

# 2023 Final Results & Acquisition Highlights



**DIVERSIFIED**  
energy



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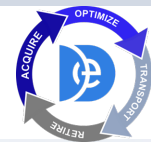
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## 2023 Strategic Successes

- ✓ Commenced trading on the New York Stock Exchange
- ✓ Generated **\$219 million of Free Cash Flow**
- ✓ **Decreased leverage to 2.3x**; realized **~15% Debt reduction** in a challenged commodity price environment
- ✓ Delivered **record production** on stable, **~10% declines**
- ✓ Distributed **~\$180 million in dividends, share repurchases**
- ✓ Awarded **OGMP 2.0 Gold Standard**; 2<sup>nd</sup> consecutive year
- ✓ **Retired more than 400 wells** across our operating regions
- ✓ Completed multiple, **accretive and innovative transactions**

**821** MMcfepd

**137** Mboepd

2023 Avg Production

**10%** Production Declines

Industry-leading

**\$543** Mn

2023 Adjusted EBITDA

**2.3x** Net Debt/  
Adj. EBITDA

Consistent Leverage Profile

**52%** Cash Margins

50% or higher since 2017

**\$800+** Mn

Return of Capital since IPO<sup>(a)</sup>

**“Diversified is the right company at the right time to deliver long-term stakeholder returns while also providing the solution to existing, long-life producing wells that have become non-core assets for other operators.”**

*-Rusty Hutson, Co-Founder and CEO*

a) Includes the total value of dividends paid and declared and share repurchases (including Employee Benefit Trust) since the Company's February 2017 IPO



# DELIVERING ON A DE-RISKED PRODUCTION MODEL



## Commodity Price Risk

- ✓ Dynamic hedging sustains realized pricing and delivers consistent cash margins



## Development/Operational Risk

- ✓ PDP focus eliminates the need for drill-bit exploration
- ✓ Smarter Asset Management enhances production
- ✓ Predictable, low & peer-leading corporate declines



## Financing Risk

- ✓ Investment grade, low fixed rate, fully amortizing debt limits interest rate and maturity exposure
- ✓ ABS structure provides natural de-leveraging

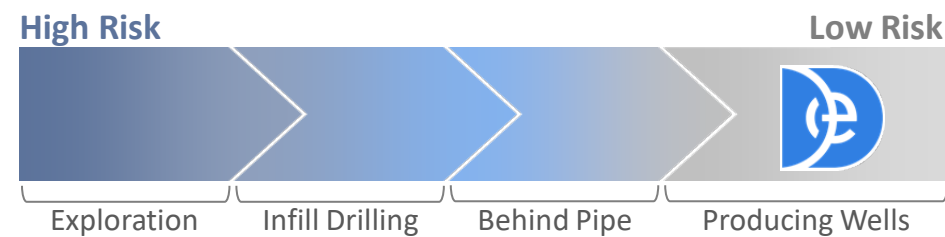


## Environmental Risk

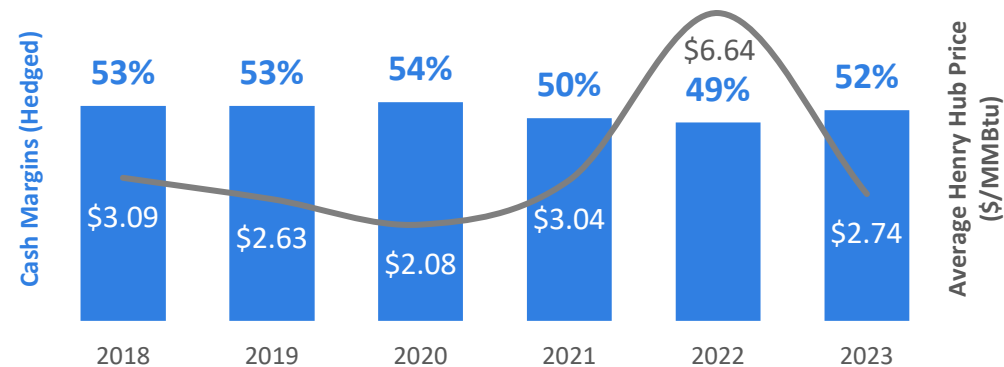
- ✓ Stewardship model focused on reducing emissions and improving already producing long-life assets
- ✓ Best-in-class sustainability reporting

