Southwestern Energy®

# Investor Presentation

April 2022

NYSE: SWN
www.swn.com

# Cautionary Statements


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## Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements are based on current expectations. The words “anticipate,” “intend,” “plan,” “project,” “estimate,” “continue,” “potential,” “should,” “could,” “may,” “will,” “objective,” “guidance,” “outlook,” “effort,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “forecast,” “model,” “target”, “seek”, “strive,” “would,” “approximate,” and similar words are intended to identify forward-looking statements. Statements may be forward looking even in the absence of these particular words.

Examples of forward-looking statements include, but are not limited to, the expectations of plans, business strategies, objectives and growth and anticipated financial and operational performance, including guidance regarding our strategy to develop reserves, drilling plans and programs, estimated reserves and inventory duration, projected production and sales volume and growth rates, commodity prices, projected average well costs, ESG initiatives, generation of free cash flow, expected benefits from acquisitions, potential acquisitions and strategic transactions, the timing thereof and our ability to achieve the intended operational, financial and strategic benefits of any such transactions or other initiatives. These forward-looking statements are based on management’s current beliefs, based on currently available information, as to the outcome and timing of future events. All forward-looking statements speak only as of the date of this presentation. The estimates and assumptions upon which forward-looking statements are based are inherently uncertain and involve a number of risks that are beyond our control. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and we cannot assure you that such statements will be realized or that the events and circumstances they describe will occur. Therefore, you should not place undue reliance on any of the forward-looking statements contained herein.

Factors that could cause our actual results to differ materially from those indicated in any forward-looking statement are subject to all of the risks and uncertainties incident to the exploration for and the development, production, gathering and sale of natural gas, NGLs and oil, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, legislative and regulatory changes, the uncertainty inherent in estimating natural gas and oil reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, a change in our credit rating and increase in interest rates, our ability to maintain leases that may expire if production is not established or profitably maintained, our ability to transport our production to the most favorable markets or at all, any increase in severance or similar taxes, the impact of the adverse outcome of any material litigation against us or judicial decisions that affect us or our industry generally, the effects of weather or power outages, increased competition, the financial impact of accounting regulations and critical accounting policies, the comparative cost of alternative fuels, credit risk relating to the risk of loss as a result of non-performance by our counterparties, impacts of world health events, including the COVID-19 pandemic, cybersecurity risks, geopolitical and business conditions in key regions of the world, our ability to realize the expected benefits from acquisitions, including our mergers with GEP Haynesville, LLC, Montage Resources Corporation and Indigo Natural Resources LLC, and any other factors described under Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations” and under Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021.

We have no obligation and make no undertaking to publicly update or revise any forward-looking statements, except as required by applicable law. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

# Additional Information

## Cautionary Note to U.S. Investors

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the terms "resource" and “EUR” in this presentation that the SEC’s guidelines prohibit us from including in filings with the SEC. The quarterly reserves data included in this release are estimates we prepared that have not been audited by our independent reserve engineers. All such estimates are inherently more speculative than estimates of proved reserves and are subject to substantially greater risk of actually being realized. U.S. investors are urged to consider closely the oil and gas disclosures and associated risk factors in our Annual Report on Form 10-K and other reports and filings with the SEC.

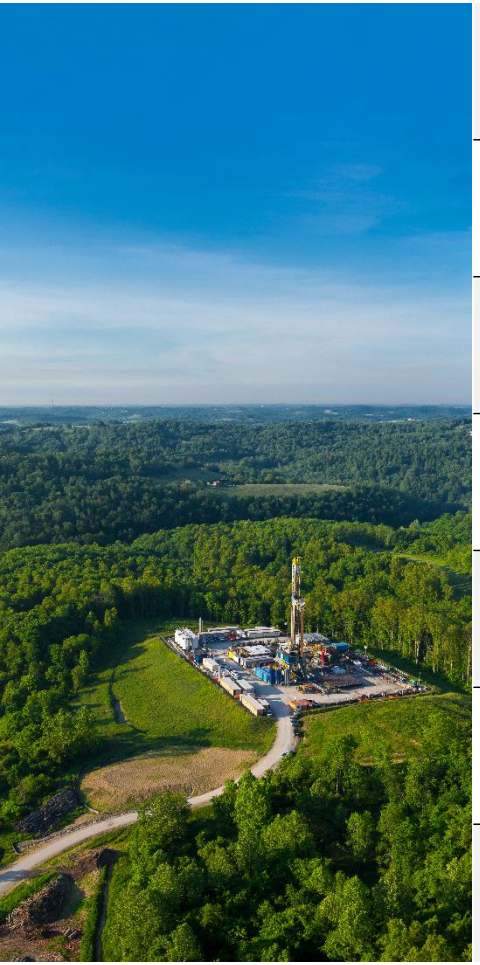
## Use of Non-GAAP Information

This presentation contains non-GAAP financial measures, such as PV-10, net PV-10 value per share, adjusted net income, adjusted EPS, adjusted EBITDA, free cash flow, net cash flow and net debt, including certain key statistics and estimates. We report our financial results in accordance with accounting principles generally accepted in the United States of America (“GAAP”). However, management believes certain non-GAAP performance measures may provide users of this financial information additional meaningful comparisons between current results and the results of our peers and of prior periods. These non-GAAP financial measures are not alternatives to GAAP measures and should not be considered in isolation or as an alternative to the Company’s GAAP measures. Please see the Appendix for definitions and reconciliations of the non-GAAP financial measures that are based on reconcilable historical information.

## Use of Projections

The financial, operational, industry and market projections, estimates and targets in this presentation are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond SWN's and Indigo's control. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial, operational, industry and market projections, estimates and targets, including assumptions, risks and uncertainties described in "Forward-looking Statements" above.

# Shareholder Value from Free Cash Flow



**Transformed** Company through strategic execution

Capturing tangible benefits of **scale**

**Financial strength** through the cycle

Portfolio **optionality** with deep high-return inventory

Enhanced **market access** to growing demand centers and LNG

**Responsible** natural gas development defines SWN

Compelling valuation provides attractive **investment opportunity**

# Our Strategy

## CREATE
## SUSTAINABLE VALUE

- Enhance corporate and shareholder economic returns
- Deliver sustainable free cash flow
- Deepen and upgrade the quality and capital efficiency of asset base and inventory
- Convert resources to reserves

## PROTECT
## FINANCIAL STRENGTH

- Target sustainable leverage of 1.5x – 1.0x and total debt of $3.5 billion – $3.0 billion
- Hedge to protect capital investments, cover costs and meet other financial commitments
- Extend debt maturity, lower debt cost and expand liquidity
- Improve financial profile to achieve investment grade

## PROGRESS
## LEADING EXECUTION

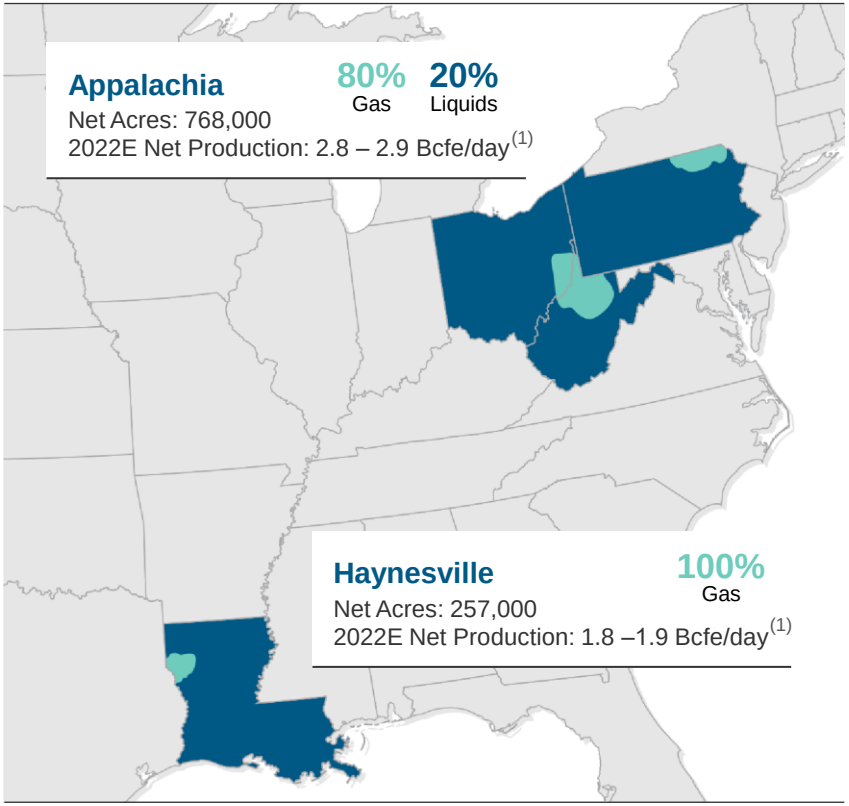
- Operate with HSE / ESG as core values
- Build on data analytics, emerging technology, strategic sourcing, stringent cost management, vertical integration and large-scale asset development expertise
- Further enhance well performance, optimize well costs and reduce base decline
- Grow margins and secure flow assurance with commercial and marketing arrangements

