

The background of the slide is a photograph of an oil drilling rig at sunset. The sky is filled with dramatic, colorful clouds in shades of orange, pink, and blue. The rig is a tall, complex structure with various platforms and ladders, situated in a field of green vegetation. In the foreground, there are some industrial tanks and structures. A large, semi-transparent 'SM ENERGY' logo is overlaid on the left side of the image.

SM|ENERGY

2023 Results & 2024 Operating Plan

FEBRUARY 21, 2024

NYSE: SM

WEB: sm-energy.com

Disclaimers

Forward-looking statements

This presentation contains forward-looking statements within the meaning of securities laws. The words “believes,” “demonstrate,” “estimate,” “expect,” “intends,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this release include, among other things: certain projections for the full year and first quarter 2024 regarding the Company’s 2024 strategic objectives including operational execution, delivering low break-even high return wells, returning capital to stockholders and reducing debt, and maintaining and expanding portfolio quality and depth; full year and first quarter 2024 guidance for capital expenditures, net production, percent of oil, operating costs, exploration, G&A, DD&A and cash taxes; the number of wells we plan to drill and complete and the associated activity and capital split in each of our operating areas during the full year; average number of drilling rigs and completion crews to be deployed through 2024; number of Austin Chalk locations; expected drill, complete and equip costs (“DC&E”); expected program returns; average lateral length and PDP decline rates for wells in each of our operating areas; expected wells to be drilled at greater than or equal to 15,000 feet in the Midland Basin; total expected inventory, inventory estimates by operating area, and inventory quality and total inventory expected average rate of return; percentage of expected future net production that is hedged; and plan to process ethane for 2024. These statements involve known and unknown risks, which may cause SM Energy’s actual results to differ materially from results expressed or implied by the forward-looking statements. Future results may be impacted by the risks discussed in the Risk Factors section of SM Energy’s most recent Annual Report on Form 10-K, and such risk factors may be updated from time to time in the Company’s other periodic reports filed with the Securities and Exchange Commission. The forward-looking statements contained herein speak as of the date of this release. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so, except as required by securities laws.

Non-GAAP financial measures and metrics

This presentation references non-GAAP financial measures and metrics. Please see the “Non-GAAP Reconciliations and Disclosures” section of the Appendix, which includes definitions of non-GAAP measures and metrics used in this presentation and reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

Reserves disclosure

The SEC requires oil and natural gas companies, in their filings with the SEC, to disclose estimated net proved reserves, which are those quantities of oil, natural gas and natural gas liquids (NGLs), that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions (using the trailing 12-month average first-day-of-the-month prices), operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The SEC also permits the disclosure of separate estimates of probable or possible reserves that meet SEC definitions for such reserves; however, the Company currently does not disclose probable or possible reserves in its SEC filings.

Estimated net proved reserves attributable to the Company as of December 31, 2023, are estimated utilizing SEC reserve recognition standards and pricing assumptions based on the trailing 12-month average first-day-of-the-month prices of \$78.22 per Bbl of oil, \$2.64 per MMBtu of natural gas, and \$27.72 per Bbl of NGLs. At least 80% of the PV-10 of the Company’s estimate of its total estimated net proved reserves at December 31, 2023, was audited by Ryder Scott Company, L.P.

SM Energy Is...

A Premier Operator of Top-Tier Assets



A PREMIER OPERATOR

- Capital Efficiency



OWNER OF TOP-TIER ASSETS

- High Quality Inventory with Long Runway



A LEADER

- ESG Stewardship

2023 Strategic Objectives Accomplished

Results Meet or Exceed Plan Goals

Deliver **increased return of capital** to stockholders while **maintaining a strong balance sheet**



- \$509 MM FCF⁽¹⁾ generated
- 7% annual yield-to-market capitalization
- Reduced net debt⁽¹⁾ to < \$1B

Focus on **operational execution**: optimize **capital efficiency**, demonstrate **innovation**, and maintain focus on ESG **stewardship**



- 55.5 MMBoe, or 152.0 MBoe/d, at 43% oil
- Realized operating efficiencies and accelerated completions
- Superior stewardship: CDP leadership level score A-

Continue to **replace/build top-tier inventory**: apply our **differential strength in geosciences** and development **optimization**



- 29,700 net acres acquired in the Midland Basin
- Increased our Midland Basin acreage position 37%
- Record year-end estimated net proved reserves of 605 MMBoe

Note | Amounts shown are for the year ending December 31, 2023.

(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

Sustainable Long-Term Capital Structuring

Balanced Approach to Long-Term Profitability



Increased return of capital in 2023

- 6.9MM shares repurchased in 2023
- 7% of outstanding shares repurchased program-to-date⁽⁴⁾
- ~60% of 2023 FCF⁽³⁾ returned to stockholders

(1) Acquisition Capital includes GAAP acquisition of proved and unproved oil and gas properties of ~\$110MM and capital expenditures related to leasehold acquisitions (included in GAAP capital expenditures) of ~\$15MM.

(2) 2023 total return of capital to stockholders of \$300 million is made up of \$72MM in dividends paid and \$228MM in share repurchases.

(3) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(4) As of December 31, 2023. The return of capital program was announced on September 7, 2022, and all repurchased shares of common stock were retired.

