

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

<i>(\$ in millions, except per share data)</i>	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,044	\$ 1,079
Restricted cash	76	74
Accounts receivable, net	261	593
Derivative assets	199	637
Other current assets	217	226
Total current assets	1,797	2,609
Property and equipment:		
Natural gas and oil properties, successful efforts method		
Proved natural gas and oil properties	12,373	11,468
Unproved properties	1,806	1,806
Other property and equipment	518	497
Total property and equipment	14,697	13,771
Less: accumulated depreciation, depletion and amortization	(4,743)	(3,674)
Total property and equipment, net	9,954	10,097
Long-term derivative assets	15	74
Deferred income tax assets	1,038	933
Other long-term assets	588	663
Total assets	\$ 13,392	\$ 14,376
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 264	\$ 425
Accrued interest	41	39
Derivative liabilities	5	3
Other current liabilities	589	847
Total current liabilities	899	1,314
Long-term debt, net	2,017	2,028
Long-term derivative liabilities	—	9
Asset retirement obligations, net of current portion	271	265
Other long-term liabilities	17	31
Total liabilities	3,204	3,647
Contingencies and commitments		
Stockholders' equity:		
Common stock, \$0.01 par value, 450,000,000 shares authorized: 135,107,576 and 130,789,936 shares issued	1	1
Additional paid-in capital	5,778	5,754
Retained earnings	4,409	4,974
Total stockholders' equity	10,188	10,729
Total liabilities and stockholders' equity	\$ 13,392	\$ 14,376

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(\$ in millions, except per share data)</i>				
Revenues and other:				
Natural gas, oil and NGL	\$ 407	\$ 682	\$ 1,374	\$ 2,784
Marketing	193	724	641	1,987
Natural gas and oil derivatives	46	106	207	1,195
Gains on sales of assets	2	—	12	807
Total revenues and other	<u>648</u>	<u>1,512</u>	<u>2,234</u>	<u>6,773</u>
Operating expenses:				
Production	50	73	158	293
Gathering, processing and transportation	152	192	479	663
Severance and ad valorem taxes	11	27	58	136
Exploration	2	4	7	19
Marketing	192	723	656	1,985
General and administrative	39	29	133	95
Separation and other termination costs	—	—	23	3
Depreciation, depletion and amortization	335	382	1,082	1,148
Other operating expense, net	22	3	55	15
Total operating expenses	<u>803</u>	<u>1,433</u>	<u>2,651</u>	<u>4,357</u>
Income (loss) from operations	<u>(155)</u>	<u>79</u>	<u>(417)</u>	<u>2,416</u>
Other income (expense):				
Interest expense	(20)	(23)	(59)	(82)
Losses on purchases, exchanges or extinguishments of debt	—	—	(2)	—
Other income	17	15	58	48
Total other income (expense)	<u>(3)</u>	<u>(8)</u>	<u>(3)</u>	<u>(34)</u>
Income (loss) before income taxes	<u>(158)</u>	<u>71</u>	<u>(420)</u>	<u>2,382</u>
Income tax expense (benefit)	(44)	1	(105)	532
Net income (loss)	<u>\$ (114)</u>	<u>\$ 70</u>	<u>\$ (315)</u>	<u>\$ 1,850</u>
Earnings (loss) per common share:				
Basic	\$ (0.85)	\$ 0.53	\$ (2.39)	\$ 13.86
Diluted	\$ (0.85)	\$ 0.49	\$ (2.39)	\$ 12.90
Weighted average common shares outstanding (in thousands):				
Basic	133,794	132,153	131,958	133,460
Diluted	133,794	142,348	131,958	143,463