## CAPTURE TANGIBLE
## BENEFITS OF SCALE

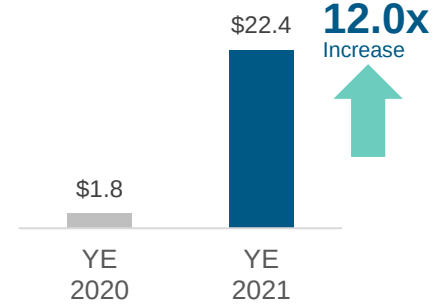
- Building a competitive advantage through scale
- Large-scale asset integration; Haynesville integration
- Capture synergies, deepen economic inventory, cost efficiencies through the cycle, expand opportunity set, lower enterprise risk, and increase the optionality of the business

**Resilient free cash flow generation through responsible development of our core positions in the two premier US natural gas basins**

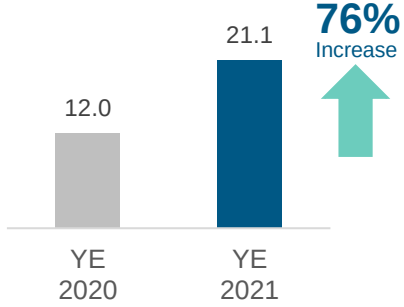
# Complementary Assets in Premier US Natural Gas Basins



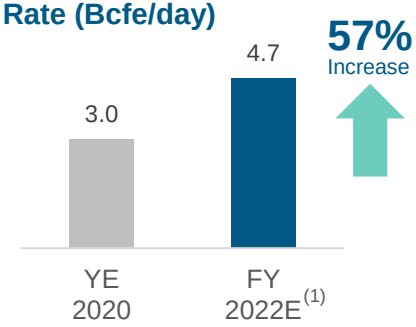

**SEC Pre-tax PV-10** ($B)



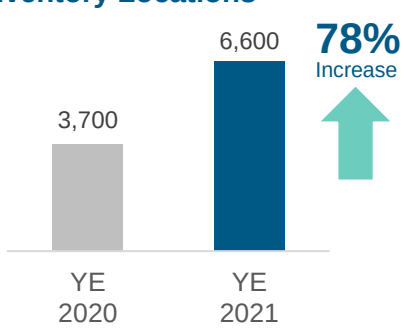

**Proved Reserves** (Tcfe)




**Period-End Net Production Rate (Bcfe/day)**




**Inventory Locations**




**Converting scaled and strengthened portfolio into long-term shareholder value**

*Note: YE 2021 metrics and net acres presented inclusive of properties acquired from GEP Haynesville on December 31, 2021. Pre-tax PV-10 is a non-GAAP financial measure.*
*See explanation and reconciliation in the Appendix.*
*1) Based on midpoint of guidance.*

# Capturing Tangible Benefits of Scale

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## Expanded opportunity set

- >15 years of core inventory underpinning long-term development program
- Basin, hydrocarbon and premium end-market optionality including ~65% of gas to Gulf Coast markets

## Optimized cost structure

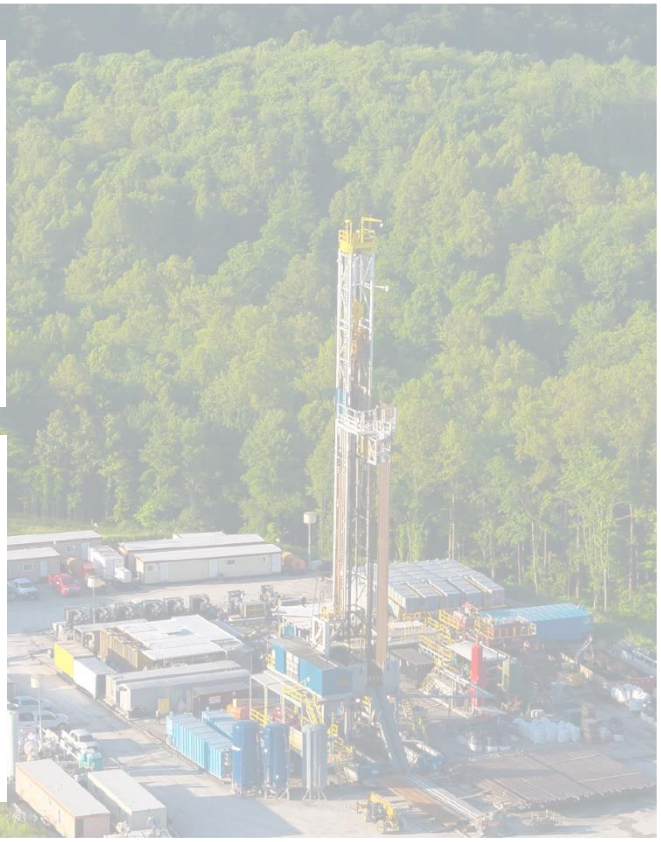
- Improved margins through cost economies; delivering ~$75MM of tangible acquisition synergies
- Leverage operational efficiency gains across entire portfolio
- Strategic commercial and vertical integration advantage

## Lowered risk profile

- Lowered basis volatility
- Increased marketing optionality
- Capital allocation flexibility in two basins with gas and liquids exposure
- Larger reserve and inventory base

## Increased market relevance

- Highly liquid stock with >$100MM average daily trading volume, >$13B enterprise value and >$8B market cap[1]
- Largest dual-basin gas producer supplying growing global demand



**Increased opportunity set and market relevance, with lowered risk profile and cost structure create valuation realization catalysts**

*1) Based on market data as of April 22, 2022.*

# Delivering on Our Plan

## Q1 2022 RESULTS

**$317MM Free Cash Flow**

| | |
|---|---|
| $861MM net cash flow | $544MM capital investment |
| $905MM Adj EBITDA | 4.7 Bcfe/day |
| 1.7x leverage | $508MM debt reduction |

**Strong first quarter results highlight strength of repositioned SWN**

*Note: Free cash flow, net cash flow, adjusted EBITDA, and leverage are non-GAAP measures. See explanations and reconciliations in the Appendix.*

# Improving Financial Strength

## Key Financial Objectives

Target ranges of 1.5x – 1.0x leverage and $3.5 – $3.0B total debt

Capital structure that allows for efficient debt reduction

Clear pathway to achieving investment grade

Supplement financial strength through disciplined enterprise risk management

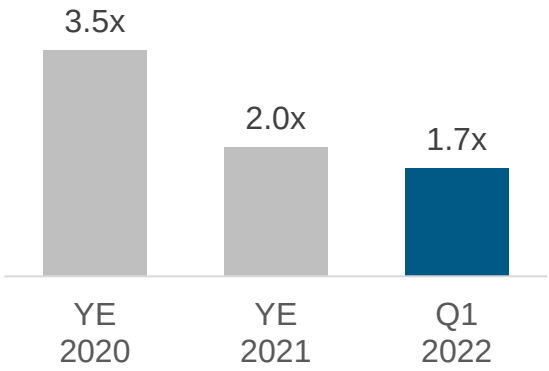
## Approaching Investment Grade Ratings

| Agency | Current Rating | Outlook | Notches to IG | Ratings Date |
|---|---|---|---|---|
| S&P | BB+ | Stable | 1 | Jan '22 |
| Moody's | Ba2 | Stable | 2 | Nov '21 |
| Fitch | BB | Stable | 2 | Nov '21 |

Upgraded to BB+ from S&P in conjunction with closing of GEP transaction

No upgrade actions by Moody's and Fitch to date to reflect materially enhanced and diversified business profile

## Leverage Nearing Target Range




## Credit Agreement Changes

Borrowing base increased to $3.5B with elected commitments remaining at $2.0B

Maturity date extended to 2027

"Fall away" provisions fully transition credit facility to unsecured with improved flexibility and pricing upon reaching investment grade credit rating

*Note: Leverage is a non-GAAP measure. See explanations and reconciliations in the Appendix.*

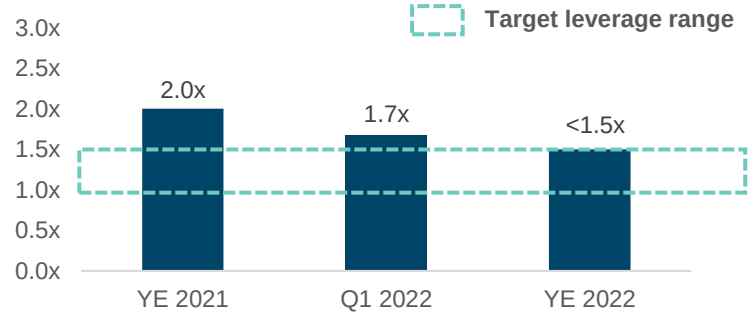
# Disciplined Capital Allocation Framework