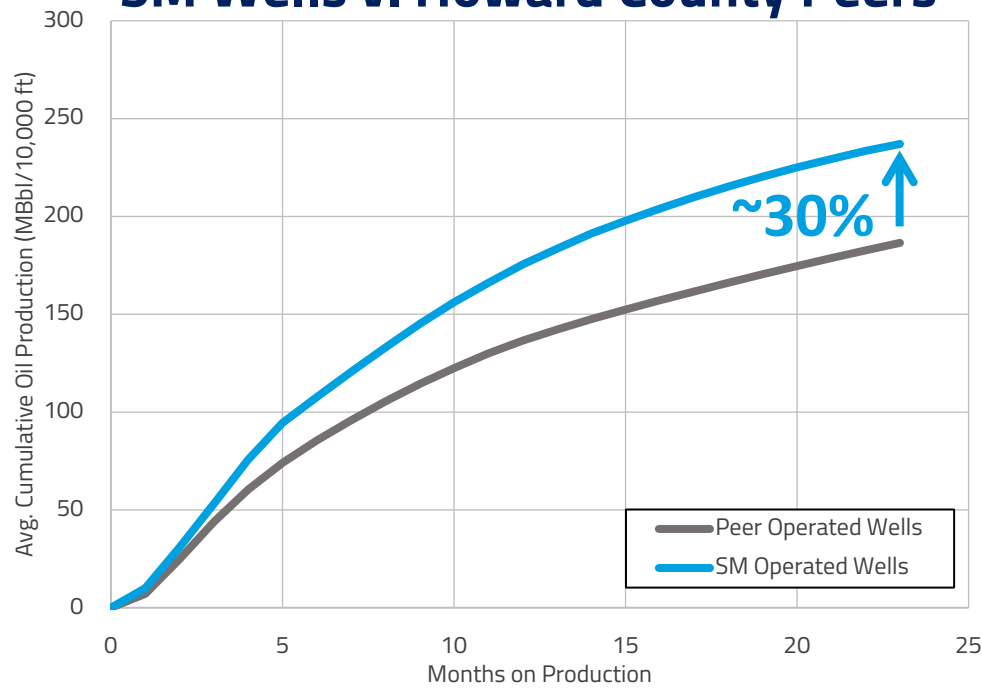
Operational Excellence

SM Energy | Significant Oil Production Outperformance Compared to Peers

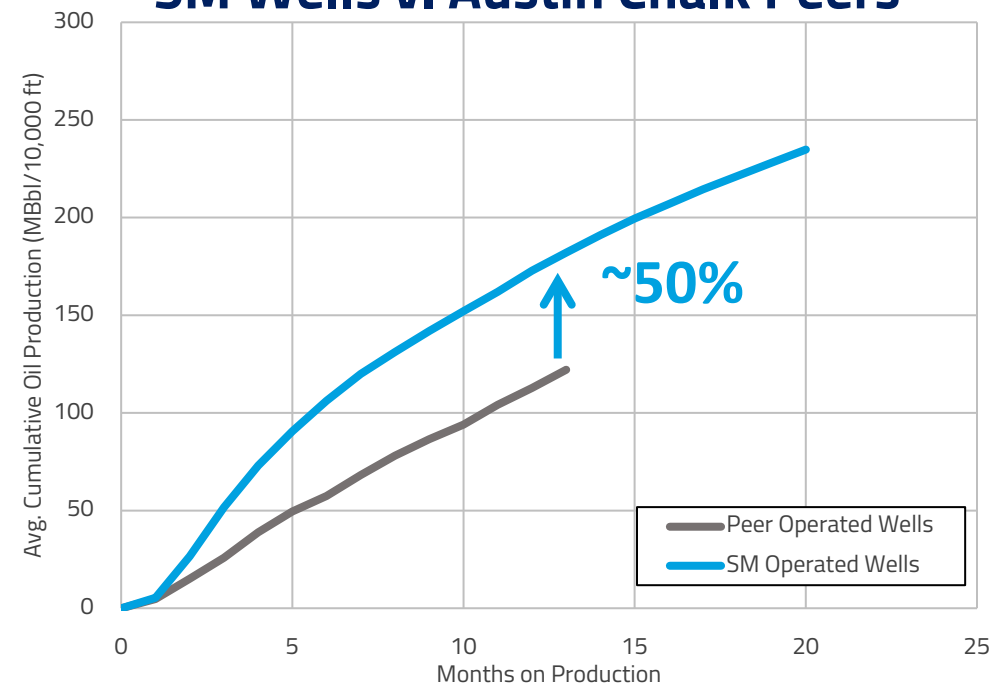
2023 J.P. Morgan Jayaram Award Recipient for Midland Basin:⁽¹⁾

#2 best YoY performance; **#2** highest well productivity; and **#1** most intense completion design

SM Wells v. Howard County Peers⁽²⁾



SM Wells v. Austin Chalk Peers⁽³⁾



(1) J.P. Morgan | Arun Jayaram, Zach Parham, Pankaj Bhatte, Jack Jerusalem | JPM E&P Basin Scorecard - Midland Basin | January 8, 2024.

(2) Enverus data as of January 21, 2024 | Horizontal wells completed in Howard County, January 2021 through December 2023 | Peers include Bayswater, Birch Operations, CPE, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, HighPeak Energy, HOG Resources, Murchison Oil & Gas, OVV, OXY, Paladin Petroleum, PXD, SGY, SOGC and VTLE.

(3) Enverus data as of January 11, 2024 | Oil production in the West Condensate area of the Austin Chalk | Horizontal wells completed January 2019 through November 2023 | Peers include CRGY, Endeavor Natural Gas, LP, Grit Oil & Gas and SBOW/CHK.

Operational Excellence

Leader in Stewardship

2024 EHS Safety Calendar Winner
Aiden Sosa | Son of Operations Specialist



2023 Safety Results		YOY Improvement
Total Recordable Incident Rate ⁽¹⁾	0.20	38%
Reported Spill Rate ⁽²⁾	0.006	45%

CDP SCORE | LEADERSHIP LEVEL



Note | Safety results disclosed are 2023 actual results.

(1) OSHA Recordable Incidents per 200,000 man-hours worked (employees and contractors).

(2) Barrels spilled per 1,000 Bbls of produced fluids.

Organic Inventory Growth

Increased Midland Basin Acreage 37% in 2023 and Added Austin Chalk Inventory



2024 Strategic Objectives

Well Positioned for Another Great Year

"SM Energy is a premier operator of top tier assets delivering sustainable return of capital. We are empowered by our strong balance sheet and world class technical team, and we are poised to repeat this success."

SM|ENERGY

- 1 Focus on operational execution to deliver low breakeven, high return wells, while employing new technologies and maintaining ESG leadership.
- 2 Return capital to stockholders through share repurchases and fixed dividends and transfer value to stockholders through reduced debt.
- 3 Maintain and expand portfolio quality and depth, applying advanced analytics and technical innovation.

2024 Plan Guidance

Increased Midland Basin Activity | Delineation of New Assets | Optimized Well Costs

2024 PROGRAM
EXPECTED RETURN⁽¹⁾

55-60%

Drill, Complete & Equip:

- 2024 DC&E costs:⁽⁴⁾ Reduced to \$800 - \$820/ft
 - Normalized to peer design/metrics = ~\$700/ft⁽⁴⁾
- Bigger completions = Better well performance

Midland Basin Plan Details

- 2024 Net wells planned: drill and complete ~70
- ~11,850' expected average lateral length per well, including 25-30 wells at ~15,000 ft lateral length⁽²⁾
- ~34% Boe PDP decline expected (YE23-YE24)

South Texas Plan Details

- 2024 Net wells planned: drill and complete ~47
- ~10,530' expected average lateral length per well⁽²⁾
- ~33% Boe PDP decline expected (YE23-YE24)

MB OPERATING DETAILS⁽³⁾

4 RIGS RUNNING 
2 COMPLETION CREWS 

STx OPERATING DETAILS⁽³⁾

2 RIGS RUNNING 
1 COMPLETION CREW 

(1) Includes drill, complete, equip and facilities.

(2) Based on operated wells expected to be completed in 2024.

(3) Based on average expected activity levels for 2024.

(4) SM Energy average expected well cost includes equipment costs and higher intensity completions that add approximately \$130/ft compared with certain peer wells.

Note | Capital expenditures expected to be weighted to first half of 2024, which includes approximately 60% of 2024 well completions.

