \$400 million of principal debt outstanding. Net debt of 0.2x 3Q21 annualized adjusted EBITDAX.
- \$245 million of cash on the balance sheet
- Operating income margins were 60% during 3Q21
- Closed ~\$214 million of bolt-on acquisitions since 1/1/19 while increasing our Karnes net acreage position by ~40%.
- Repurchased 34.1 ⁽¹⁾ million shares of Magnolia stock since inception of repurchase program (3Q19)
- Paid first interim semi-annual dividend of \$0.08/share during 3Q21.

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

Magnolia Oil & Gas – Prudent Financial Policy

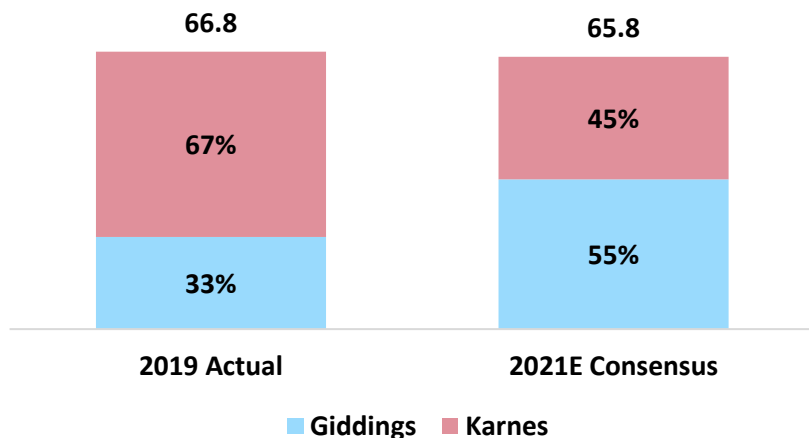


Return-focused, long-term value creation through (1) moderate annual production growth, (2) share repurchases, (3) accretive bolt-on acquisitions, and (4) a secure and growing dividend.

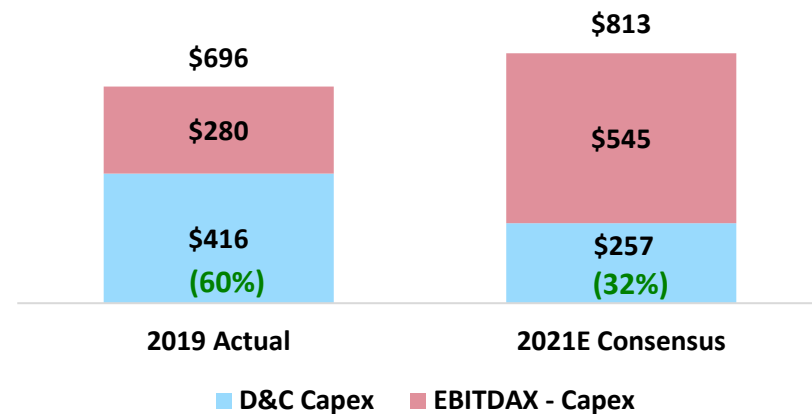
A Fundamental Change To Our Business – 2021 Cons. Est.⁽¹⁾ vs 2019



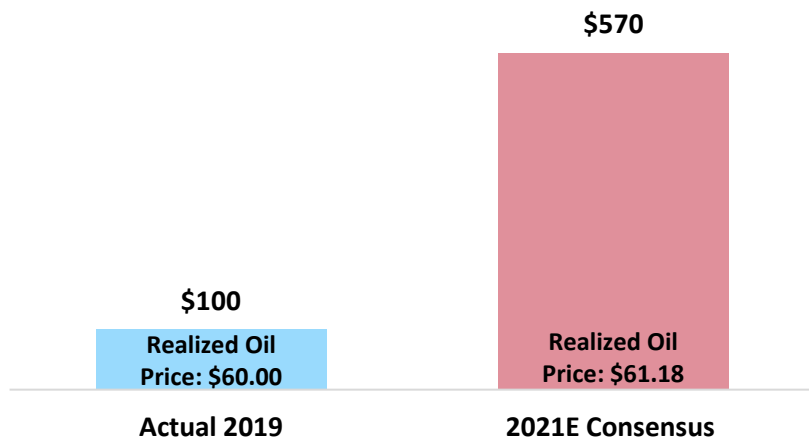
Total Net Production (Mboe/d)



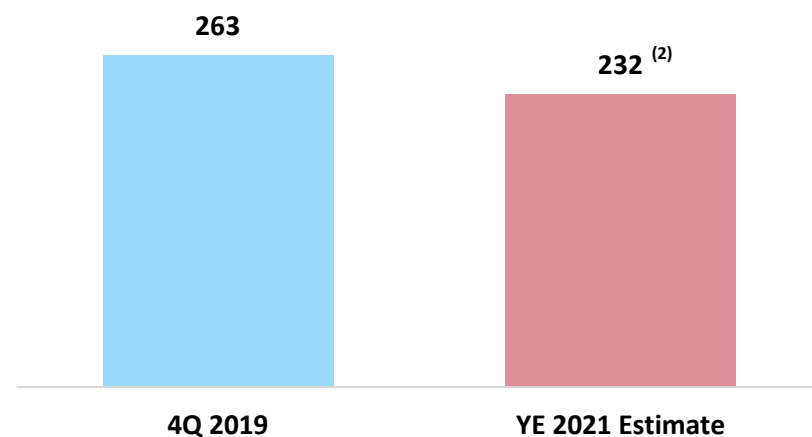
D&C Capex / Adjusted EBITDAX (\$MM)



Pre-Tax Net Income (\$MM)



Diluted Share Count (MM) ⁽³⁾



(1) Based on FactSet Estimates as of 11/3/2021.