1. Resilient free cash flow generation from enterprise maintenance capital investment

2. Progress towards target ranges of 1.5x – 1.0x leverage and $3.5B – $3.0B total debt

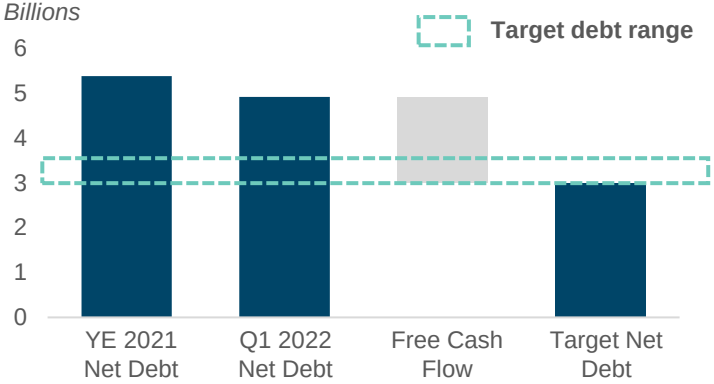
3. As SWN approaches balance sheet targets, well positioned for sustainable return of capital

## Expect to Achieve Target Leverage Range in 2022




## Clear Path to $3.5B – $3.0B Target Debt Levels

*$ in Billions*

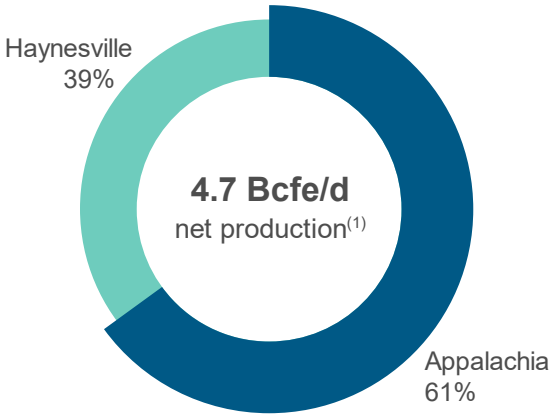


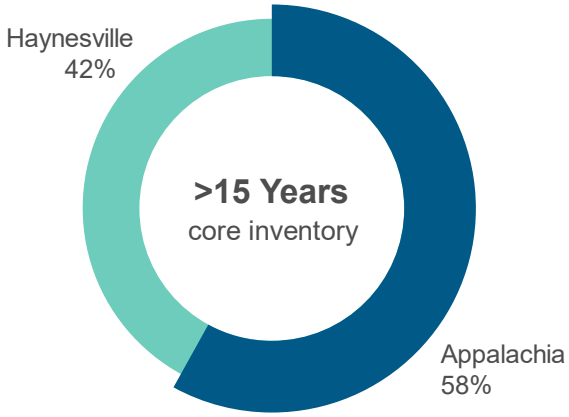

**Clear near-term priorities remain unchanged and reflect continued capital allocation discipline**

*Note: Leverage is a non-GAAP measure. See explanations and reconciliations in the Appendix.*

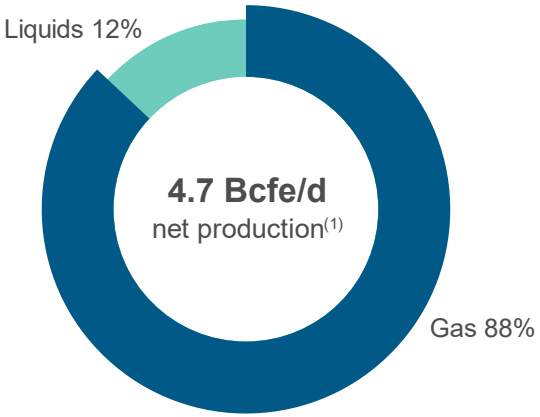
# Portfolio Optionality Across Deep High Return Inventory

## Basin

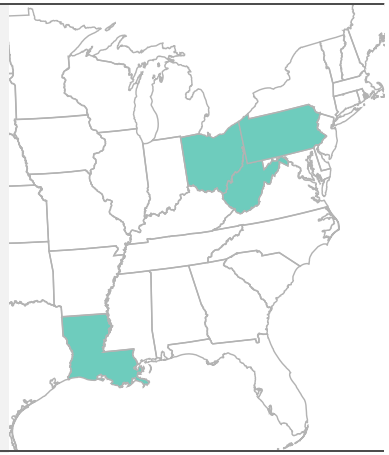


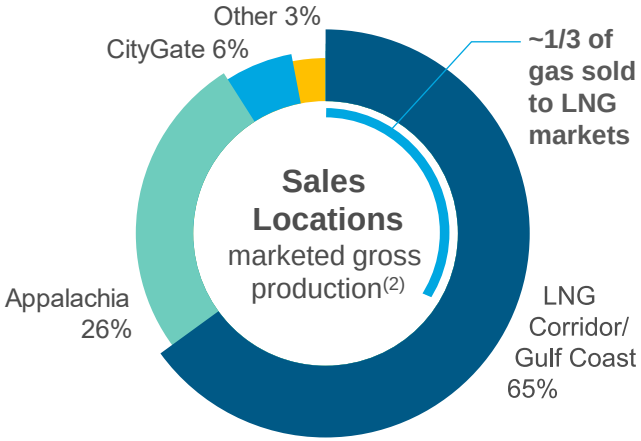

## Commodity




*Basin, commodity and end market diversification reduce risk and strengthen the sustainability of free cash flow generation*



## Premium Sales Locations




*1) Estimated based on midpoint of guidance.*
*2) Estimated based on 2022 guidance, contracted firm transportation and firm sales agreements.*

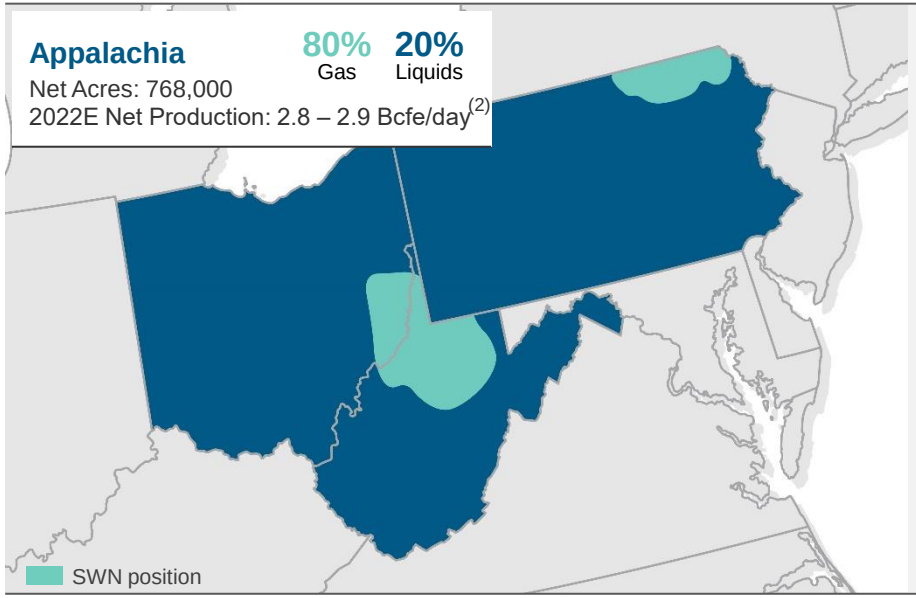
# Appalachia – Core Dry Gas and Liquids Position

**Enhanced free cash flow from optionality across low-cost high-margin dry gas and liquids inventory**

**>15**
years of core inventory with complementary economics[1]

**~90**
MBbls of daily liquids production from NGLs and condensate enhancing margins[2]

**~25%**
Estimated PDP decline supports increasing cash flow generation as decline continues to shallow




Exposure to multiple commodity windows from dry gas to natural gas condensate providing capital allocation flexibility with competitive economics

Currently developing dry gas inventory in PA and OH and rich and super-rich opportunities in WV and OH

~4,900 economic inventory locations across Appalachia

*1) At anticipated 2022 activity levels and company inventory assessment.*
*2) Based on midpoint of guidance.*

# Haynesville – Core Stacked Pay Position

## Growing free cash flow from deep high-margin dry gas inventory enhancing returns

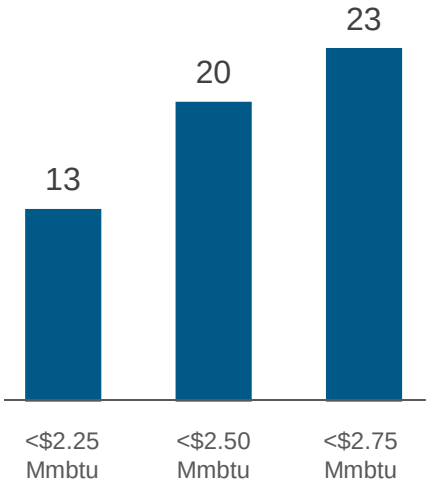
**~13**
years of core inventory[1]