2024 Plan Guidance

Optimizing Free Cash Flow Over a Multi-year Plan

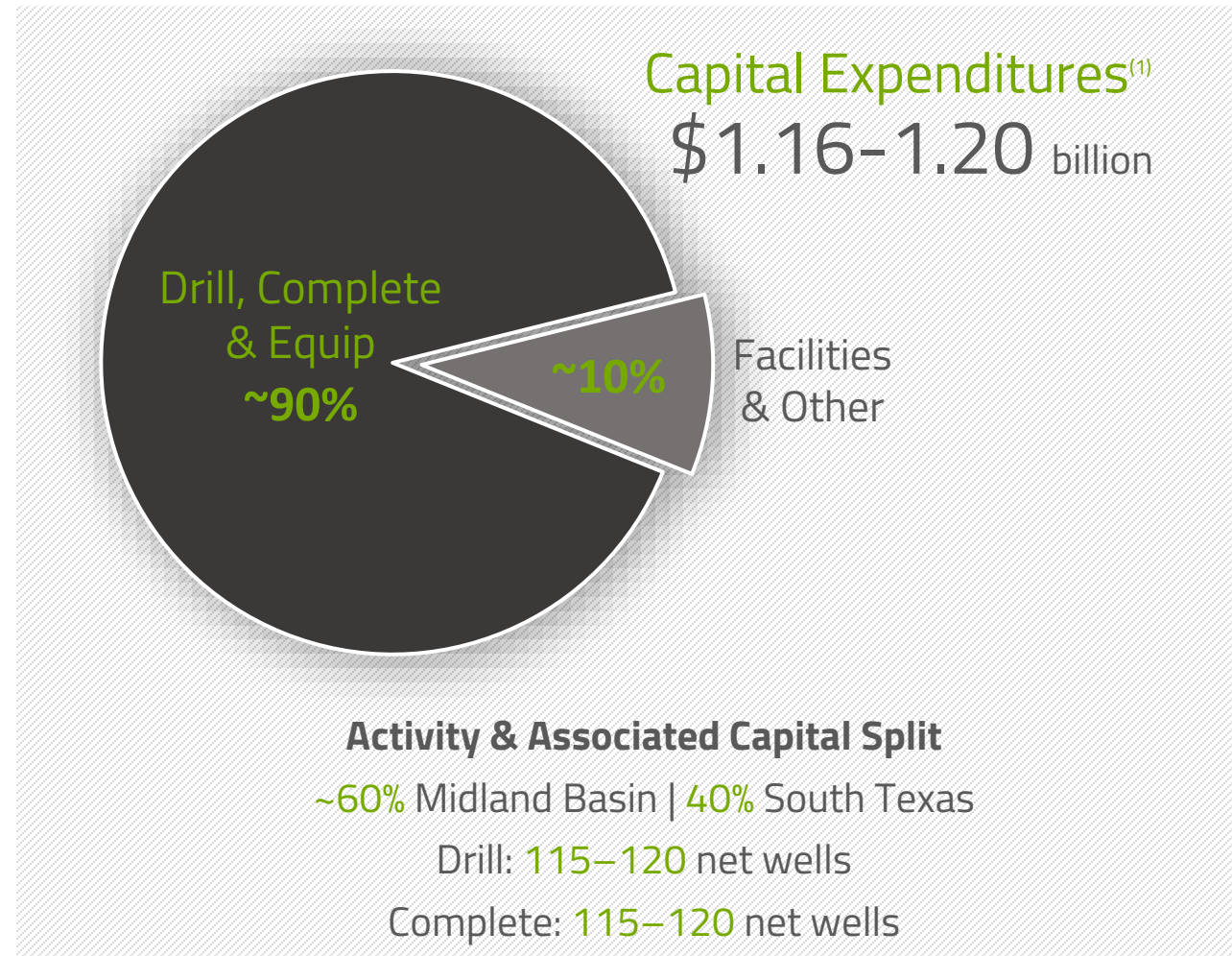
Key Metrics Guidance FY '24

Capital Expenditures ⁽¹⁾ (\$B)	\$1.16–\$1.20
Total Net Production (MMBoe)	56–59
Total Net Production (MBoe/d)	153–161
Oil percentage	~44%
LOE (per Boe)	\$5.30–\$5.60
Transportation (per Boe)	\$2.30–\$2.40
Production & Ad Valorem taxes ⁽²⁾ (per Boe)	\$2.80–\$2.90
Exploration Expense (\$MM)	~\$60
G&A ⁽³⁾ (\$MM)	~\$125
DD&A (per Boe)	\$12–\$13
Cash Taxes (\$MM)	~\$10

Guidance 1Q '24

- Capital Expenditures: ~\$300 million
- Net Production: ~13.0 MMBoe (~143 MBoe/d)
- Oil Percentage: 43–44%

Key Assumption **\$75** oil | **\$2.75** gas | **\$27** NGL's



(1) Capital expenditures before change in capital expenditure accruals; excludes acquisitions.

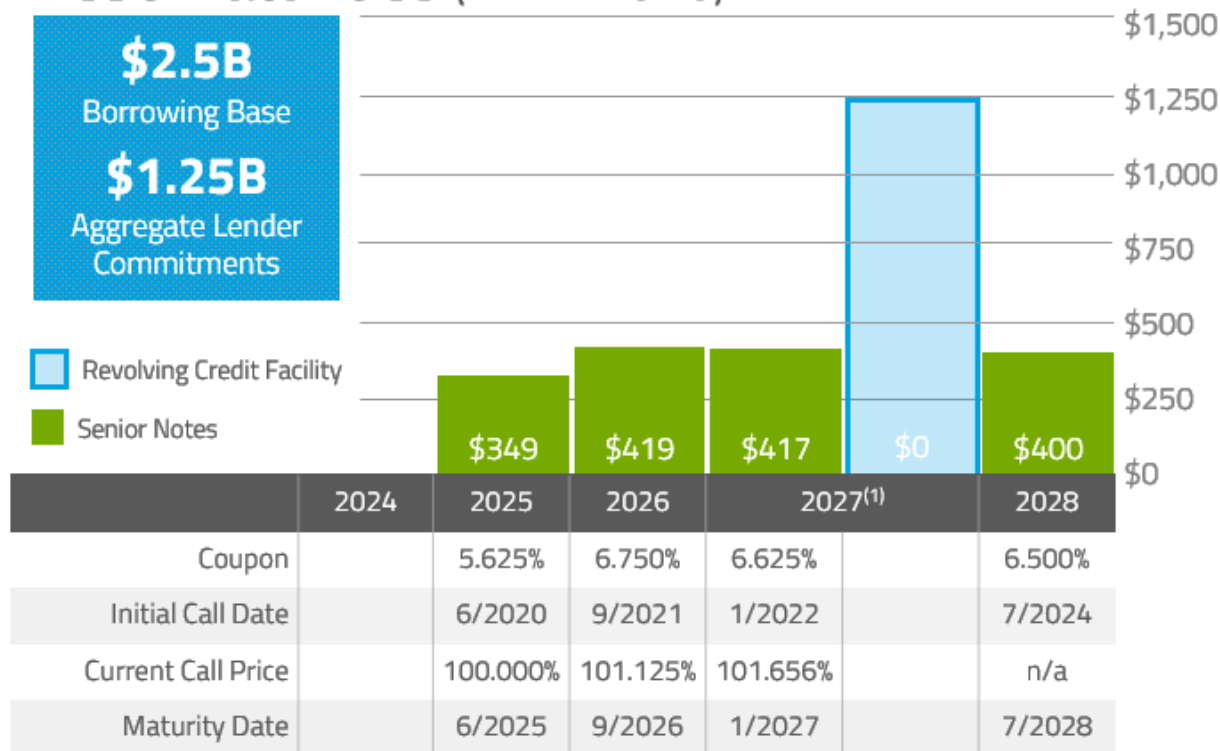
(2) Production & Ad Valorem taxes estimated at ~4.8% of pre-hedge revenue and ~\$0.82/Boe, respectively.

(3) Includes ~\$20 million non-cash compensation.

Empowered by a Strong Balance Sheet

Low Leverage and Balance Sheet Flexibility

Debt Maturities (IN MILLIONS)



0.57x NET DEBT-TO-ADJUSTED EBITDAX⁽²⁾

LIQUIDITY  **\$1.86 billion**

CASH BALANCE  **\$616 million**

NET DEBT⁽²⁾  **\$969 million⁽³⁾**

CREDIT RATING AGENCY SENIOR UNSECURED DEBT RATINGS:

S&P BB- Outlook: Stable **Fitch** BB- Outlook: Stable **Moody's** B1 Outlook: Stable

Note | Unless noted below, amounts are as of 12/31/2023.