(2) Assumes MGY's 232 million diluted share guidance for 4Q21.

(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.

Magnolia Oil & Gas – Margin and Cost Structure



<i>\$ / Boe, unless otherwise noted</i>	<i>For the Quarter Ended September 30, 2021</i>	<i>For the Quarter Ended June 30, 2021</i>
Revenue	\$45.74	\$42.42
Total Cash Operating Costs:		
Lease Operating Expenses ⁽¹⁾	(3.79)	(3.70)
Gathering, Transportation & Processing	(1.63)	(1.52)
Taxes Other Than Income	(2.27)	(2.34)
Exploration Expense	(0.05)	(0.01)
General & Administrative Expense ⁽²⁾	(1.92)	(3.61)
Total Adjusted Cash Operating Costs ⁽³⁾	(9.66)	(11.18)
Adjusted Cash Operating Margin ⁽³⁾	\$36.08	\$31.24
Margin %	79%	74%
Non-Cash Costs:		
Depreciation, Depletion, and Amortization	(7.74)	(7.33)
Asset Retirement Obligations Accretion	(0.21)	(0.24)
Amortization on Intangible Assets	-	(1.22)
Non-cash stock-based compensation	(0.47)	(0.60)
Total non-cash expenses	(8.42)	(9.39)
Operating Income Margin	\$27.66	\$21.85
Margin %	60%	52%

(1) Lease operating expenses exclude non-cash stock based compensation of \$0.1 million, or \$0.02 per boe, for each of the quarters ended September 30, 2021 & June 30, 2021.

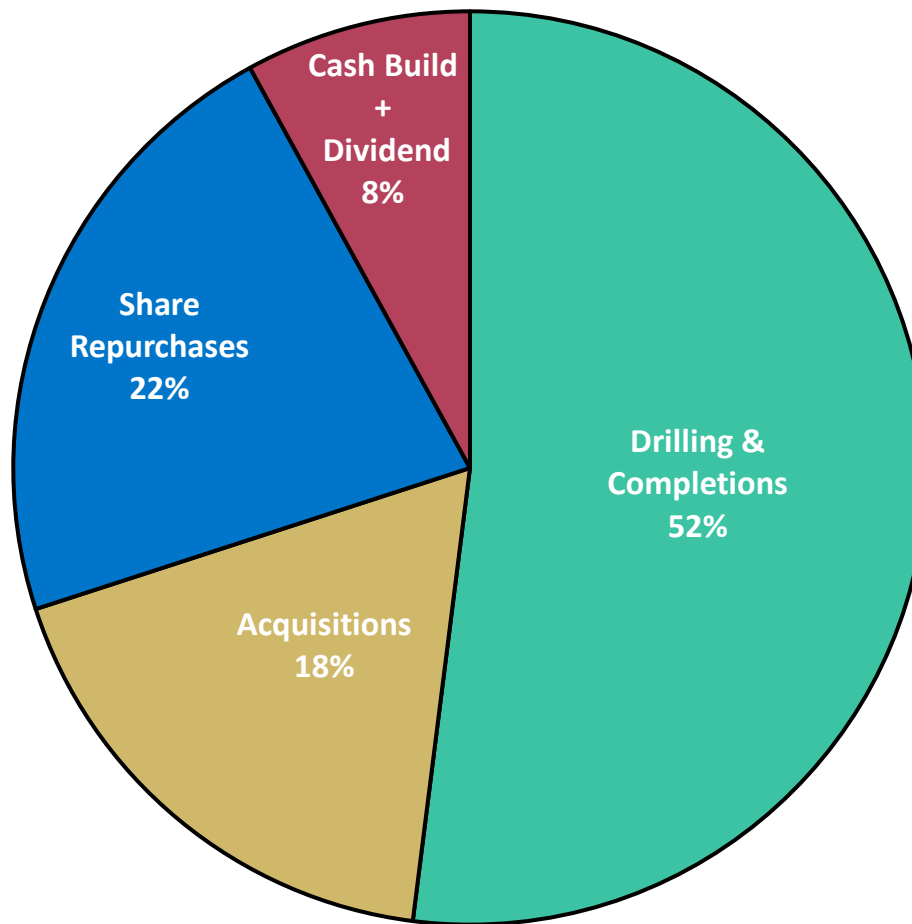
(2) General and administrative expenses exclude non-cash stock based compensation of \$2.8 million, or \$0.45 per boe, and \$3.4 million, or \$0.58 per boe, for the quarters ended September 30, 2021 & June 30, 2021, respectively.