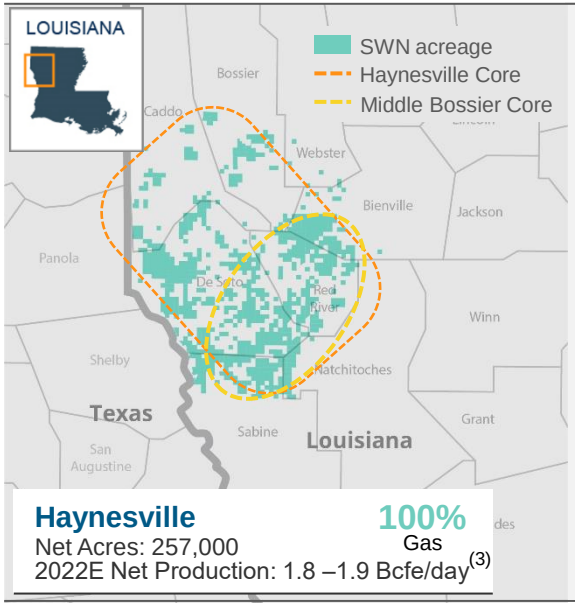
**>100%**
average IRR for wells in 2022 program[1,2]

**~45%**
of EUR recovered in first year supporting <15 month payback of capital investment[1,2]

**>23**
years of total inventory[1]

### Inventory Life by PV-10 Breakeven (years)




**Haynesville**
Net Acres: 257,000
2022E Net Production: 1.8 –1.9 Bcfe/day[3]
**100%** Gas

Acreage located in geologic "sweet spot" of stacked Haynesville and Middle Bossier

High resource in place and reservoir pressure underpinning well performance

>1,700 economic inventory locations across Haynesville

*1) At anticipated 2022 activity levels and company inventory assessment.*
*2) Estimate utilizing strip pricing as of February 18, 2022.*
*3) Based on midpoint of guidance.*

# Responsibly Sourced Gas to Premium Markets

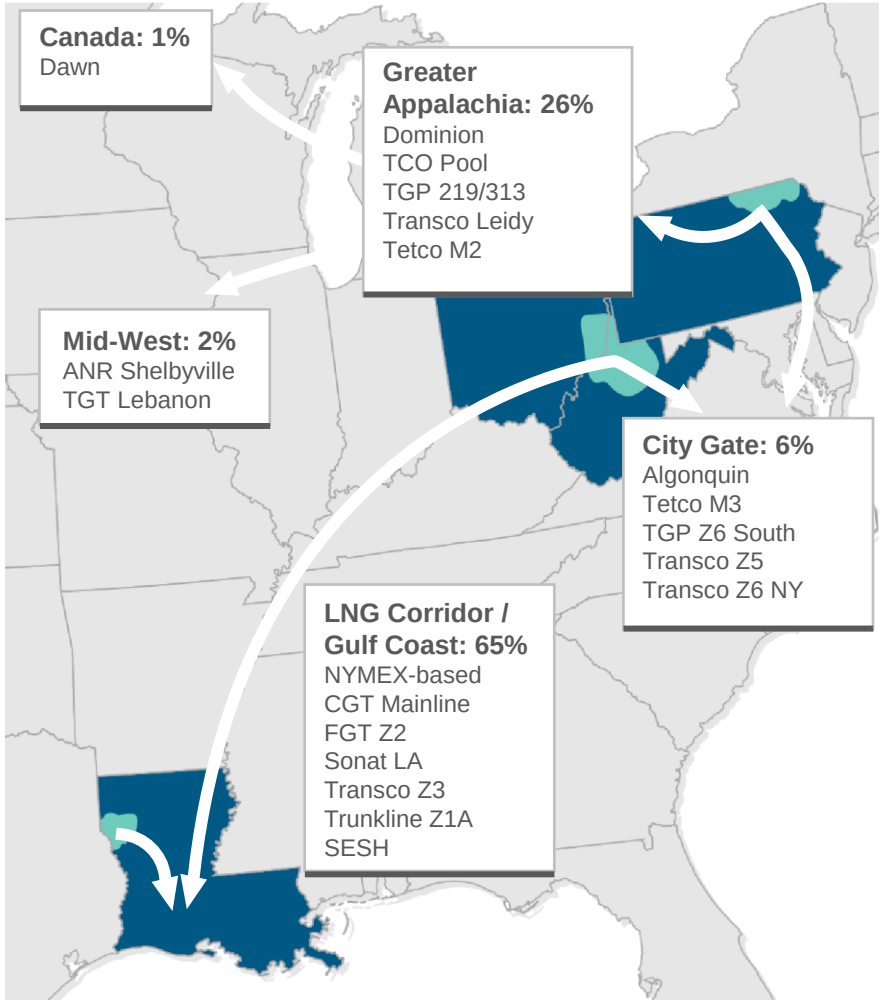
- Balanced portfolio provides marketing diversification, sales location optionality and basis protection, supplemented by City Gate and Greater Appalachia sales locations with premium winter pricing
- Direct access to LNG corridor and growing demand Gulf Coast markets
- ~90% of Appalachia and Haynesville basis protected in 2022

## Differential to NYMEX

| | Transportation [1] | Location [2] |
|---|---|---|
| Year | Average Rate per MMBtu | Average Basis per MMBtu |
| 2022E | ($0.24) | ($0.45) |

*1) Rate per MMBtu based on estimated 2022 production and February 2022 contracted takeaway and firm sales. Estimates for natural gas differentials include all commitment costs.*

*2) Basis as of February 2022. Includes basis differentials, transportation variable cost, physical basis sales, third-party transportation charges and fuel charges, and excludes financial basis derivatives.*




*NOTE: Percentages on map approximate 2022 sales by location based on estimated production, firm transportation and firm sales.*

# Access to Premium Gulf Coast Markets

## Natural gas sales into LNG corridor and greater Perryville area with low-cost transportation

- LEAP capacity expanding from 1.0 Bcf/d to 1.3 Bcf/d[1] combined with Midcoast and Acadian (0.4 Bcf/d) provide flow assurance to LNG corridor
- Transportation capacity on the northern end of the system (~0.9 Bcf/d) providing additional flow assurance to Perryville area
- ~2 Bcf/d of gross Haynesville production basis protected through NYMEX-based sales including ~1.5 Bcf/d to LNG exporters
- Additional ~0.7 Bcf/d of capacity from Appalachia to greater Gulf Coast area


**Strategic connectivity from wellhead to inlet of LNG plants and industrial markets along the Gulf Coast**

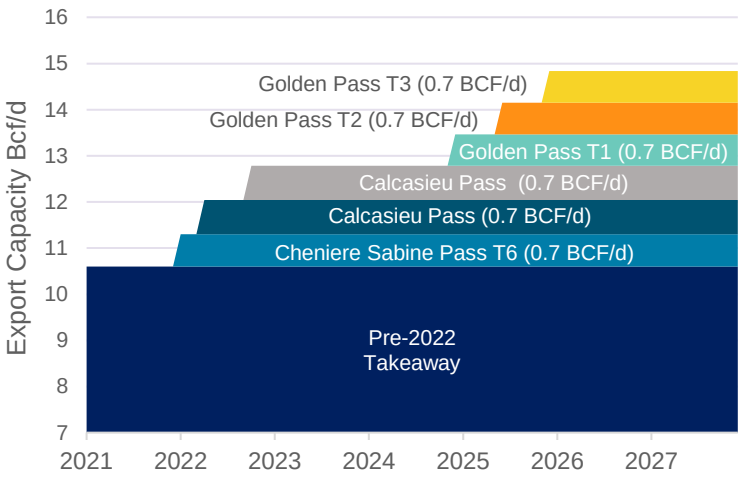
*1) LEAP capacity expanding by 0.3 Bcf/d by 2024.*

# Well Positioned to Supply Growing Natural Gas Demand

## LNG exports projected to further increase demand

- Current ~12 Bcf/d of capacity is fully utilized
- Projected increase of ~3 Bcf/d for projects at FID; over 20 Bcf/d of possible next wave projects
- LNG provides US producers the opportunity to deliver gas to undersupplied, premium markets across the world