(1) The 2027 Senior Notes current call price reduced from 103.313% at 12/31/2023 to 101.656% on 1/15/2024.

(2) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(3) Net debt is after return of capital paid to stockholders and cash paid for acquisitions.

Hedging Summary

Hedging Volumes Aligned with Lower Leverage



~25%

of total expected 2024
net production hedged⁽¹⁾⁽²⁾

2024 Hedge Program

OIL

- ~6,800 MBbls,⁽³⁾ or slightly less than 30%, of expected 2024 net oil production⁽¹⁾ is hedged at an average price of \$70.70/Bbl (collar floors and swaps) to \$82.78/Bbl (collar ceilings and swaps), excludes basis swaps.
- ~4,900 MBbls are hedged to the local price point at a positive \$1.21/Bbl.

NATURAL GAS

- ~31,900 BBtu⁽⁴⁾, or slightly less than 25%, of expected 2024 net natural gas production⁽¹⁾ is hedged at an average price of \$3.47/MMBtu (weighted-average of collar floors and swaps, excludes basis hedges);
- ~21,000 BBtu of WAHA basis is hedged with a weighted-average price of \$(0.86)/MMBtu
- ~17,400 BBtu of HSC basis is hedged with a weighted-average price of \$(0.25)/MMBtu

Note | Includes derivative contracts for settlement at any time during the first quarter of 2024, entered into through February 8, 2024.

(1) Percent of 2024 net production hedged assumes mid-point of net production and mid-point of oil percentage guidance.

(2) Includes net NGL production volumes and derivative contracts for components of the barrel hedged. See detail tables in the appendix for additional information.

(3) Hedges include oil swaps and collars to WTI and swaps to Brent; excludes basis swaps and roll differential hedges.

(4) Hedges include natural gas swaps and collars to Henry Hub; excludes basis swaps. Percent hedged based on dry gas volumes.

2023 Company Record Proved Reserves⁽¹⁾

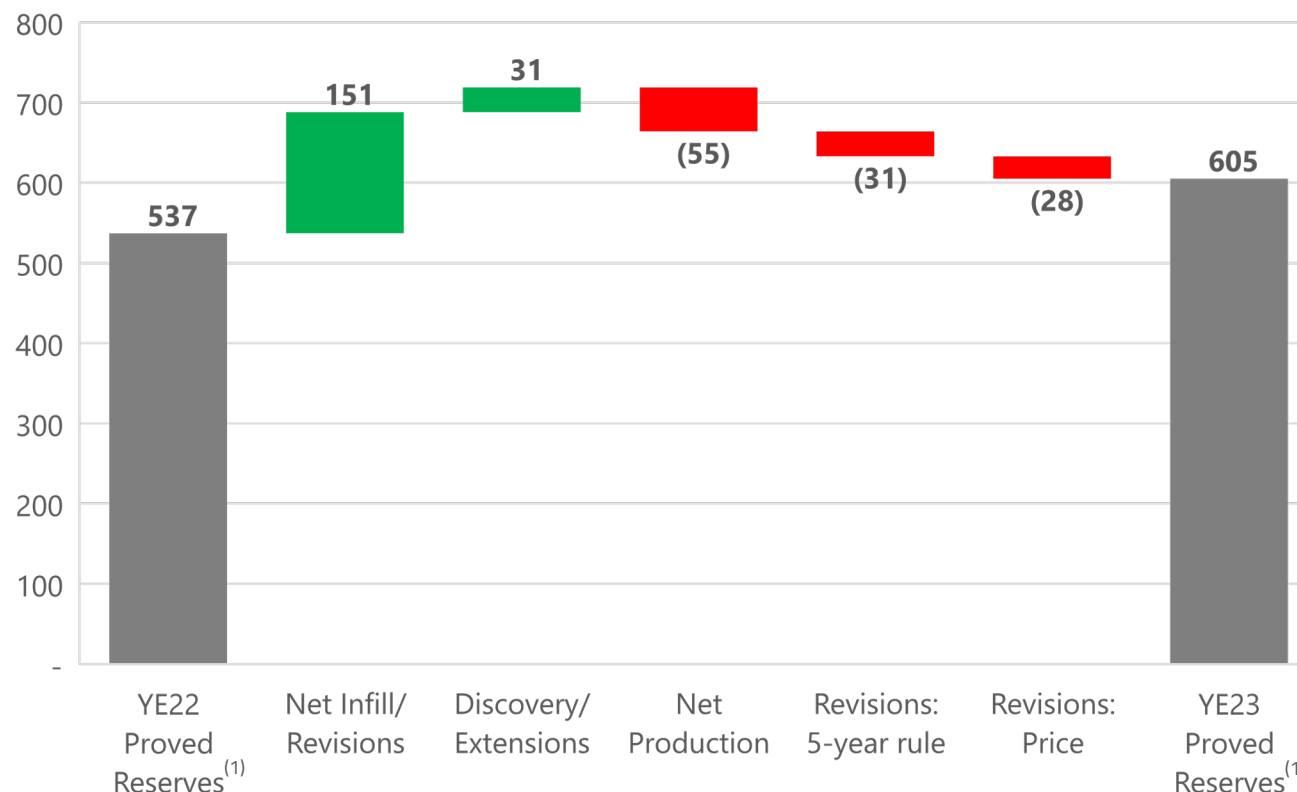
605 MMBoe ↑ 13% Compared to 2022

Proved Reserves⁽¹⁾ **605**
MMBoe

Pre-tax PV-10⁽²⁾ **\$7**B

Reserves life index⁽³⁾ **11**
years

Net Production Replacement⁽⁴⁾ **>2.2x**



(1) "Proved Reserves" is estimated net proved reserves.

(2) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(3) Calculated as estimated net proved reserves as of December 31, 2023, divided by 2023 net production.

(4) Calculated as estimated net change in reserves before production divided by 2023 net production.

High Quality Inventory

High Average Expected Return | Low Breakeven Cost | > 80% 3P

ESTIMATED AVERAGE
RETURN⁽¹⁾

>65%

TOTAL COMPANY
INVENTORY

AC INVENTORY

↑16%

ORGANICALLY ADDED

65

LOCATIONS

HIGH QUALITY
INVENTORY

>80%

CATEGORIZED AS 3P⁽¹⁾

~10+ YEARS

MIDLAND BASIN
& SOUTH TEXAS⁽¹⁾

More to come!

- Austin Chalk | Increased locations from ~400 to ~465
- Midland Basin | Additions include ~40 locations related to 2023 acquisitions and delineation efforts underway in 2024
- Future inventory adds from new 9,100 net acres in Sweetie Peck coming soon

(1) Inventory assessment as of 1/1/2024 | Based on flat long-term pricing of \$70/Bbl oil, \$3.50/MMBtu gas, and \$28/Bbl NGL's and long-term average cost assumptions | Inventory life assumes range of 80–100 completions per year. | Expected average return based on average well spacing of ~1400' per zone.