(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

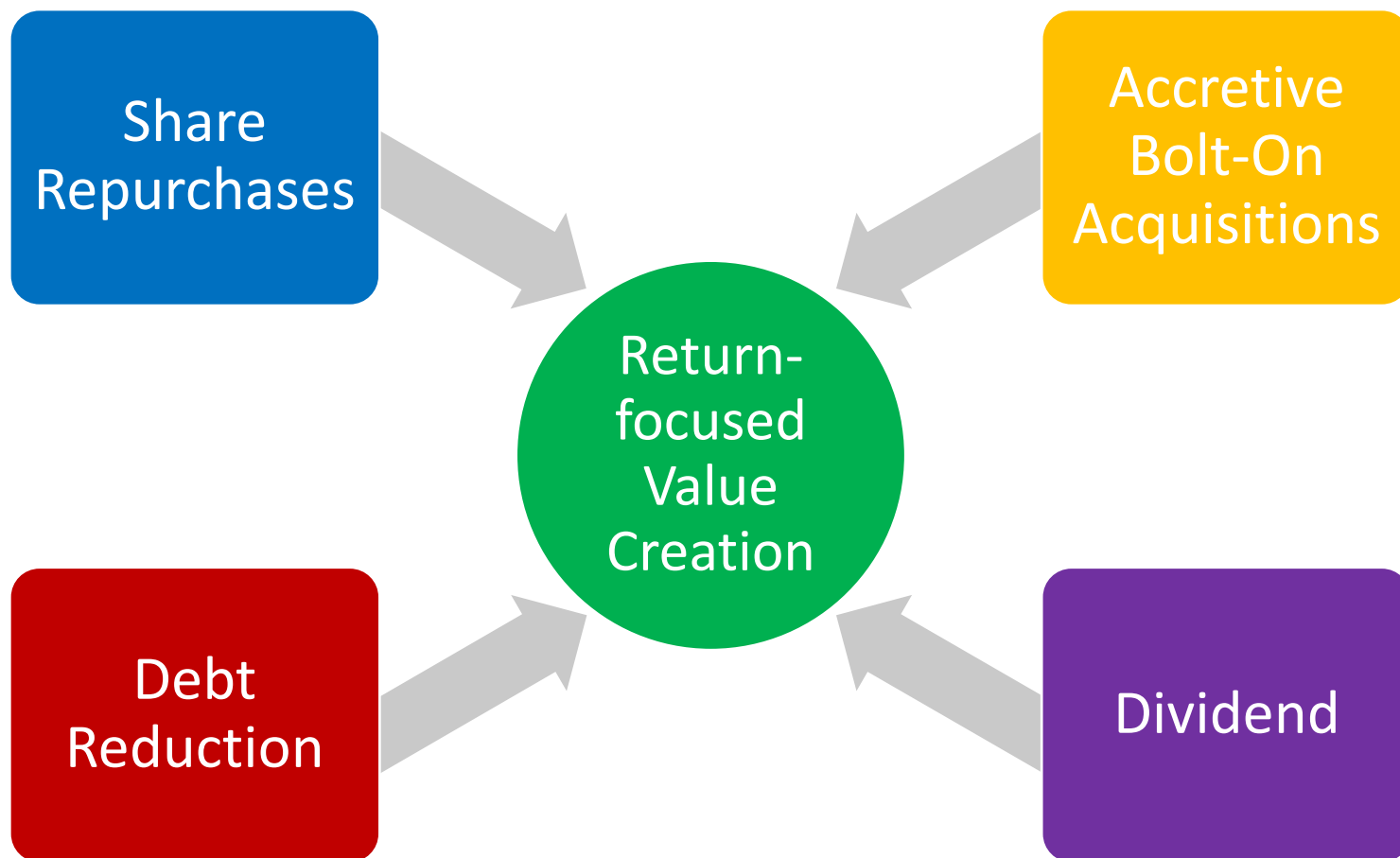


(Percentage of Operating Cash Flow ⁽¹⁾ – Since Inception - 7/31/18 thru 9/30/21)