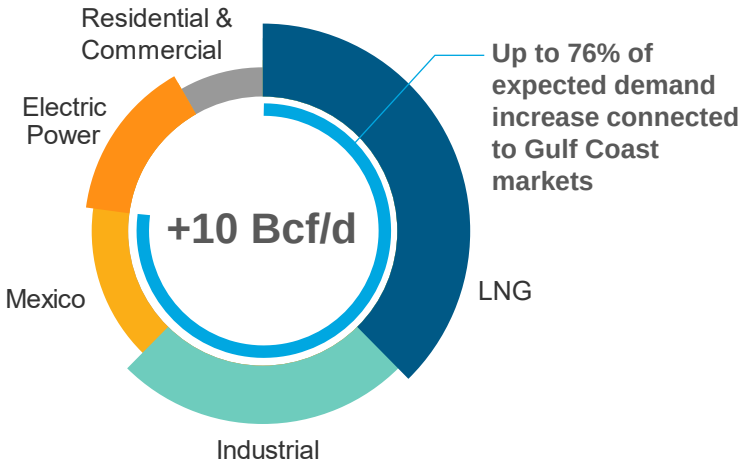
LNG Cargo Schedule[1]




## US natural gas demand is expected to increase by over 10 Bcf per day by 2025

- Largest increases from LNG, Mexico exports and industrial demand growth
- Direct access to growing demand centers; 65% of total gas production reaches Gulf Coast markets

Expected Increase in US Natural Gas Demand from 2021 to 2025[2]




**Increasing demand and muted supply growth from maintenance capital investment support current market fundamentals**

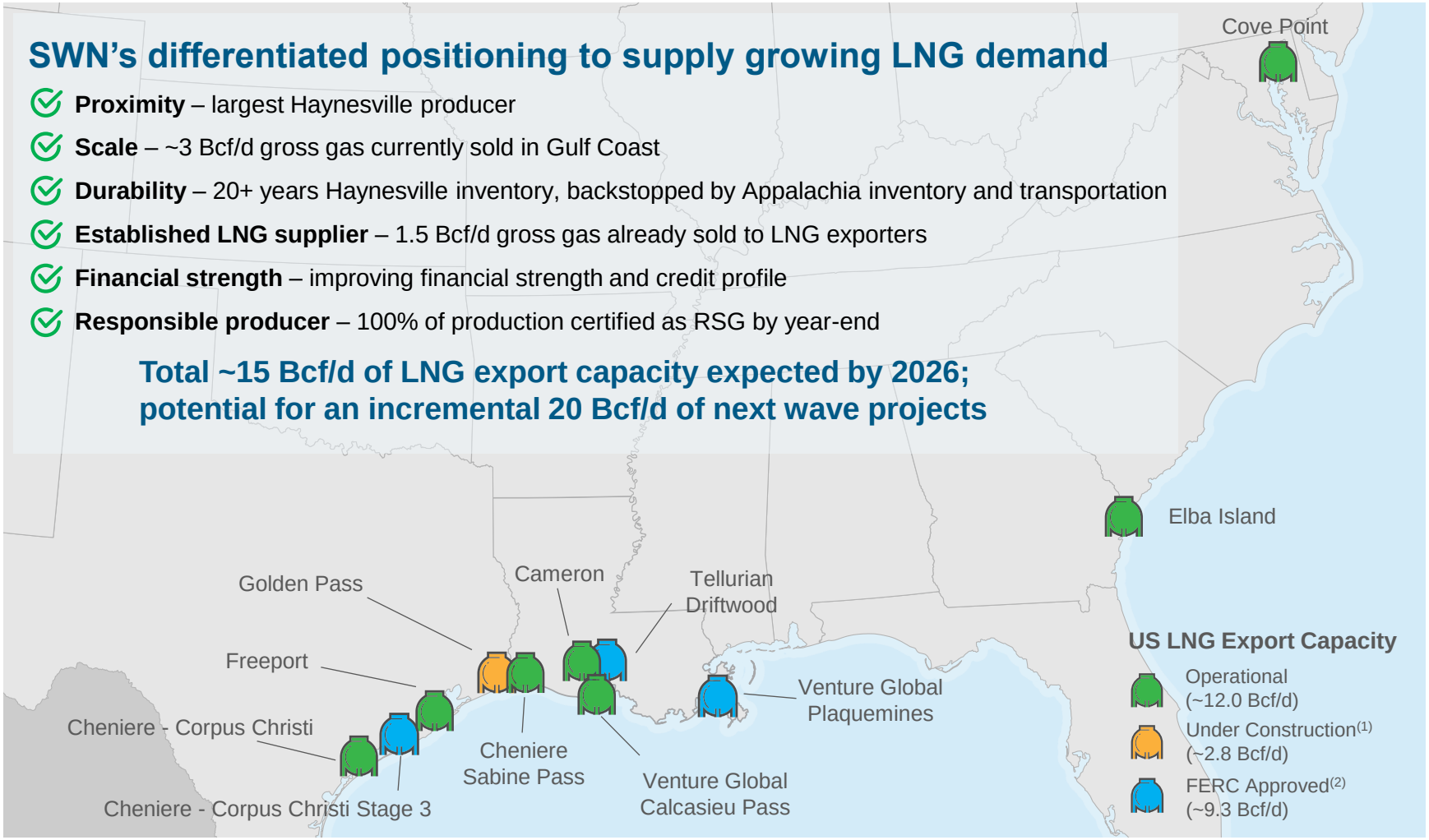
*1) Based on company announcements.*
*2) Source: EIA, public materials.*

# Advantaged to Reliably Supply Expanding LNG Corridor

## SWN's differentiated positioning to supply growing LNG demand

- **Proximity** – largest Haynesville producer
- **Scale** – ~3 Bcf/d gross gas currently sold in Gulf Coast
- **Durability** – 20+ years Haynesville inventory, backstopped by Appalachia inventory and transportation
- **Established LNG supplier** – 1.5 Bcf/d gross gas already sold to LNG exporters
- **Financial strength** – improving financial strength and credit profile
- **Responsible producer** – 100% of production certified as RSG by year-end

**Total ~15 Bcf/d of LNG export capacity expected by 2026; potential for an incremental 20 Bcf/d of next wave projects**




*1) Includes ~0.7 Bcf/d of Calcasieu Pass capacity expected to be online in 2022.*
*2) FERC approved capacity; expected to be under construction within next 12 months.*

# ESG is a Core Value

## Environmental

Responsible energy development

Leverage and improve historical environmental leadership

Pursue emissions reductions

Continuously monitor and certify wells for responsibly sourced gas

## Social

Investing in human capital and our communities

Aim for zero incidents for our workforce and contractors with our ONE Team health and safety culture

Enrich our diverse and inclusive culture and work environment

Return total fresh water used back to the environment

## Governance

Leadership through accountability and transparency

Maintain governance best practices and transparency

Execute disciplined enterprise risk management

Provide framework to deliver sustainable economic returns

**Building upon a legacy of being an early mover of responsibly developing clean, low carbon energy through the "right people doing the right things"**

# ESG Strategy – Reducing Emissions

## SWN Responsibly Sourced Gas

Announced company-wide **responsibly sourced gas** of 5 Bcf per day gross production

**Continuously monitoring** for potential emissions with an average 3 devices per pad

**Well certification** evaluates all aspects of development and production

## Emissions Reductions

**~20 percent** reduction in methane intensity in 2021, including a 24% reduction in assets we acquired in 2020

## Investing in ESG

**$15 to $20 million** expected investment in ESG programs in 2022 including emissions reductions and fresh water neutral

## No Flaring

**Zero percent** flaring in operations

# ESG Strategy – Replace all Water Consumed

## How does SWN achieve fresh water neutral?

**15** billion gallons of fresh water returned to local aquifers and watersheds through

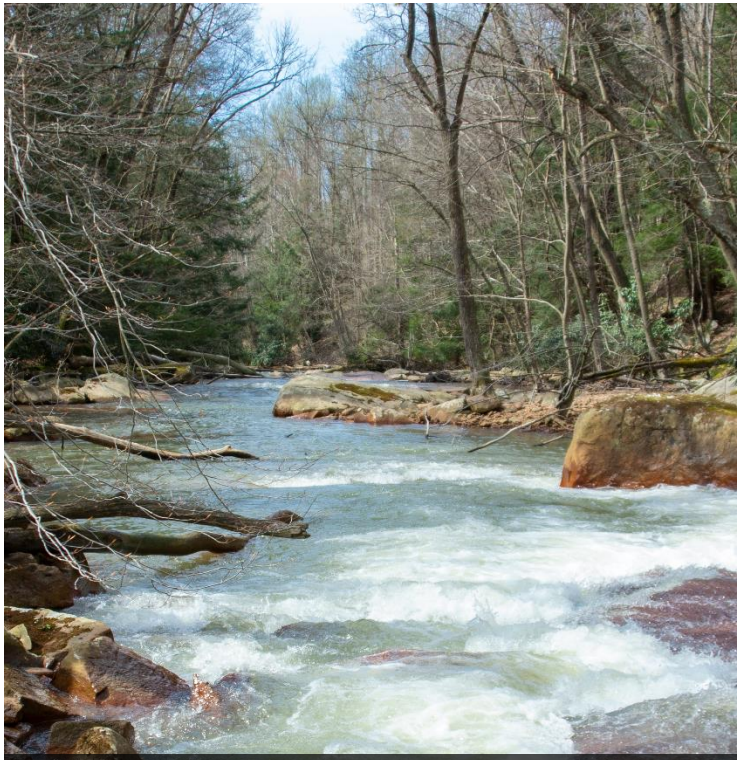
**11** conservation projects in the communities where we work and live