High Quality Inventory

Acquired Acreage

Klondike

- 20,700 acres located in north Martin & Dawson Counties
- Drilled 1 science well | Gathered log and core data | Plan to start 3D seismic in March
- 2024 Drilling Program includes 3 pads (8 – 9 wells total) with results expected in 3Q

Sweetie Peck

- ~9,100 net acres in Upton & Crane Counties
- Evaluating multiple intervals
- Inventory upside potential



Well Positioned in Current Environment

Third Parties Agree

"We think SM... trades at a **RELATIVELY LOW MULTIPLE...** with **SOLID FREE CASH FLOW, COMPELLING DIVIDEND,** and a **STRONG BALANCE SHEET...** We think it is **WELL POSITIONED IN THE CURRENT ENVIRONMENT.**"⁽¹⁾

(1) Seaport Research Partners | E&P Group – Prepping for 4Q23 earnings and 2024 planning; Upgrading SM to Buy (\$50 PT), Downgrading SWN to Neutral (from Buy) | January 31, 2024.

Appendix



Sustainable and Repeatable

Business Model

SUSTAINABLE

Sustainable

- Premier Operator of Top-Tier Assets
- Return of Capital
- Strong Balance Sheet



Repeatable

- World Class Technical Team
- Organically Add Inventory
- Strategic Inventory Capture and Growth

REPEATABLE

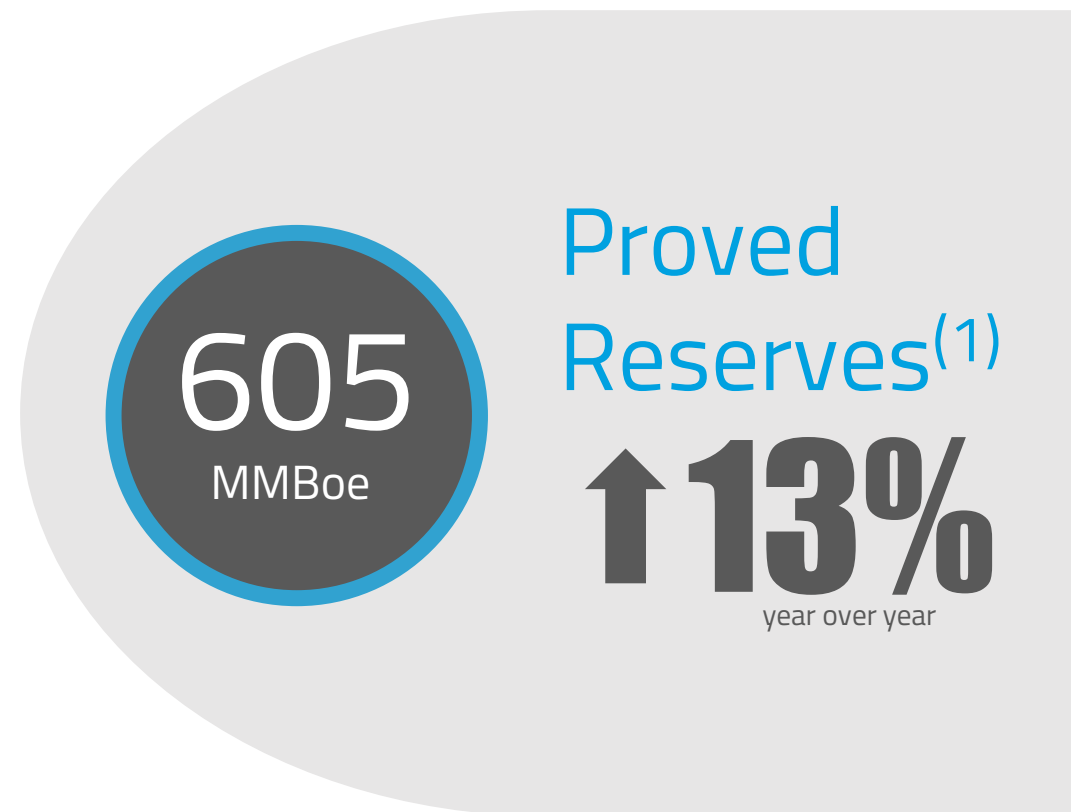
2023 Company Record Proved Reserves!⁽¹⁾

Proved Reserves⁽¹⁾ by Region

YE 2022 (MMBoe)	257.4	280.0	537.4
YE 2023	Midland Basin	South Texas	Total
Oil (MMBbl)	159.2	70.9	230.1
Gas (Bcf)	654.8	877.2	1,532.0
NGL (MMBbl)	0.2	119.3	119.5
Total (MMBoe)	268.5	336.4	604.9
% Proved Developed	62%	52%	56%
Reserve Growth	4%	20%	13%

SEC Pricing

	2023	2022	% change
Oil (\$/Bbl)	\$78.22	\$93.67	-16%
Gas (\$/MMBtu)	\$2.64	\$6.36	-58%
NGLs (\$/Bbl)	\$27.72	\$42.52	-35%



(1) "Proved Reserves" is estimated net proved reserves.

4Q and Full Year 2023 Performance

Key Metrics

4Q23 2023

Net Production and Pricing		
Total Net Production (MMBoe)	14.1	55.5
Total Net Production (MBoe/d)	153.5	152.0
Oil percentage / Liquids	43% / 60%	43% / 60%
Pre-Hedge Realized Price (\$/Boe)	\$42.99	\$42.60
Post-Hedge Realized Price ⁽¹⁾ (\$/Boe)	\$43.45	\$43.09
Costs (per Boe)		
LOE	\$5.31	\$5.13
Transportation	\$2.08	\$2.46
Production & Ad Valorem taxes	\$2.34	\$2.56
Total Production Expenses	\$9.73	\$10.16
Cash Production Margin (pre-hedge)⁽¹⁾	\$33.26	\$32.44
G&A (Cash)	\$2.27	\$1.89
G&A (Non-Cash)	\$0.33	\$0.29
DD&A	\$13.39	\$12.44
Earnings		
GAAP Earnings (per diluted share)	\$2.12	\$6.86
Adjusted net income ⁽¹⁾ (per diluted share)	\$1.56	\$5.89
Adjusted EBITDAX ⁽¹⁾ (\$MM)	\$445.1	\$1,712.3
Adjusted free cash flow (\$MM)		
Net cash provided by operating activities (GAAP)	\$476.5	\$1,574.4
Net change in working capital	\$(52.8)	\$4.6
Net cash provided by operating activities before net change in working capital ⁽¹⁾	\$423.7	\$1,579.0
Capital Expenditures (GAAP)	\$222.7	\$989.4
Changes in capital expenditure accruals and other	\$45.1	\$80.8
Capital expenditures before change in capital expenditure accruals ⁽¹⁾	\$267.8	\$1,070.2
Adjusted free cash flow⁽¹⁾	\$156.0	\$508.7
Return of Capital (\$MM)		
Share repurchase	\$22.8	\$228.0
Dividends paid	\$17.4	\$71.6
Return of Capital (\$MM)	\$40.2	\$299.6

Note: Amounts may not calculate due to rounding.