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net income (loss)	\$ (114)	\$ 70	\$ (315)	\$ 1,850
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization	335	382	1,082	1,148
Deferred income tax expense (benefit)	(44)	(80)	(105)	319
Derivative gains, net	(46)	(106)	(207)	(1,195)
Cash receipts on derivative settlements, net	207	216	695	167
Share-based compensation	10	9	29	25
Gains on sales of assets	(2)	—	(12)	(807)
Losses on purchases, exchanges or extinguishments of debt	—	—	2	—
Other	(9)	6	(16)	35
Changes in assets and liabilities	85	9	30	368
Net cash provided by operating activities	422	506	1,183	1,910
Cash flows from investing activities:				
Capital expenditures	(298)	(423)	(1,021)	(1,450)
Receipts of deferred consideration	—	—	116	—
Contributions to investments	(26)	(61)	(71)	(149)
Proceeds from divestitures of property and equipment	5	4	17	1,967
Net cash provided by (used in) investing activities	(319)	(480)	(959)	368
Cash flows from financing activities:				
Proceeds from Credit Facility	—	—	—	1,125
Payments on Credit Facility	—	—	—	(2,175)
Funds held for transition services	—	(6)	—	91
Proceeds from warrant exercise	—	—	1	—
Debt issuance and other financing costs	—	—	(4)	—
Cash paid to repurchase and retire common stock	—	(132)	—	(313)
Cash paid for common stock dividends	(78)	(77)	(254)	(412)
Net cash used in financing activities	(78)	(215)	(257)	(1,684)
Net increase (decrease) in cash, cash equivalents and restricted cash	25	(189)	(33)	594
Cash, cash equivalents and restricted cash, beginning of period	1,095	975	1,153	192
Cash, cash equivalents and restricted cash, end of period	\$ 1,120	\$ 786	\$ 1,120	\$ 786
Cash and cash equivalents	\$ 1,044	\$ 713	\$ 1,044	\$ 713
Restricted cash	76	73	76	73
Total cash, cash equivalents and restricted cash	\$ 1,120	\$ 786	\$ 1,120	\$ 786

NATURAL GAS, OIL AND NGL PRODUCTION AND AVERAGE SALES PRICES (unaudited)

Three Months Ended September 30, 2024

	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,531	1.51	—	—	—	—	1,531	1.51
Haynesville	1,116	1.88	—	—	—	—	1,116	1.88
Total	2,647	1.67	—	—	—	—	2,647	1.67
Average NYMEX Price		2.16		—				
Average Realized Price (including realized derivatives)		2.51		—		—		2.51

Three Months Ended September 30, 2023

	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,734	1.63	—	—	—	—	1,734	1.63
Haynesville	1,568	2.15	—	—	—	—	1,568	2.15
Eagle Ford	76	2.52	9	82.33	10	25.76	193	6.36
Total	3,378	1.89	9	82.33	10	25.76	3,495	2.12
Average NYMEX Price		2.55		82.26				
Average Realized Price (including realized derivatives)		2.58		82.33		25.76		2.79

Nine Months Ended September 30, 2024

	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,601	1.65	—	—	—	—	1,601	1.65
Haynesville	1,261	1.88	—	—	—	—	1,261	1.88
Total	2,862	1.75	—	—	—	—	2,862	1.75
Average NYMEX Price		2.10		—				
Average Realized Price (including realized derivatives)		2.64		—		—		2.64

Nine Months Ended September 30, 2023

	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,845	2.24	—	—	—	—	1,845	2.24
Haynesville	1,569	2.26	—	—	—	—	1,569	2.26
Eagle Ford	96	2.22	26	77.41	12	25.61	323	7.82
Total	<u>3,510</u>	2.25	<u>26</u>	77.41	<u>12</u>	25.61	<u>3,737</u>	2.73
Average NYMEX Price		2.69		77.39				
Average Realized Price (including realized derivatives)		2.56		72.10		25.61		2.99

CAPITAL EXPENDITURES ACCRUED (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(\$ in millions)</i>				
Drilling and completion capital expenditures:				
Marcellus	\$ 82	\$ 91	\$ 280	\$ 324
Haynesville	151	191	477	704
Eagle Ford	—	9	—	222
Total drilling and completion capital expenditures	<u>233</u>	<u>291</u>	<u>757</u>	<u>1,250</u>
Non-drilling and completion - field	32	48	106	100
Non-drilling and completion - corporate	24	18	73	56
Total capital expenditures	<u>\$ 289</u>	<u>\$ 357</u>	<u>\$ 936</u>	<u>\$ 1,406</u>

NON-GAAP FINANCIAL MEASURES

As a supplement to the financial results prepared in accordance with U.S. GAAP, Expand Energy's quarterly earnings releases contain certain financial measures that are not prepared or presented in accordance with U.S. GAAP. These non-GAAP financial measures include Adjusted Net Income, Adjusted Diluted Earnings Per Common Share, Adjusted EBITDAX, Free Cash Flow, Adjusted Free Cash Flow and Net Debt. A reconciliation of each financial measure to its most directly comparable GAAP financial measure is included in the tables below. Management believes these adjusted financial measures are a meaningful adjunct to earnings and cash flows calculated in accordance with GAAP because (a) management uses these financial measures to evaluate the company's trends and performance, (b) these financial measures are comparable to estimates provided by certain securities analysts, and (c) items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

Expand Energy's definitions of each non-GAAP measure presented herein are provided below. Because not all companies or securities analysts use identical calculations, Expand Energy's non-GAAP measures may not be comparable to similarly titled measures of other companies or securities analysts.