## Combined with operational reuse and recycling efforts resulted in

**6** consecutive years of "Fresh Water Neutral"

## Positively Impacting Our Communities

- Restoration of natural habitats
- Reviving community parks
- Return of commerce
- Enhancement of communities



**Continued Investment In Our Communities**

In 2022, in cooperation with the West Virginia DEP, SWN will invest to refurbish an abandoned mining water treatment facility to benefit residents along the Tygart Valley River

*Fresh water neutral is defined as when the total water used is equal to the sum of alternative and reuse water, operational offsets and conservation offsets in our operating areas.*

# Why Invest in SWN

- **Compelling valuation** both relative to cash flow and underlying reserves value
- **Economic returns and inventory depth** from complementary Haynesville and Appalachia assets reaching premium domestic and global markets
- **Resilient and growing free cash flow** underpinned by deep, high-quality inventory and reserves
- **Financial strength** supported by commitment to responsible debt and leverage, liquidity and disciplined enterprise risk management
- **ESG** demonstrated by responsibly sourced gas, emissions initiatives and fresh water neutral
- **Improving trading liquidity** as shares used for acquisition consideration reach broader market

**Clear line of sight to tangible value realization drivers provides near-term catalysts**

# Appendix

# 2022 Guidance

As of April 28, 2022

| PRODUCTION | Q2 | TOTAL YEAR |
|---|---|---|
| Gas Production *(Bcf)* | 370 – 382 | 1,487 – 1,517 |
| Liquids *(% of production)* | 11.5% – 12.0% | 11.5% – 12.0% |
| **Total *(Bcfe)*** | **418 – 434** | **1,683 – 1,723** |
| **Total *(Bcfe/day)*** | **~4.7** | **~4.7** |
| **CAPITAL** *(in millions)* | | |
| Appalachia | | ~45% |
| Haynesville | | ~55% |
| **Total D&C capital (includes land)** | | **$1,665 – $1,740** |
| Other | | $20 – $30 |
| Capitalized interest and expense | | $215 – $230 |
| **Total capital investments** | | **$1,900 – $2,000** |
| **PRICING** | | |
| Natural gas discount to NYMEX including transportation (1) | $0.65 – $0.75 per Mcf | $0.55 – $0.70 per Mcf |
| Oil discount to West Texas Intermediate (WTI) including transportation | $7.50 – $9.50 per Bbl | $8.00 – $10.00 per Bbl |
| Natural gas liquids realization as a % of WTI including transportation (2) | 34% – 42% | 32% – 40% |
| **EXPENSES** | | |
| Lease operating expenses | | $0.92 – $0.96 per Mcfe |
| General & administrative expense | | $0.08 – $0.12 per Mcfe |
| Taxes, other than income taxes | | $0.11 – $0.15 per Mcfe |
| Income tax rate (~100% deferred) | | 24.1% |

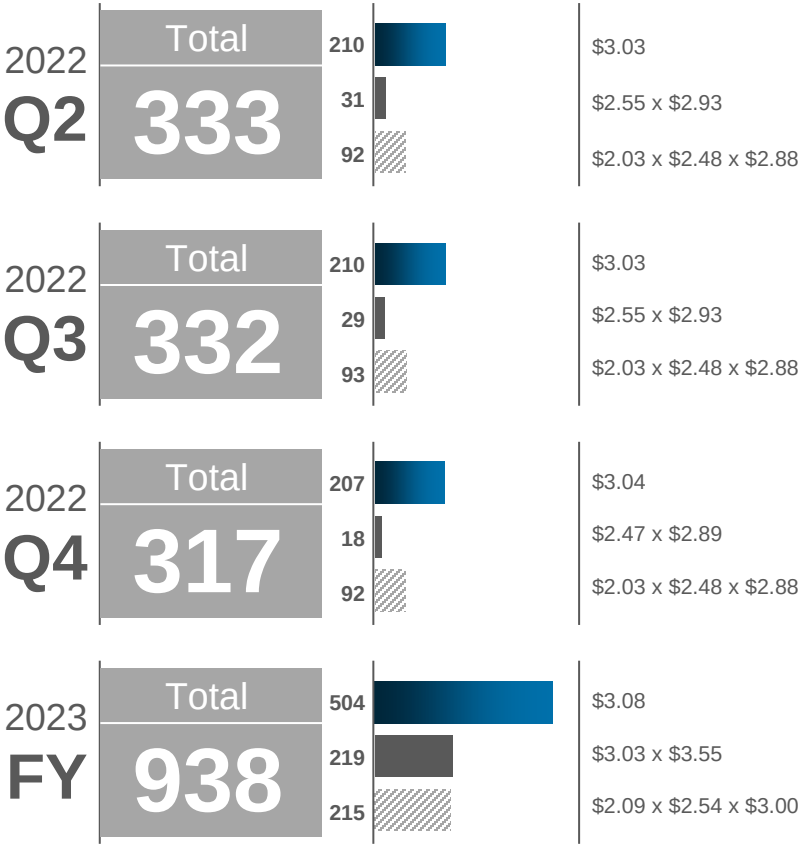
| GROSS OPERATED WELL COUNT | Drilled | Completed | Wells To Sales | Ending DUC Inventory |
|---|---|---|---|---|
| Appalachia | 70 – 75 | 70 – 75 | 60 – 65 | 25 – 30 |
| Haynesville | 60 – 65 | 65 – 70 | 70 – 75 | 18 – 23 |
| **Total Well Count** | **130 – 140** | **135 – 145** | **130 – 140** | **43 – 53** |

*1) Annual guidance based on $4.15 per Mcf NYMEX Henry Hub. Includes impact of transportation costs and expected $0.05 — $0.08 per Mcf gain from financial basis hedges for the full year of 2022. Includes an estimated $0.03 — $0.05 per Mcf gain on basis hedges in Q2.*

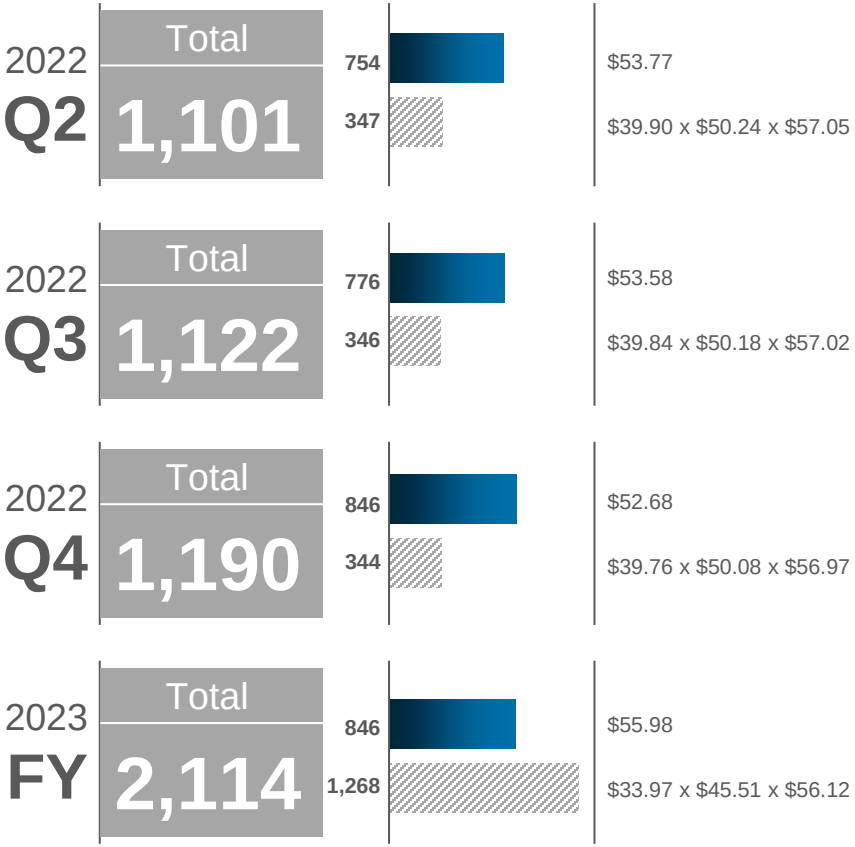
*2) Annual guidance based on $75 per Bbl WTI.*