(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

2023 Net Production

152.0 MBoe/d

2023 Adjusted EBITDAX⁽¹⁾

\$1.7 billion

2023 Adjusted Free Cash Flow⁽¹⁾

\$508.7 million

2023 Return of Capital

\$299.6 million

4Q 2023 Realizations by Region

Two Top-Tier Areas of Operation

	Midland Basin	South Texas	Total
Net Production Volumes			
Oil (MBbls)	4,552	1,523	6,075
Gas (MMcf)	15,187	18,309	33,496
NGL (MBbls)	5	2,455	2,460
Total (MBoe)	7,089	7,029	14,118
% Oil	64%	22%	43%
Revenue (in thousands)			
Oil	\$354,913	\$115,397	\$470,310
Gas	\$43,379	\$39,239	\$82,618
NGL	\$124	\$53,805	\$53,929
Total	\$398,416	\$208,441	\$606,857
Expenses (in thousands)			
LOE	\$54,802	\$20,132	\$74,934
Ad Valorem	\$3,791	\$1,481	\$5,272
Transportation	\$130	\$29,240	\$29,370
Production Taxes	\$19,757	\$8,010	\$27,767
Per Unit Metrics			
Realized Price Oil Per Bbl	\$77.96	\$75.79	\$77.41
% of Benchmark - WTI	100%	97%	99%
Realized Price Gas per Mcf	\$2.86	\$2.14	\$2.47
% of Benchmark - NYMEX Henry Hub	99%	74%	86%
Realized Price NGL per Bbl	nm	\$21.91	\$21.92
% of Benchmark - OPIS	nm	81%	82%
Realized Price per Boe	\$56.21	\$29.65	\$42.99
LOE per Boe	\$7.73	\$2.86	\$5.31
Ad Valorem per Boe	\$0.53	\$0.21	\$0.37
Transportation per Boe	\$0.02	\$4.16	\$2.08
Production Tax per Boe	\$2.79	\$1.14	\$1.97
Production Tax as % of Pre-hedge Revenue	5%	4%	5%
Cash Production Margin per Boe ⁽¹⁾	\$45.14	\$21.28	\$33.26

Benchmark Pricing	
NYMEX WTI Oil (\$/Bbl)	\$ 78.32
NYMEX Henry Hub Gas (\$/MMBtu)	\$ 2.88
OPIS Composite NGL (\$/Bbl)	\$ 26.89

(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

Activity by Region

Wells Drilled, Flowing Completions & DUC Count

	Wells Drilled ⁽¹⁾				Flowing Completions ⁽¹⁾				DUC Count	
	4Q23		2023 YTD		4Q23		2023 YTD		As of December 31, 2023	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Midland Basin										
RockStar ⁽¹⁾	14	12	33	24	2	2	37	32	25	19
Sweetie Peck	2	2	24	14	10	9	30	23	14	10
Wells Acquired ⁽²⁾	-	-	-	5	-	-	-	-	-	-
Midland Basin total	16	14	57	43	12	11	67	55	39	29
South Texas⁽³⁾										
Austin Chalk	13	13	42	42	-	-	30	30	27	27
Eagle Ford & Other	1	1	4	4	-	-	8	7	10	10
South Texas total	14	14	46	46	-	-	38	37	37	37
Total	30	28	103	89	12	11	105	92	76	66

Note | Amounts may not calculate due to rounding.

(1) 2023 YTD wells drilled and completed counts include 3 gross (1 net) non-op wells drilled in 1Q23 and completed in 2Q23, in the RockStar area of the Midland Basin.

(2) Amount of additional working interests acquired in drilled but not completed wells during year ended December 31, 2023.

(3) The South Texas drilled but not completed well count at December 31, 2023, includes 9 gross / 9 net wells that were not included in our five-year development plan, 8 of which are in the Eagle Ford shale.

Leasehold Summary

Growing Midland Basin Position

Net Acres⁽¹⁾

Midland Basin

RockStar 84,300

Sweetie Peck⁽²⁾ 27,100

Midland Basin total 111,400

South Texas 154,800

Rocky Mountain Other 10,600

Other Areas / Exploration 25,500

Total 302,300

MIDLAND BASIN NET ACRES

~111,000

SOUTH TEXAS NET ACRES

~155,000

(1) Includes developed and undeveloped oil and natural gas leasehold, fee properties, and mineral servitudes held as of December 31, 2023.

(2) Sweetie Peck acreage includes ~1,200 net drill-to-earn acreage.

NGL Realizations

2024 Plan Assumes Ethane Processing All Year

Realizations by Quarter

	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022
OPIS Benchmark ⁽¹⁾ Price (\$/Bbl)	\$26.89	\$27.81	\$25.21	\$30.95	\$33.03
SM Energy NGL Realization (\$/Bbl)	\$21.92	\$23.61	\$20.83	\$26.24	\$26.10
% Differential to OPIS Benchmark ⁽¹⁾	82%	85%	83%	85%	79%

NGL price realizations tied to OPIS, fixed fee-based contracts

- Differential reflects NGL composite barrel product mix as well as transportation and fractionation fees
- 2022 and 2023 realizations reflect the processing of ethane for the year

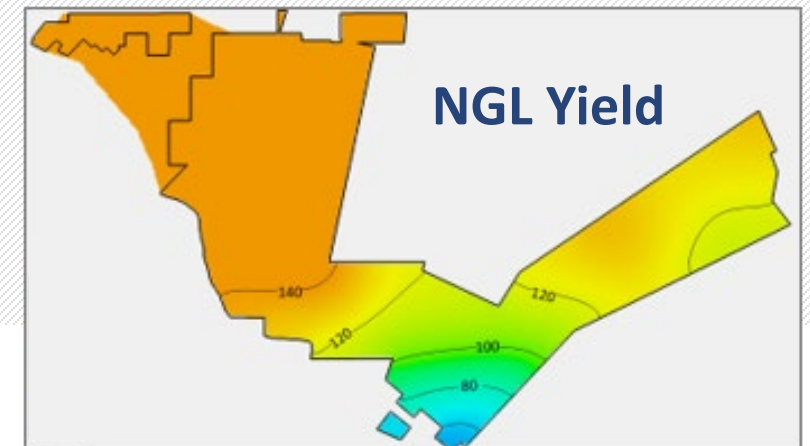
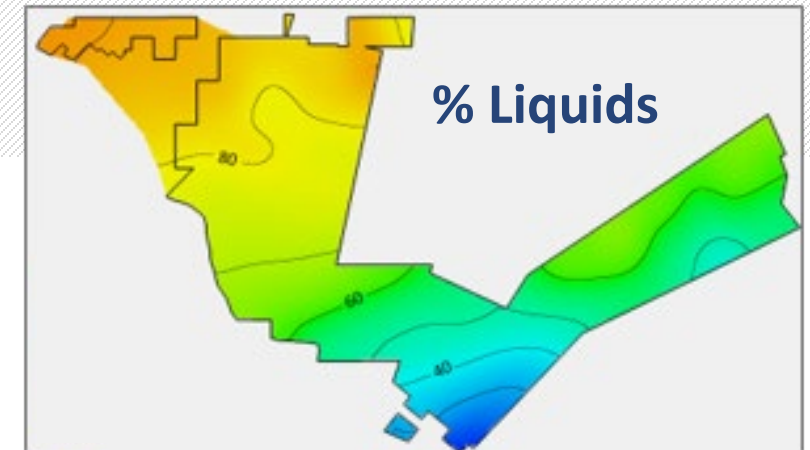
(1) Prior to 2023, the benchmark used was the Hart Energy NGL composite. Effective 2023, the benchmark is the OPIS NGL composite (both Mont Belvieu Purity Ethane and Non-TET).

Helpful Hints for Modeling NGLs:

Note 1: SM Energy recovered NGL Composition: 49% Ethane, 24% Propane, 12% Natural Gasoline, 8% Normal Butane, and 7% Isobutane.

Note 2: SM Energy has completed 101 Austin Chalk wells that have reached IP30 as of February 13, 2024. Based on wells to date, average gas shrink by area is: Northern oily area ~21%, South/Eastern liquids-rich gas: ~19%.