Adjusted Net Income: Adjusted Net Income is defined as net income (loss) adjusted to exclude unrealized (gains) losses on natural gas and oil derivatives, (gains) losses on sales of assets, and certain items management believes affect the comparability of operating results, less a tax effect using applicable rates. Expand Energy believes that Adjusted Net Income facilitates comparisons of the company's period-over-period performance, which many investors use in making investment decisions and evaluating operational trends and performance. Adjusted Net Income should not be considered an alternative to, or more meaningful than, net income (loss) as presented in accordance with GAAP.

Adjusted Diluted Earnings Per Common Share: Adjusted Diluted Earnings Per Common Share is defined as diluted earnings (loss) per common share adjusted to exclude the per diluted share amounts attributed to unrealized (gains) losses on natural gas and oil derivatives, (gains) losses on sales of assets, and certain items management believes affect the comparability of operating results, less a tax effect using applicable rates. Expand Energy believes that Adjusted Diluted Earnings Per Common Share facilitates comparisons of the company's period-over-period performance, which many investors use in making investment decisions and evaluating operational trends and performance. Adjusted Diluted Earnings Per Common Share should not be considered an alternative to, or more meaningful than, earnings (loss) per common share as presented in accordance with GAAP.

Adjusted EBITDAX: Adjusted EBITDAX is defined as net income (loss) before interest expense, income tax expense (benefit), depreciation, depletion and amortization expense, exploration expense, unrealized (gains) losses on natural gas and oil derivatives, separation and other termination costs, (gains) losses on sales of assets, and certain items management believes affect the comparability of operating results. Adjusted EBITDAX is presented as it provides investors an indication of the company's ability to internally fund exploration and development activities and service or incur debt. Adjusted EBITDAX should not be considered an alternative to, or more meaningful than, net income (loss) as presented in accordance with GAAP.

Free Cash Flow: Free Cash Flow is defined as net cash provided by (used in) operating activities less cash capital expenditures. Free Cash Flow is a liquidity measure that provides investors additional information regarding the company's ability to service or incur debt and return cash to shareholders. Free Cash Flow should not be considered an alternative to, or more meaningful than, net cash provided by (used in) operating activities, or any other measure of liquidity presented in accordance with GAAP.

Adjusted Free Cash Flow: Adjusted Free Cash Flow is defined as net cash provided by (used in) operating activities less cash capital expenditures and cash contributions to investments, adjusted to exclude certain items management believes affect the comparability of operating results. Adjusted Free Cash Flow is a liquidity measure that provides investors additional information regarding the company's ability to service or incur debt and return cash to shareholders and is used to determine Expand Energy's returns framework payout. Adjusted Free Cash Flow should not be considered an alternative to, or more meaningful than, net cash provided by (used in) operating activities, or any other measure of liquidity presented in accordance with GAAP.

Net Debt: Net Debt is defined as GAAP total debt excluding premiums, discounts, and deferred issuance costs less cash and cash equivalents. Net Debt is useful to investors as a widely understood measure of liquidity and leverage, but this measure should not be considered as an alternative to, or more meaningful than, total debt presented in accordance with GAAP.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME (unaudited)

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) (GAAP)	\$ (114)	\$ 70	\$ (315)	\$ 1,850
Adjustments:				
Unrealized (gains) losses on natural gas and oil derivatives	160	110	489	(931)
Separation and other termination costs	—	—	23	3
Gains on sales of assets	(2)	—	(12)	(807)
Other operating expense, net	23	3	58	18
Losses on purchases, exchanges or extinguishments of debt	—	—	2	—
Other	(4)	(4)	(17)	(19)
Tax effect of adjustments ^(a)	(41)	(24)	(125)	403
Adjusted net income (Non-GAAP)	\$ 22	\$ 155	\$ 103	\$ 517

(a) The three- and nine-month periods ended September 30, 2024 and September 30, 2023 include a tax effect attributed to the reconciling adjustments using a statutory rate of 23%.