# Hedge Position

## Natural Gas *Bcf, $/MMBtu*



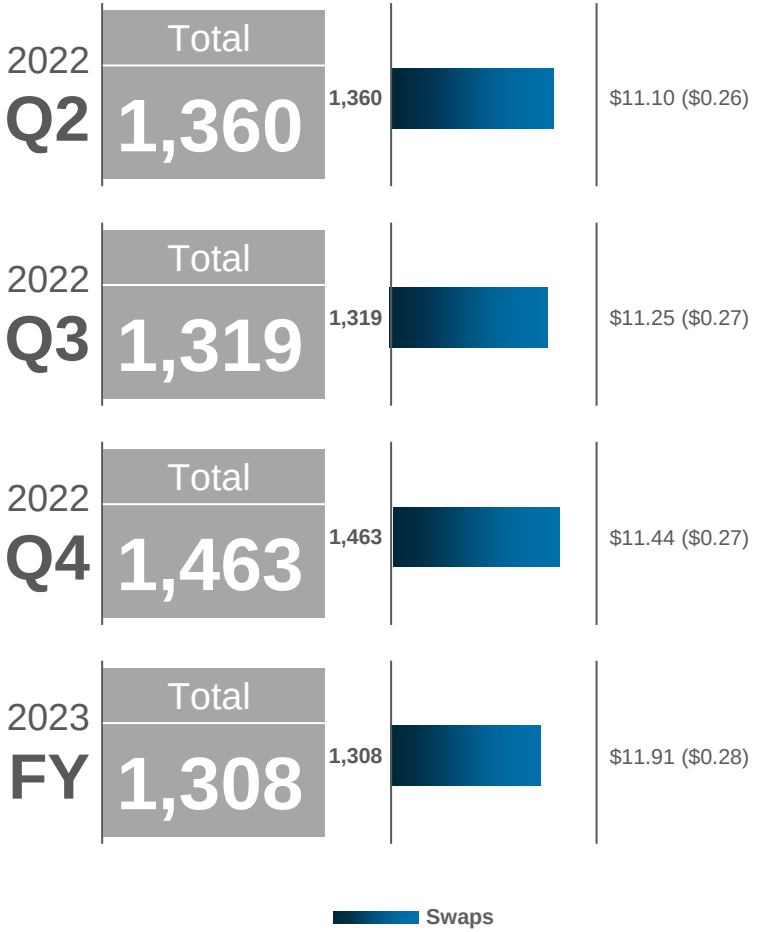

## Crude *MBbls, $/Bbl*



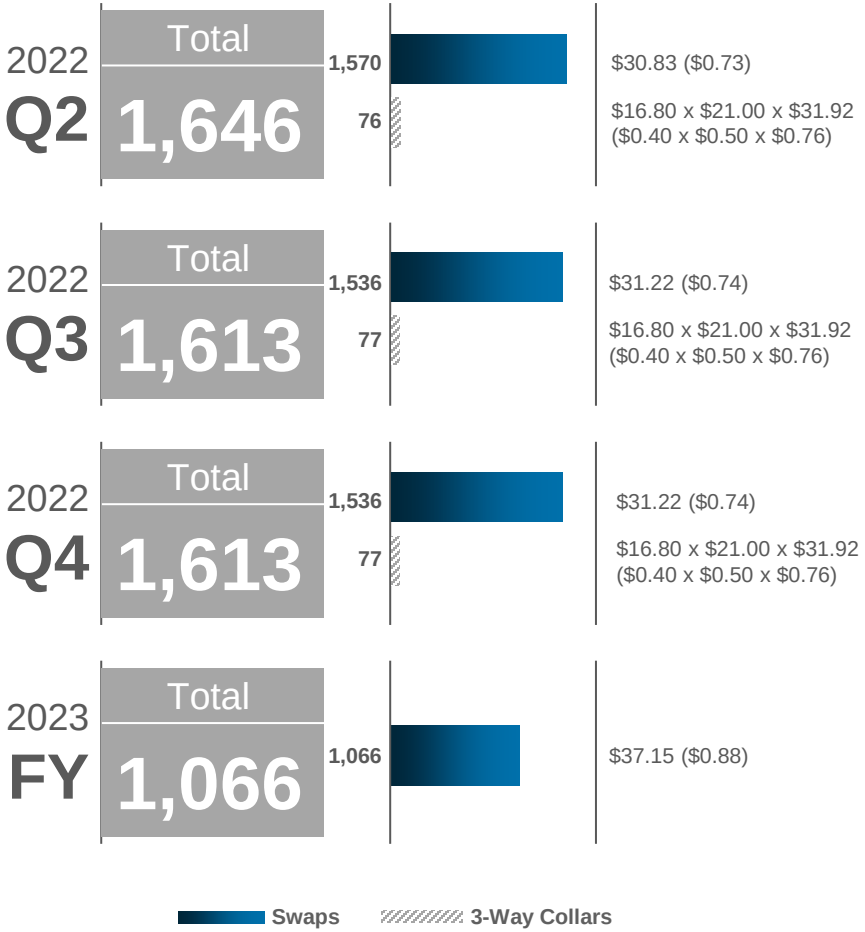

*Note: Hedge position as of March 31, 2022. Natural gas hedge position also includes call options, put options, and certain hedges related to the Company's marketing business. Oil hedge position also includes call options. For additional detail on the Company's hedge position, including its basis hedges, refer to its most recent quarterly or annual report on Form 10-Q or 10-K.*