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

(2) Cash Build is 7% and the Dividend is 1%, respectively



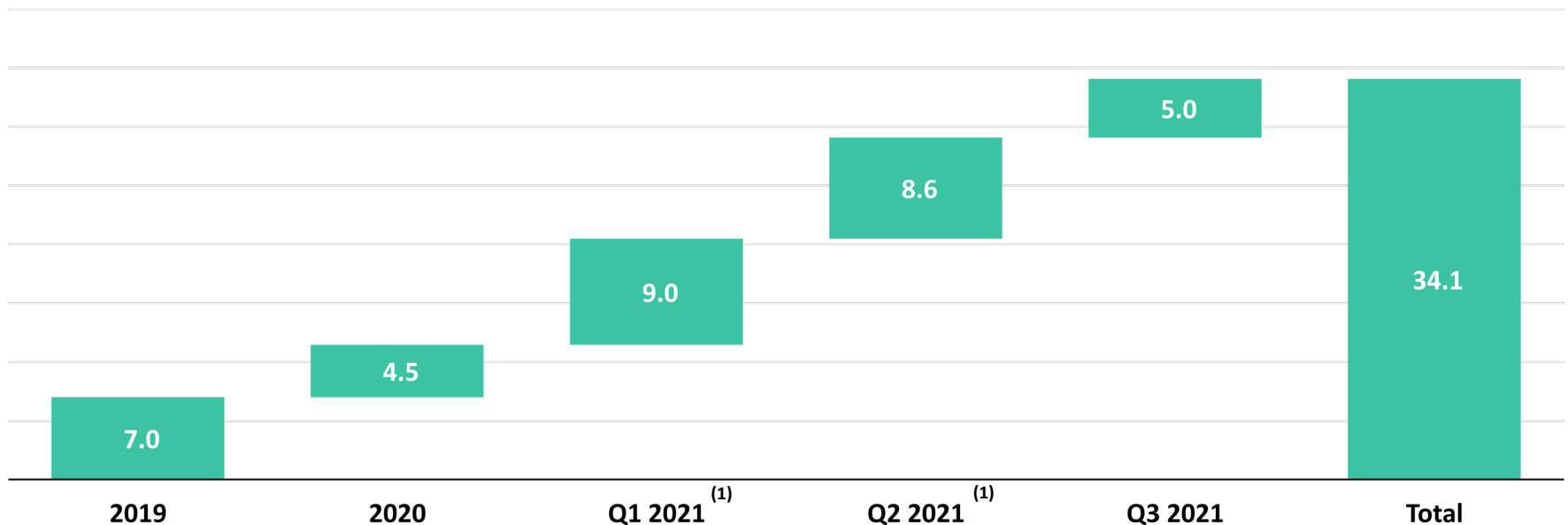
Consistent free cash flow generation allows for prudent and effective reinvestment to maximize Magnolia's total shareholder return proposition.

Share Repurchase Summary Through 3Q 2021



- Since the initial repurchase authorization in 3Q19, Magnolia has reduced its dilutive share count by 15.1⁽¹⁾ million shares of Class A common stock as well as 19 million shares of Class B common stock, for a total reduction of 34.1 million shares, or approximately 13% of the diluted shares outstanding as of the authorization date.
 - ***Q4 2021 diluted share count is expected to be approximately 232 million shares.***
- Magnolia plans to continue to opportunistically repurchase 1% of the total shares outstanding each quarter.
- There are 8.5 million shares remaining under the current share repurchase authorization.

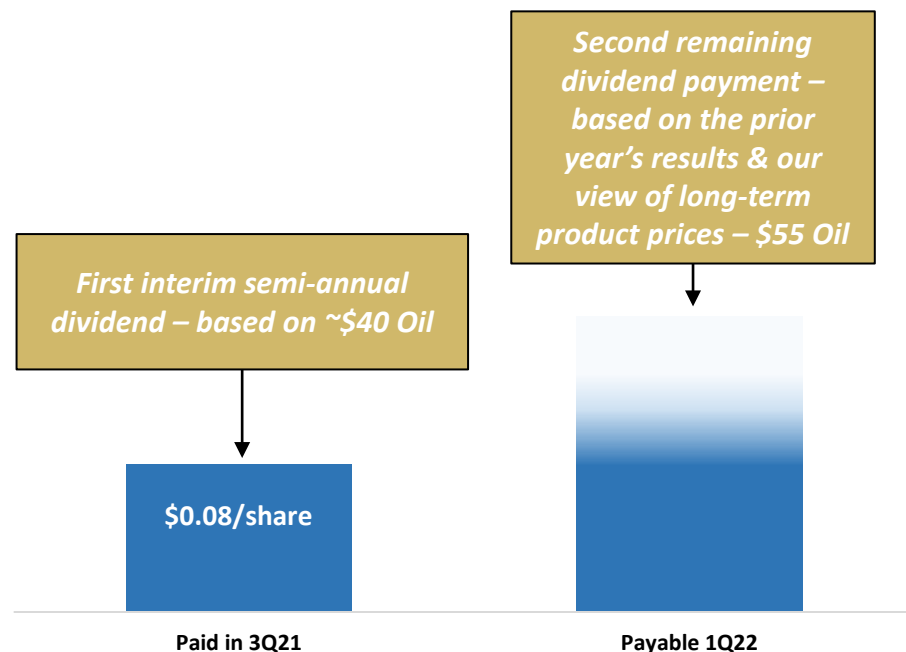
Quarterly Share Reduction Summary (Million Shares)



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

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



- Differentiated dividend framework is aligned with the principles of our business model and reinforces our plan.
- The initiation of a dividend conveys our continued confidence in the business plan and 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 \$2.75 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

