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Diversified Energy Completes Tapstone Acquisition

BIRMINGHAM, AL / ACCESSWIRE / December 8, 2021 /Diversified Energy Company PLC (LSE:DEC)(OTCQX:DECPF) ("Diversified" or the "Company") is pleased to announce the closing of its acquisition of Oklahoma-based Tapstone Energy Holdings, LLC ("Tapstone") and Tapstone's interest in its related party KL CHK SPV, LLC (the "Acquisition"). The transaction, previously announced on October 7, 2021, consists of certain upstream assets, field infrastructure, equipment and facilities. Oaktree Capital Management, L.P. ("Oaktree") completed its co-investment in the Acquisition.

Acquisition Highlights (Diversified's Interest)

- Acquisition net purchase price of ~\$181 million
- Highly accretive 1.9x multiple, based on the net purchase price and ~\$95 million of estimated next twelve months' ("NTM") Adjusted EBITDA^(a), before expected synergies
- Current production of ~12 Mboepd (~72 MMcfepd) from ~660 net operated wells
 - Production comprised of primarily natural gas and NGLs (~62% and 21%, respectively)
- Net purchase price approximates a PV27 valuation at the effective date of August 01, 2021 with PDP reserves of ~35 MMBoe (~208 Bcfe) with pre-tax PV10 of ~\$324 million^(b)
- Producing asset's lower emissions intensity complements Diversified's emissions reduction strategy and positively impacts the Company's corporate emissions profile
- Retained experienced Tapstone personnel to enhance the continuity and consistency of operations and to facilitate the implementation of Smarter Asset Management opportunities

Diversified funded its portion of the Acquisition with a draw on the Company's enlarged \$825 million Credit Facility, following its semi-annual redetermination completed on December 7, 2021. Post-transaction leverage, as measured by pro forma Net Debt to Hedged Adjusted EBITDA^(c), is ~2.2x.

Commenting on the Acquisition and the enlarged borrowing base, CEO Rusty Hutson, Jr. said:

"As we close our fourth acquisition within the Central Region this year, we continue the efficient integration process of our high-quality assets within the region. Alongside former Tapstone personnel who today join the Diversified family, we look forward to implementing our proven Smarter Asset Management programme and to leveraging our enlarged regional footprint to capture operational synergies. At less than two times Adjusted EBITDA, this highly accretive and attractively priced acquisition further solidifies our position as a leading consolidator of producing assets in the Central Region and enhances our cash flow to

support our ESG initiatives, dividend distributions, debt reductions and further accretive reinvestment."

Footnotes (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2020 Annual Report):

- (a) Acquisition NTM Adjusted EBITDA assumes historical cost structure and not reflective of synergies that may be realised following post-acquisition integration
- (b) Based on full NYMEX strip as of September 28, 2021
- (c) Pro-forma Net Debt / Adjusted EBITDA ("leverage") calculated as estimated post-closing Net Debt / Last Twelve Months Adjusted EBITDA (hedged) as of June 30, 2021, pro-forma for the annualized impact of previously announced Central Region acquisitions; this figure is not intended in any way to constitute a projection of actual results attributable to the Central Region Acquisitions or consolidated pro-forma Company

For further information, please contact:

Diversified Energy Company PLC

Jim Sheehan

www.div.energy

ir@dgoc.com

+1 205 408 0909

Buchanan

Financial Public Relations

Ben Romney

Chris Judd

Jon Krinks

James Husband

dec@buchanan.uk.com

+44 20 7466 5000

About Diversified Energy Company PLC

Diversified Energy Company PLC is an independent energy company engaged in the production, marketing and transportation of primarily natural gas related to its synergistic US onshore upstream and midstream assets.

SOURCE: Diversified Energy Company PLC

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