# Hedge Position

## Ethane *MBbls, $/Bbl ($/gal)*



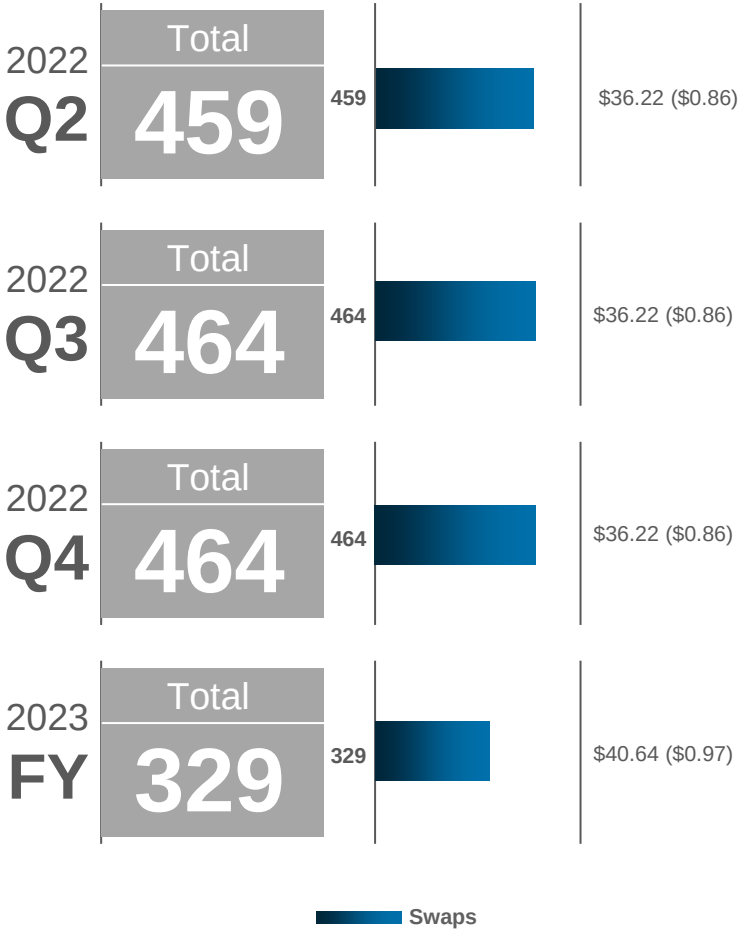

## Propane *MBbls, $/Bbl ($/gal)*



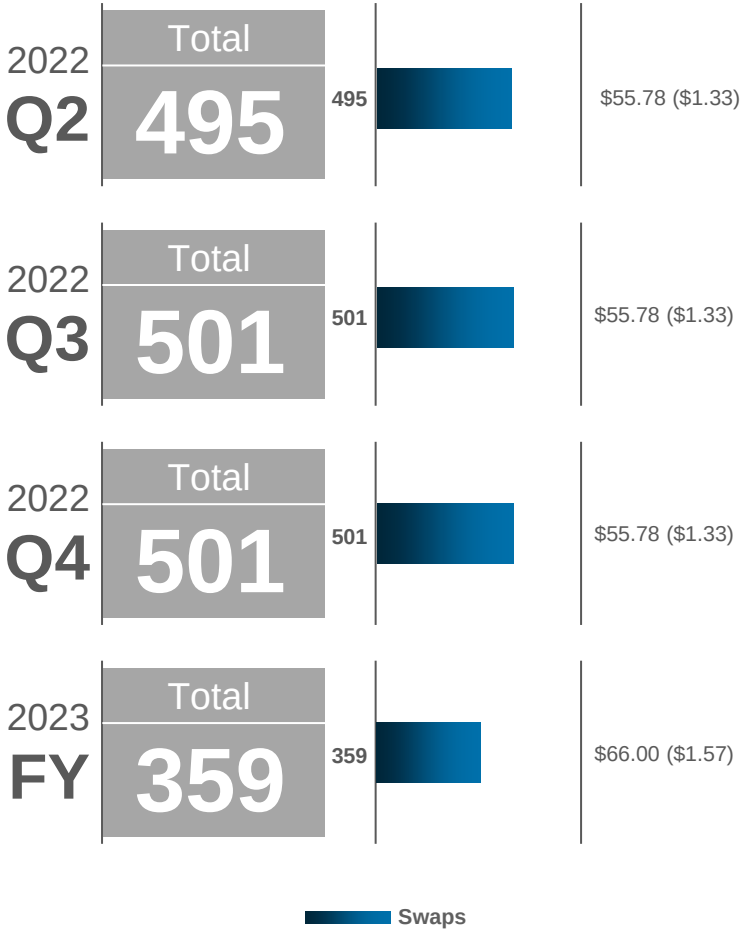

*Note: Hedge position as of March 31, 2022.*

# Hedge Position

## Butane *MBbls, $/Bbl ($/gal)*




## Natural Gasoline *MBbls, $/Bbl ($/gal)*




*Note: Hedge position as of March 31, 2022.*

# Explanation and Reconciliation of Non-GAAP

## Financial Measures: Net Cash Flow and Free Cash Flow

Net cash flow is defined as cash flow from operating activities adjusted for changes in operating assets and liabilities, merger-related expenses and restructuring charges. The Company presents this measure because (i) management uses it as an indicator of an oil and gas exploration and production Company's ability to internally fund exploration and development activities and to service or incur additional debt, (ii) changes in operating assets and liabilities relate to the timing of cash receipts and disbursements which the Company may not control and (iii) changes in operating assets and liabilities may not relate to the period in which the operating activities occurred. Net cash flow is not a measure of financial performance under GAAP.

Free cash flow is defined as net cash flow less total capital investments. The Company presents this measure because it is accepted as an indicator of excess cash flow available to a company for the repayment of debt or for other general corporate purposes. Free cash flow is not a measure of financial performance under GAAP.

| | 3 Months Ended March 31, 2022 | 3 Months Ended March 31, 2021 |
|---|---|---|
| | ($ in millions) | |
| **Net cash flow:** | | |
| Net cash provided by operating activities | $ 972 | $ 347 |
| Add back (deduct): | | |
| Changes in operating assets and liabilities | (136) | — |
| Merger-related expenses | 25 | 1 |
| Restructuring charges | — | 6 |
| Net cash flow | **$ 861** | **$ 354** |
| | | |
| **Free cash flow:** | | |
| Net cash flow | $ 861 | $ 354 |
| Subtract: | | |
| Total capital investments | (544) | (266) |
| Free cash flow | **$ 317** | **$ 88** |

# Explanation and Reconciliation of Non-GAAP

## Financial Measures: Adjusted EBITDA

EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization. Adjusted EBITDA is defined as EBITDA less gains (losses) on sale of assets, gain on early extinguishment of debt and gains (losses) on unsettled derivatives plus non-cash stock-based compensation, restructuring charges, impairments, merger-related expenses and legal settlements. Southwestern has included information concerning EBITDA and Adjusted EBITDA because they are used by certain investors as a measure of the ability of a company to service or incur indebtedness and because it is a financial measure commonly used in the energy industry. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP or as a measure of the Company's profitability or liquidity. EBITDA and Adjusted EBITDA, as defined above, may not be comparable to similarly titled measures of other companies. Net income (loss) is a financial measure calculated and presented in accordance with GAAP. The table below reconciles historical net income (loss) with historical Adjusted EBITDA.

| | 3 Months Ended March 31, 2022 | 3 Months Ended March 31, 2021 |
|---|---|---|
| | ($ in millions) | |
| Net income (loss) | $ (2,675) | $ 80 |
| Add back (deduct): | | |
| Interest expense | 41 | 31 |
| Income tax expense | 4 | — |
| Depreciation, depletion and amortization | 275 | 96 |
| Merger-related expenses | 25 | 1 |
| Restructuring charges | — | 6 |
| Loss on unsettled derivatives (1) | 3,232 | 169 |
| Loss on early extinguishment of debt | 2 | — |
| Other gain | — | (1) |
| Stock based compensation expense | 1 | — |
| Adjusted EBITDA | **$ 905** | **$ 382** |

*Note: Represents SWN standalone financials, before the impact of the acquisitions.*
*1) Includes $5 million of non-performance risk adjustment for the three months ended March 31, 2022.*

# Explanation and Reconciliation of Non-GAAP

## Financial Measures: Net debt / Adj. EBITDA

Net debt is defined as short-term debt plus long-term debt, less cash and cash equivalents. Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization, expenses associated with restructuring charges, impairments, legal settlements, merger-related expenses, less gains (losses) on unsettled derivatives, gains (losses) on sale of assets and gains on early extinguishment of debt over the prior 12 month period. Southwestern has included information concerning Net debt / Adjusted EBITDA because it is used by certain investors as a measure of the ability of a company to service or incur indebtedness and because it is a financial measure commonly used in the energy industry. Net debt / Adjusted EBITDA should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP or as a measure of the Company's profitability or liquidity. Net debt / Adjusted EBITDA, as defined above, may not be comparable to similarly titled measures of other companies. The table below reconciles historical Adjusted EBITDA with historical net income (loss).

| | Adjusted EBITDA[1] | | | | |
|---|---|---|---|---|---|
| | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
| | ($ in millions) | | | | |
| Net income (loss) | $ 80 | $ (609) | $ (1,857) | $ 2,361 | $ (2,675) |
| Add back (deduct): | | | | | |
| Interest expense | 31 | 30 | 34 | 41 | 41 |
| Income tax expense | — | — | — | — | 4 |
| Depreciation, depletion and amortization | 96 | 100 | 138 | 212 | 275 |
| Merger-related expenses | 1 | 3 | 35 | 37 | 25 |
| Impairments | — | — | 6 | — | — |
| Restructuring charges | 6 | 1 | — | — | — |
| (Gain) loss on unsettled derivatives | 169 | 772 | 2,011 | (2,008) | 3,232 |
| (Gain) loss on early extinguishment of debt | — | — | 59 | 34 | 2 |
| Other (gain) loss | (1) | 1 | — | (6) | — |
| Stock-based compensation | — | 2 | — | — | 1 |
| Adjusted EBITDA | **$ 382** | **$ 300** | **$ 426** | **$ 671** | **$ 905** |

| | Dec 31, 2021 | Mar 31, 2022 |
|---|---|---|
| | ($ in millions) | |
| Total debt [2] | $ 5,440 | $ 4,932 |
| Subtract: | | |
| Cash and cash equivalents | (28) | (21) |
| Net debt | $ 5,412 | $ 4,911 |

| | Net Debt/LTM Adjusted EBITDA[3] | |
|---|---|---|
| | Q4 2021 | Q1 2022 |
| | ($ in millions) | |
| Net debt | $ 5,412 | $ 4,911 |
| Adjusted EBITDA | 2,644 | 2,940 |
| Net debt/LTM Adjusted EBITDA | **2.0x** | **1.7x** |

*Note: Represents SWN standalone financials, before the impact of the acquisitions.*

*1) Total year amounts may not add due to rounding.*

*2) Total debt does not include unamortized debt discount and issuance expense.*

*3) Adjusted EBITDA for the twelve months ended December 31, 2021 includes $369 million of Adjusted EBITDA generated by Indigo Natural Resources prior to the September 2021 acquisition and $496 million of Adjusted EBITDA generated by GEP Haynesville prior to the December 2021 acquisition. Adjusted EBITDA for the twelve months ended March 31, 2022 includes $242 million of Adjusted EBITDA generated by Indigo Natural Resources prior to the September 2021 acquisition and $396 million of Adjusted EBITDA generated by GEP Haynesville prior to the December 2021 acquisition.*

# Explanation and Reconciliation of Non-GAAP

## Financial Measures: Pre-tax PV-10

Another such non-GAAP financial measure is pre-tax PV-10. Management believes that the presentation of PV-10 is relevant and useful to our investors as supplemental disclosure to the standardized measure of discounted future cash flows ("standardized measure"), or after-tax PV-10 amount, because it presents the discounted future net cash flows attributable to our proved reserves prior to taking into account future corporate income taxes and our current tax structure. While the standardized measure is dependent on the unique tax situation of each company, PV-10 is based on a pricing methodology and discount factors that are consistent for all companies. Because of this, PV-10 can be used within the industry and by creditors and securities analysts to evaluate estimated net cash flows from proved reserves on a more comparable basis. The difference between the standardized measure and the PV-10 amount is the discounted amount of estimated future income taxes.

| | Year Ended December 31, 2021 ($ in millions) |
|---|---|
| PV-10 | $ 18,731 |
| Add back: | |
| Present value of taxes | 3,689 |
| Pre-tax PV-10 | **$ 22,420** |