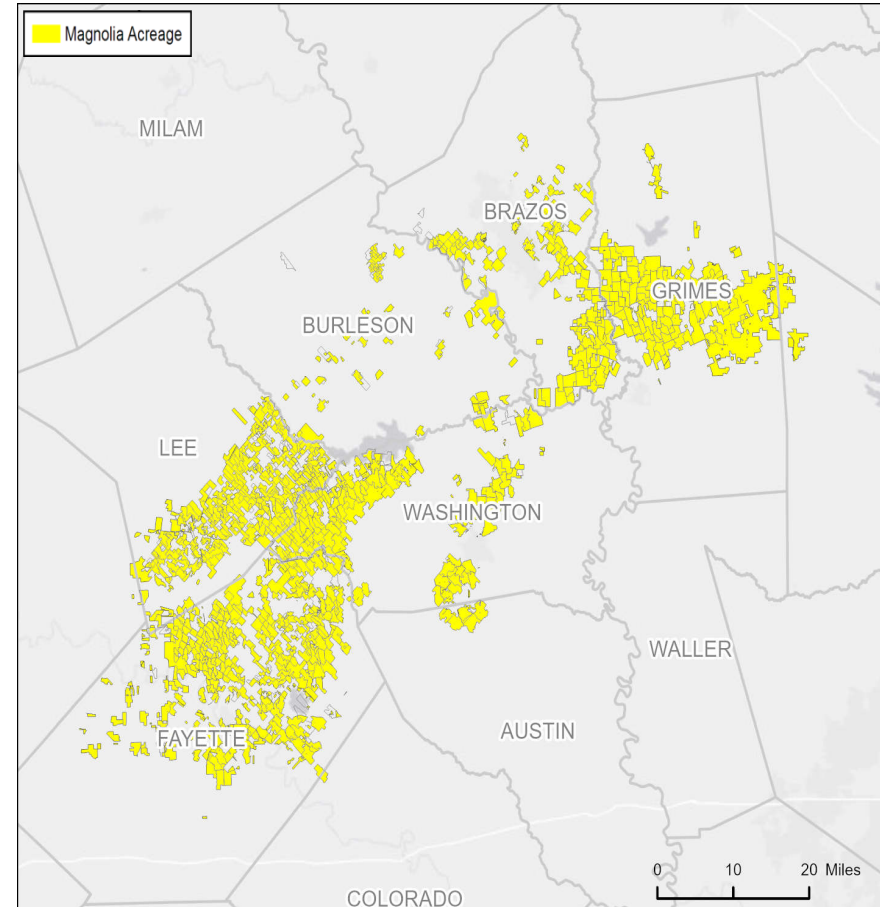
Giddings Field – Development & Appraisal Opportunities



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. 3Q 2021 production averaged 34.2 Mboe/d (39% oil, 67% 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