Austin Chalk – High Liquids Content



Oil, Gas, and NGL Derivative Positions⁽¹⁾

By Quarter

Oil

Period	NYMEX WTI Oil Swaps		NYMEX WTI Oil Collars			Midland - Cushing Oil Basis Swaps		MEH - WTI Oil Basis Swaps		NYMEX WTI Roll Basis Swaps		ICE Brent Oil Swaps		Weighted Average Price	
	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	Ceiling \$/Bbl ⁽²⁾	Floor \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Ceiling \$/Bbl ⁽³⁾	Floor \$/Bbl ⁽³⁾
Q1 2024	-	-	795	\$82.37	\$68.21	1,199	\$1.21	256	\$1.83	1,415	\$0.57	910	\$85.50	\$84.04	\$77.44
Q2 2024	-	-	1,846	\$85.53	\$67.46	1,193	\$1.21	293	\$1.82	1,792	\$0.57	-	-	\$85.53	\$67.46
Q3 2024	-	-	2,003	\$83.10	\$68.27	1,235	\$1.21	332	\$1.82	1,964	\$0.57	-	-	\$83.10	\$68.27
Q4 2024	344	\$71.00	900	\$78.53	\$69.85	1,230	\$1.21	309	\$1.82	1,877	\$0.57	-	-	\$76.45	\$70.17
Q1 2025	-	-	-	-	-	682	\$1.15	341	\$1.90	-	-	-	-	-	-
Q2 2025	-	-	-	-	-	694	\$1.15	371	\$1.90	-	-	-	-	-	-
Q3 2025	-	-	-	-	-	672	\$1.15	359	\$1.90	-	-	-	-	-	-
Q4 2025	-	-	-	-	-	700	\$1.15	342	\$1.90	-	-	-	-	-	-
Q1 2026	-	-	-	-	-	-	-	211	\$2.10	-	-	-	-	-	-
Q2 2026	-	-	-	-	-	-	-	218	\$2.10	-	-	-	-	-	-
Q3 2026	-	-	-	-	-	-	-	193	\$2.10	-	-	-	-	-	-
Q4 2026	-	-	-	-	-	-	-	194	\$2.10	-	-	-	-	-	-

Footnotes

- (1) Includes derivative contracts for settlement at any time during the first quarter of 2024 and later periods, entered into through February 8, 2024.
- (2) Weighted-average contract price.
- (3) Volume weighted-average contract price for NYMEX WTI swaps, NYMEX WTI Collars and ICE Brent swaps.
- (4) Volume weighted-average contract price for NYMEX Henry Hub swaps and collars.

Gas

Gas

	NYMEX Henry Hub Gas Swaps		IF WAHA Gas Basis Swaps		IF HSC Gas Basis Swaps		NYMEX Henry Hub Gas Collars			Weighted Average Price	
Period	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	Ceiling \$/MMBtu ⁽²⁾	Floor \$/MMBtu ⁽²⁾	Ceiling \$/MMBtu ⁽⁴⁾	Floor \$/MMBtu ⁽⁴⁾
Q1 2024	-	-	5,089	\$(0.61)	4,957	\$(0.01)	8,382	\$7.82	\$3.57	\$7.82	\$3.57
Q2 2024	4,186	\$3.17	5,285	\$(1.09)	3,310	\$(0.34)	4,432	\$4.00	\$3.69	\$3.60	\$3.44
Q3 2024	2,923	\$3.18	5,344	\$(0.99)	3,426	\$(0.30)	4,612	\$4.21	\$3.68	\$3.81	\$3.49
Q4 2024	-	-	5,240	\$(0.73)	5,750	\$(0.38)	7,328	\$4.97	\$3.38	\$4.97	\$3.38
Q1 2025	1,382	\$4.41	5,102	\$(0.46)	946	\$0.0025	4,247	\$6.00	\$3.32	\$5.61	\$3.59
Q2 2025	1,466	\$3.96	5,236	\$(0.78)	-	-	4,463	\$3.71	\$3.33	\$3.77	\$3.48
Q3 2025	1,468	\$4.10	5,117	\$(0.72)	-	-	4,559	\$4.21	\$3.32	\$4.18	\$3.51
Q4 2025	1,575	\$4.33	5,046	\$(0.66)	-	-	4,786	\$5.44	\$3.33	\$5.17	\$3.58

NGLs

Period	Propane Swaps		Isobutane Swaps		Normal Butane Swaps	
	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	\$/Bbl ⁽²⁾
Q1 2024	316	\$31.58	15	\$41.58	28	\$39.48
Q2 2024	387	\$31.90	24	\$41.58	44	\$39.48
Q3 2024	404	\$31.87	25	\$41.58	46	\$39.48
Q4 2024	434	\$31.85	28	\$41.58	49	\$39.48
Q1 2025	396	\$32.86	25	\$41.58	45	\$39.48

Fourth Quarter 2023 Non-GAAP Reconciliations and Disclosures



Definitions of Non-GAAP Measures and Metrics as Calculated by the Company

To supplement the presentation of its financial results prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides certain non-GAAP measures and metrics, which are used by management and the investment community to assess the Company's financial condition, results of operations, and cash flows, as well as compare performance from period to period and across the Company's peer group. The Company believes these measures and metrics are widely used by the investment community, including investors, research analysts and others, to evaluate and compare recurring financial results among upstream oil and gas companies in making investment decisions or recommendations. These measures and metrics, as presented, may have differing calculations among companies and investment professionals and may not be directly comparable to the same measures and metrics provided by others. A non-GAAP measure should not be considered in isolation or as a substitute for the most directly comparable GAAP measure or any other measure of a company's financial or operating performance presented in accordance with GAAP. Reconciliations of each of the Company's non-GAAP measures to the most directly comparable GAAP measure are presented below. These measures may not be comparable to similarly titled measures of other companies.

Adjusted EBITDAX: Adjusted EBITDAX is calculated as net income before interest expense, interest income, income taxes, depletion, depreciation, amortization and asset retirement obligation liability accretion expense, exploration expense, property abandonment and impairment expense, non-cash stock-based compensation expense, derivative gains and losses net of settlements, gains and losses on divestitures, gains and losses on extinguishment of debt, and certain other items. Adjusted EBITDAX excludes certain items that the Company believes affect the comparability of operating results and can exclude items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. Adjusted EBITDAX is a non-GAAP measure that the Company believes provides useful additional information to investors and analysts, as a performance measure, for analysis of the Company's ability to internally generate funds for exploration, development, acquisitions, and to service debt. The Company is also subject to financial covenants under the Company's Credit Agreement, a material source of liquidity for the Company, based on Adjusted EBITDAX ratios. Please reference the Company's 2023 Form 10-K for discussion of the Credit Agreement and its covenants.

Adjusted free cash flow or FCF: Adjusted free cash flow is calculated as net cash provided by operating activities before net change in working capital less capital expenditures before changes in accruals. The Company uses this measure as representative of the cash from operations, in excess of capital expenditures that provides liquidity to fund discretionary obligations such as debt reduction, returning cash to stockholders or expanding the business.