RECONCILIATION OF EARNINGS (LOSS) PER COMMON SHARE TO ADJUSTED DILUTED EARNINGS PER COMMON SHARE (unaudited)

(\$/share)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings (loss) per common share (GAAP)	\$ (0.85)	\$ 0.53	\$ (2.39)	\$ 13.86
Effect of dilutive securities	—	(0.04)	—	(0.96)
Diluted earnings (loss) per common share (GAAP)	\$ (0.85)	\$ 0.49	\$ (2.39)	\$ 12.90
Adjustments:				
Unrealized (gains) losses on natural gas and oil derivatives	1.20	0.78	3.70	(6.49)
Separation and other termination costs	—	—	0.17	0.02
Gains on sales of assets	(0.02)	—	(0.09)	(5.63)
Other operating expense, net	0.17	0.02	0.44	0.13
Losses on purchases, exchanges or extinguishments of debt	—	—	0.01	—
Other	(0.03)	(0.03)	(0.13)	(0.13)
Tax effect of adjustments ^(a)	(0.31)	(0.17)	(0.95)	2.81
Effect of dilutive securities	—	—	(0.03)	—
Adjusted diluted earnings per common share (Non-GAAP)	\$ 0.16	\$ 1.09	\$ 0.73	\$ 3.61

(a) The three- and nine-month periods ended September 30, 2024 and September 30, 2023 include a tax effect attributed to the reconciling adjustments using a statutory rate of 23%.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDAX (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(\$ in millions)				
Net income (loss) (GAAP)	\$ (114)	\$ 70	\$ (315)	\$ 1,850
Adjustments:				
Interest expense	20	23	59	82
Income tax expense (benefit)	(44)	1	(105)	532
Depreciation, depletion and amortization	335	382	1,082	1,148
Exploration	2	4	7	19
Unrealized (gains) losses on natural gas and oil derivatives	160	110	489	(931)
Separation and other termination costs	—	—	23	3
Gains on sales of assets	(2)	—	(12)	(807)
Other operating expense, net	23	3	58	18
Losses on purchases, exchanges or extinguishments of debt	—	—	2	—
Other	(15)	(13)	(57)	(36)
Adjusted EBITDAX (Non-GAAP)	<u>\$ 365</u>	<u>\$ 580</u>	<u>\$ 1,231</u>	<u>\$ 1,878</u>

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(\$ in millions)				
Net cash provided by operating activities (GAAP)	\$ 422	\$ 506	\$ 1,183	\$ 1,910
Cash capital expenditures	(298)	(423)	(1,021)	(1,450)
Free cash flow (Non-GAAP)	<u>124</u>	<u>83</u>	<u>162</u>	<u>460</u>
Cash contributions to investments	(26)	(61)	(71)	(149)
Free cash flow associated with divested assets ^(a)	—	(57)	—	(195)
Adjusted free cash flow (Non-GAAP)	<u>\$ 98</u>	<u>\$ (35)</u>	<u>\$ 91</u>	<u>\$ 116</u>

(a) In March and April of 2023, we closed two divestitures of certain Eagle Ford assets. Due to the structure of these transactions, both of which had an effective date of October 1, 2022, the cash generated by these assets was delivered to the respective buyers through a reduction in the proceeds we received at the closing of each transaction. Additionally, in August 2023, we entered into an agreement to sell the final portion of our Eagle Ford assets, with an economic effective date of February 1, 2023. Included within the adjustment above reflects the cash flows from the three months ended September 30, 2023, associated with the final portion of our Eagle Ford assets as the cash generated by those assets were delivered to the buyer through a reduction in the proceeds we received once the transaction closed during the fourth quarter of 2023.

RECONCILIATION OF TOTAL DEBT TO NET DEBT (unaudited)

(\$ in millions)

	September 30, 2024
Total debt (GAAP)	\$ 2,017
Premiums and issuance costs on debt	(67)
Principal amount of debt	1,950
Cash and cash equivalents	(1,044)
Net debt (Non-GAAP)	\$ 906