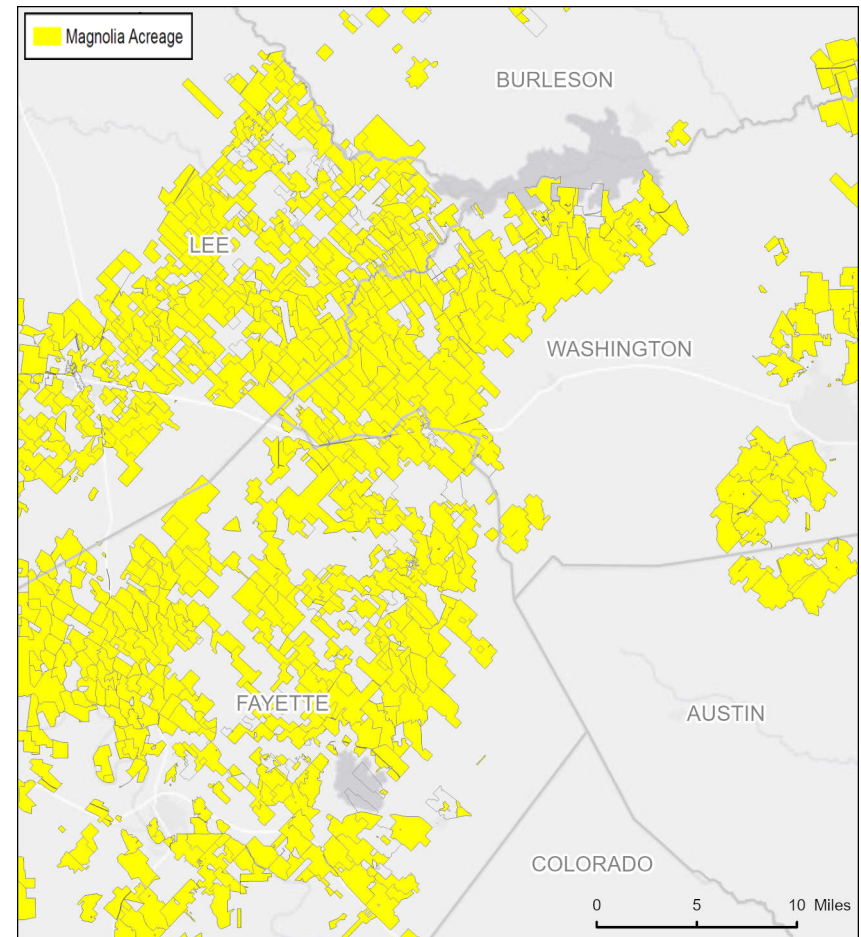
Lease Map



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 30 horizontal wells online
- 3Q21 production at Giddings has increased 96% YOY
- During 2021, we have entered full field development
 - Primarily drilling 4 well pads
 - Drilling efficiency increased 10% compared to 2020 levels
 - Averaged ~7,000 foot laterals YTD
 - Plan to bring ~24 wells online during 2021
- Benefits of Giddings:
 - Low entry costs and high economic returns
 - Shallower production declines
 - High EURs with low F&D Costs



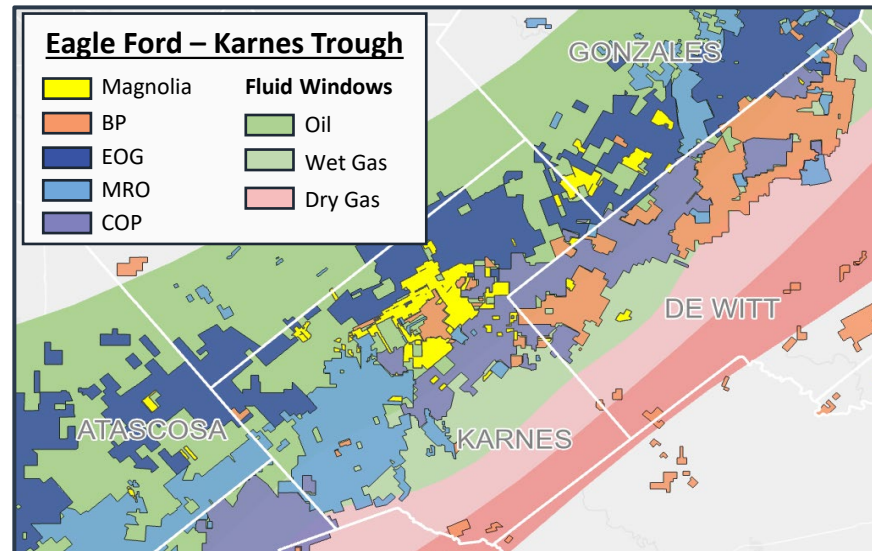
Note: All MGY Giddings acreage not displayed on map.

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
 - ~23,500 net acres, 60% operated, 96% HBP, 30.6 Mboe/d 3Q21 production (58% oil, 77% liquids)
 - EOG represents 62% 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

Flaring

Flare less than 1% of our total net production

Fugitive Emissions

Operate vent and flare systems to minimize fugitive emissions from storage tanks

Water Resources

Operations do not produce large volumes of water after initial production

Groundwater

Design wells to minimize the possibility of well failure and ensure groundwater is protected

SOCIAL

Workforce Health & Safety

Both employee total recordable incident rate and fatality rate were zero in 2020

Diversity

24% of employee population are women (38% in our Houston corporate office) and 32% identify as Asian, Black or African American, Hispanic or Latino, or two or more races

Community Support

Gave more than \$105,000 to local communities, supporting more than 100 organizations

GOVERNANCE

Board Independence

71% of board members are independent

Board Diversity

29% of board members are women

Executive Compensation

Ratio of 2020 Chief Executive Officer's compensation to median employee's compensation was 1.48 to 1

Say-on-Pay

More than 99% of stockholders approved say-on-pay at 2021 Annual Meeting of Stockholders

Magnolia 2021 Sustainability Report is available on our website under the Sustainability tab



High Quality Assets Positioned for Success

- Coveted position in core of Karnes County with industry leading breakevens between \$28 - \$32 per barrel⁽¹⁾
- 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 \$245 million of cash and only \$400 million of principal total debt outstanding⁽²⁾
- Substantial liquidity of \$695 million⁽²⁾

(1) Source: RSEG.

(2) Debt and liquidity as of 9/30/2021.