Adjusted net income and adjusted net income per diluted common share: Adjusted net income and adjusted net income per diluted common share excludes certain items that the Company believes affect the comparability of operating results, including items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. These items include non-cash and other adjustments, such as derivative gains and losses net of settlements, impairments, net (gain) loss on divestiture activity, gains and losses on extinguishment of debt, and accruals for non-recurring matters. The Company uses these measures to evaluate the comparability of the Company's ongoing operational results and trends and believes these measures provide useful information to investors for analysis of the Company's fundamental business on a recurring basis.

Cash production margin: Cash production margin is calculated as oil, gas, and NGL revenues (before the effects of commodity derivative settlements), less operating expenses (specifically, LOE, transportation, production taxes, and ad valorem taxes). This calculation excludes derivative settlements, G&A, exploration expense, and DD&A and is reflected on a per BOE basis using net equivalent production for the period presented. The Company believes this metric provides management and the investment community with an understanding of the Company's recurring operating margin before G&A, exploration expense, and DD&A, which is helpful to compare period-to-period and across peers.

Net debt: Net debt is calculated as the total principal amount of outstanding senior notes plus amounts drawn on the revolving credit facility less cash and cash equivalents (also referred to as total funded debt). The Company uses net debt as a measure of financial position and believes this measure provides useful additional information to investors to evaluate the Company's capital structure and financial leverage.

Net debt-to-Adjusted EBITDAX: Net debt-to-Adjusted EBITDAX is calculated as Net Debt (defined above) divided by Adjusted EBITDAX (defined above) for the trailing twelve-month period (also referred to as leverage ratio). A variation of this calculation is a financial covenant under the Company's Credit Agreement. The Company and the investment community may use this metric in understanding the Company's ability to service its debt and identify trends in its leverage position. The Company reconciles the two non-GAAP measure components of this calculation.

Post-hedge: Post-hedge is calculated as the average realized price after the effects of commodity net derivative settlements. The Company believes this metric is useful to management and the investment community to understand the effects of commodity net derivative settlements on average realized price.

Pre-Tax PV-10: Pre-Tax PV-10 is the present value of estimated future revenue to be generated from the production of estimated net proved reserves, net of estimated production and future development costs, based on prices used in estimating the proved reserves and costs in effect as of the date indicated (unless such costs are subject to change pursuant to contractual provisions), without giving effect to non-property related expenses such as general and administrative expenses, debt service, future income tax expenses, or depreciation, depletion, and amortization, discounted using an annual discount rate of 10 percent. While this measure does not include the effect of income taxes as it would in the use of the standardized measure of discounted future net cash flows calculation, it does provide an indicative representation of the relative value of the Company on a comparative basis to other companies and from period to period. This measure is presented because management believes it provides useful information to investors for analysis of the Company's fundamental business on a recurring basis.

Non-GAAP Reconciliations

Adjusted EBITDAX⁽¹⁾

(in thousands)

	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Net income (GAAP)	\$ 247,111	\$ 817,880
Interest expense	23,917	91,630
Interest income	(6,052)	(19,854)
Income tax expense	44,703	96,322
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	189,107	690,481
Exploration ⁽²⁾	14,721	55,333
Stock-based compensation expense	5,731	20,250
Net derivative gain	(80,506)	(68,154)
Net derivative settlement gain	6,523	26,921
Other, net	(128)	1,497
Adjusted EBITDAX (non-GAAP)	\$ 445,127	\$ 1,712,306
Interest expense	(23,917)	(91,630)
Interest income	6,052	19,854
Income tax expense	(44,703)	(96,322)
Exploration ⁽²⁾⁽³⁾	(14,901)	(46,467)
Amortization of debt discount and deferred financing costs	1,372	5,486
Deferred income taxes	45,085	88,256
Other, net	9,622	(12,538)
Net change in working capital	52,778	(4,551)
Net cash provided by operating activities (GAAP)	\$ 476,515	\$ 1,574,394

Adjusted Net Income⁽¹⁾

(in thousands, except per share data)

	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Net income (GAAP)	\$ 247,111	\$ 817,880
Net derivative gain	(80,506)	(68,154)
Net derivative settlement gain	6,523	26,921
Other, net	(128)	1,497
Tax effect of adjustments ⁽⁴⁾	16,082	8,623
Net R&D tax credit carryover ⁽⁵⁾	(7,591)	(84,277)
Adjusted net income (non-GAAP)	\$ 181,491	\$ 702,490
Diluted net income per common share (GAAP)	\$ 2.12	\$ 6.86
Net derivative gain	(0.69)	(0.57)
Net derivative settlement gain	0.06	0.23
Other, net	—	0.01
Tax effect of adjustments ⁽⁴⁾	0.14	0.07
Net R&D tax credit carryover ⁽⁵⁾	(0.07)	(0.71)
Adjusted net income per diluted common share (non-GAAP)	\$ 1.56	\$ 5.89
Basic weighted-average common shares outstanding	115,971	118,678
Diluted weighted-average common shares outstanding	116,587	119,240

(1) Indicates a non-GAAP measure. See above "Definitions of non-GAAP measures and metrics as Calculated by the Company."

(2) Stock-based compensation expense is a component of the exploration expense and general and administrative expense line items on the consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the consolidated statements of operations for the component of stock-based compensation expense recorded to exploration expense.

(3) For the twelve months ended December 31, 2023, amount excludes certain capital expenditures related to unsuccessful exploration activity for one well that experienced technical issues during the drilling phase.

(4) The tax effect of adjustments is calculated using a tax rate of 21.7% for the three and twelve months ended December 31, 2023. This rate approximates the Company's statutory tax rate adjusted for ordinary permanent differences.

(5) Adjusted net income removes the benefit of the research and development tax credit carryover related to tax years prior to 2023.

Non-GAAP Reconciliations

Adjusted Free Cash Flow⁽¹⁾

(in thousands)

	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Net cash provided by operating activities (GAAP)	\$ 476,515	\$ 1,574,394
Net change in working capital	(52,778)	4,551
Cash flow from operations before net change in working capital (non-GAAP)	\$ 423,737	\$ 1,578,945
Capital expenditures⁽²⁾ (GAAP)	\$ 222,655	\$ 989,411
Changes in capital expenditure accruals	45,111	80,794
Capital expenditures before changes in accruals (non-GAAP)	\$ 267,766	\$ 1,070,205
Adjusted free cash flow (non-GAAP)	\$ 155,971	\$ 508,740

Pre-tax PV-10⁽¹⁾

(in millions)

	As of December 31, 2023
Standardized measure of discounted future net cash flows (GAAP)	\$ 6,280.1
Add: 10 percent annual discount, net of income taxes	5,294.5
Add: future undiscounted income taxes	2,000.0
Pre-tax undiscounted future net cash flows	13,574.6
Less: 10 percent annual discount without tax effect	(6,198.1)
Pre-tax PV-10 (non-GAAP)	\$ 7,376.5

Net Debt⁽¹⁾

(in thousands)

	As of December 31, 2023
Principal amount of Senior Notes ⁽³⁾	\$ 1,585,144
Revolving credit facility ⁽³⁾	—
Total principal amount of debt (GAAP)	\$ 1,585,144
Less: Cash and cash equivalents	616,164
Net Debt (non-GAAP)	\$ 968,980

(1) Indicates a non-GAAP measure. See above "Definitions of non-GAAP measures and metrics as Calculated by the Company."

(2) For the twelve months ended December 31, 2023, capital expenditures includes leasehold acquisitions capital of ~\$15MM.

(3) Amounts are from Note 5 – Long-term Debt in Part II, Item 8 of the Company's Form 10-K as of December 31, 2023.

Contact Information

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