Appendix

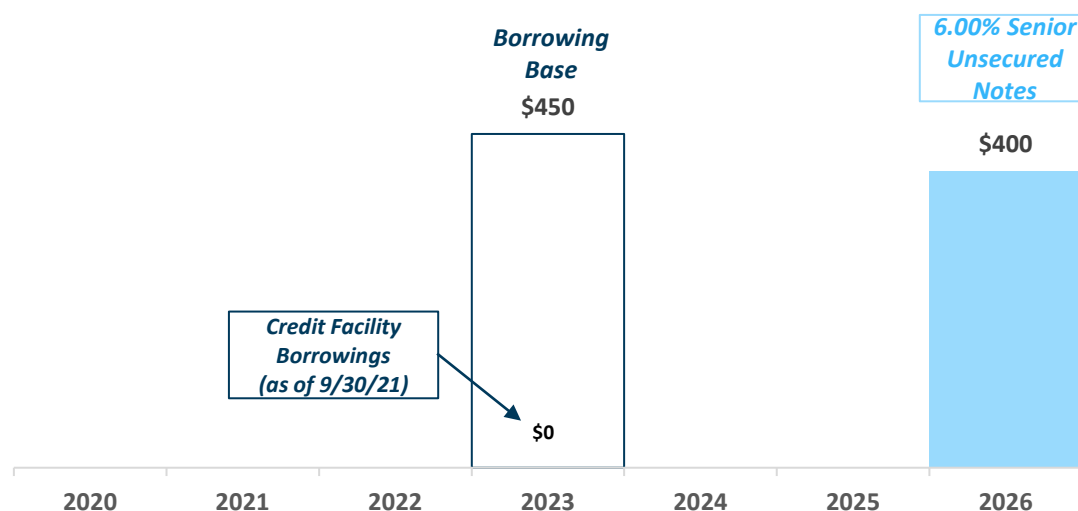
3Q 2021 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Net Debt / Total Book Capitalization of 12%
 - Net Debt / Q3 Annualized adjusted EBITDAX of 0.2x
- Current Liquidity of \$695 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 9/30/2021

Cash and Cash Equivalents	\$245
Revolving Credit Facility	\$0
6.00% Senior Notes Due 2026	\$400
Total Principal Debt Outstanding	\$400
Total Equity ⁽²⁾	\$906

Net Debt / Q3 Annualized Adjusted EBITDAX	0.2x
Net Debt / Total Book Capitalization	12%

Liquidity Summary As of 9/30/2021

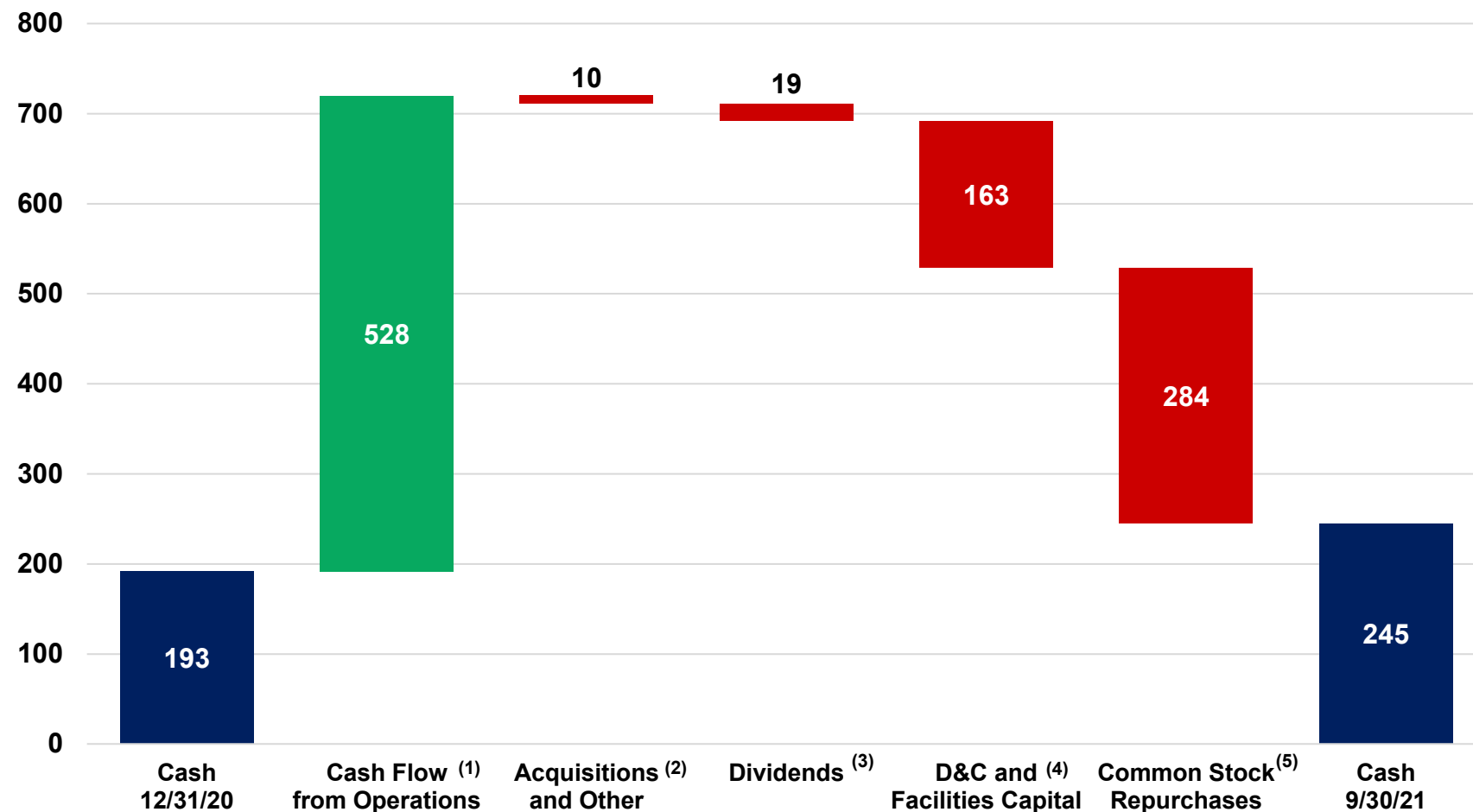
Cash and Cash Equivalents	\$245
Credit Facility Availability	\$450
Liquidity ⁽¹⁾	\$695

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

(2) Total Equity includes noncontrolling interest.

YTD Cash Flow Summary

(In millions)



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

(2) Includes \$11 MM of acquisitions and \$12 MM in other activities offset by a \$13 MM increase in capital accruals which are included in the investing activities of cash flows.

(3) Includes \$14 MM of dividends paid and \$5 million of distributions to noncontrolling interest holders.

(4) D&C Capital of \$163 MM includes \$13 MM of capital activities that have been accrued but not yet paid.

(5) Comprised of \$70 MM Class A Common Stock, \$172 MM Class B Common Stock and a \$42 MM cash settlement for the non-compete agreement in lieu of Class A Common Stock issuance.

Free Cash Flow Reconciliation



(in thousands)

Free Cash Flow Reconciliation	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020
Net cash provided by operating activities	\$221,904	\$65,156
Add back: Changes in operating assets and liabilities	(10,677)	3,438
Cash flows from operations before changes in operating assets and liabilities	\$211,227	\$68,594
Additions to oil and natural gas properties	(68,388)	(27,674)
Changes in working capital associated with additions to oil & gas properties	621	5,409
Free cash flow ⁽¹⁾	\$143,460	\$46,329

(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."

Reconciliation of Net Income to Adjusted EBITDAX



(in thousands)

Adjusted EBITDAX reconciliation to net income:	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020
Net income	\$159,907	\$13,695
Exploration expense	317	701
Asset retirement obligation accretion	1,329	1,501
Depreciation, depletion and amortization	47,993	44,731
Amortization of intangible assets	-	3,626
Interest expense, net	7,474	7,333
Income tax expense (benefit)	3,631	(339)
EBITDAX ⁽¹⁾	\$220,651	\$71,248
Non-cash stock-based compensation expense	\$2,910	\$2,927
Unrealized (gain) loss on derivatives, net	(\$2,043)	\$2,208
Adjusted EBITDAX ⁽¹⁾	\$221,518	\$76,383

(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."

Adjusted Net Income Reconciliation



<i>(in thousands)</i>		
Adjusted Net Income	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020
Net income	\$159,907	\$13,695
Income tax expense (benefit)	\$3,631	(\$339)
Income Before Income Taxes	163,538	13,356
Adjustments:		
Unrealized (gain) loss on derivatives, net	(2,043)	2,208
Adjusted Income before income taxes	161,495	15,564
Adjusted income tax expense	3,586	-
Adjusted Net Income ⁽¹⁾	\$157,909	\$15,564

<i>(in thousands)</i>		
Total Share Count	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020
Diluted weighted average of Class A Common Stock outstanding during the period	175,683	170,676
Weighted average shares of Class B Common Stock outstanding during the period ⁽²⁾	60,358	85,790
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽²⁾	236,041	256,466

(1) 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."

(2) 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.

Adjusted Earnings Reconciliation



(in thousands)

	For the Quarter Ended September 30, 2021	Per Share Diluted EPS	For the Quarter Ended September 30, 2020	Per Share Diluted EPS
Net income attributable to Class A Common Stock	\$119,364	\$0.67	\$9,147	\$0.05
Adjustments:				
Unrealized (gain) loss on derivatives, net	(2,043)	-	2,208	0.01
Noncontrolling interest impact of adjustments	507	-	(752)	-
Change in estimated income tax	34	-	-	-
Adjusted net income attributable to Class A Common Stock ⁽¹⁾	\$117,862	\$0.67	\$10,603	\$0.06

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

Proved Developed Reserves Detail

<i>(In thousands)</i>		<i>For the Year Ended December 31, 2020</i>
Costs incurred:		
Proved property acquisition costs		\$49,246
Unproved properties acquisitions costs		25,966
Total acquisition costs		\$75,212
Exploration and development costs		188,352
Total costs incurred		\$263,564
Less: Total acquisition costs		(\$75,212)
Less: Asset retirement obligations		\$12,839
Less: Exploration expense		(\$3,334)
Less: Leasehold acquisition costs		(\$2,966)
Drilling and completion capital	(A)	\$194,891
Proved developed reserves:		
Beginning of period		86.8
End of period		85.8
Increase (decrease) in proved developed reserves		(1.0)
Production	(B)	22.6
Increase in proved developed reserves plus production		21.6
Less: Purchase of reserves in place		(2.0)
Less: Price-related revisions		10.8
Increase in proved developed reserves, excluding acquisitions and price-related revisions	(C)	30.4
Organic proved developed F&D cost per boe	(A)/(C)	\$6.41
Reserve replacement ratio	(C)/(B)	135%