Diversified's business model reduces exposure to typical industry risk factors

### Oil & Gas Development Risk Spectrum

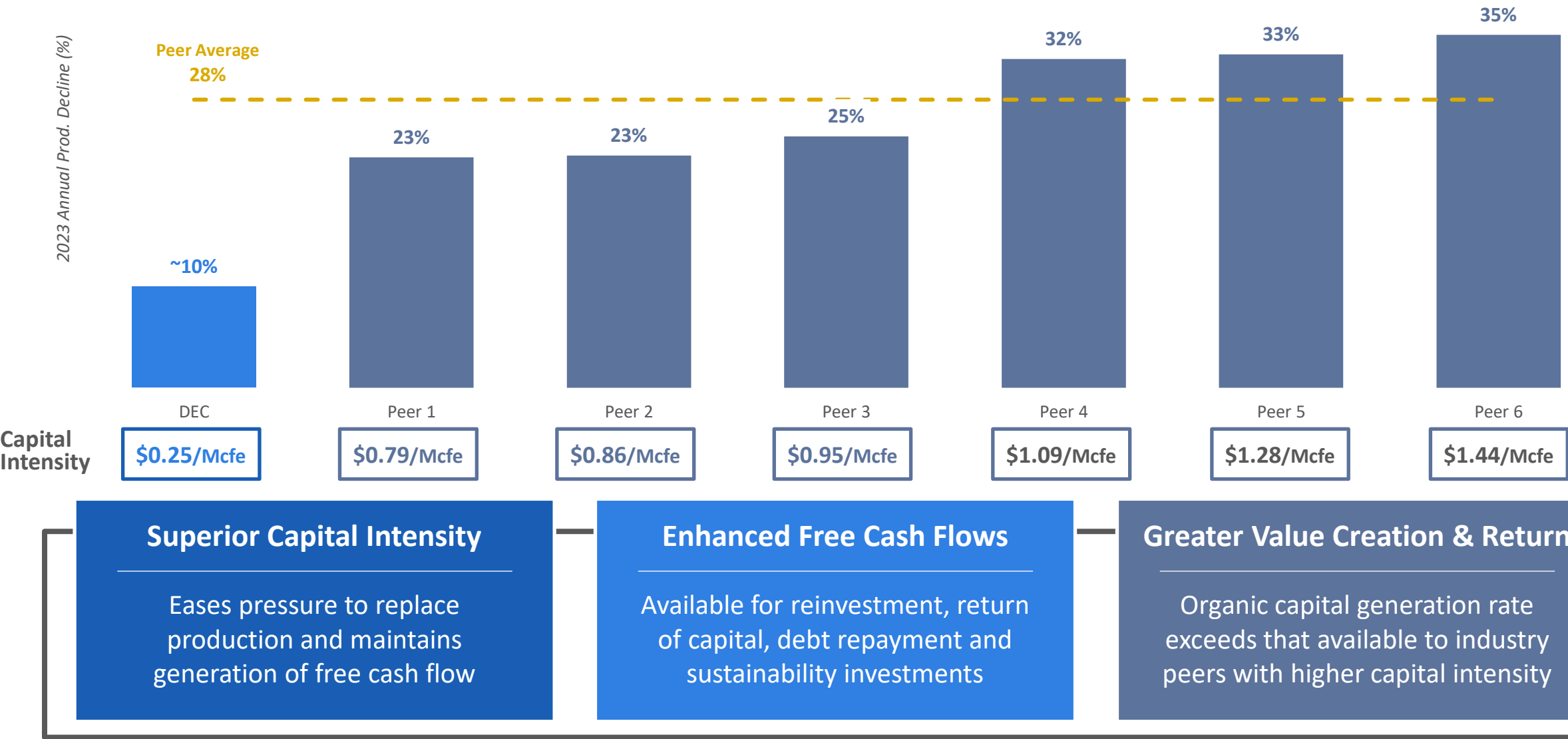


### Positioned to Generate Consistent Cash Flow





# LOW PRODUCTION DECLINES CREATE DISTINCT ADVANTAGES



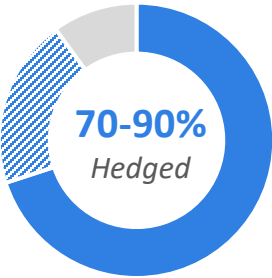
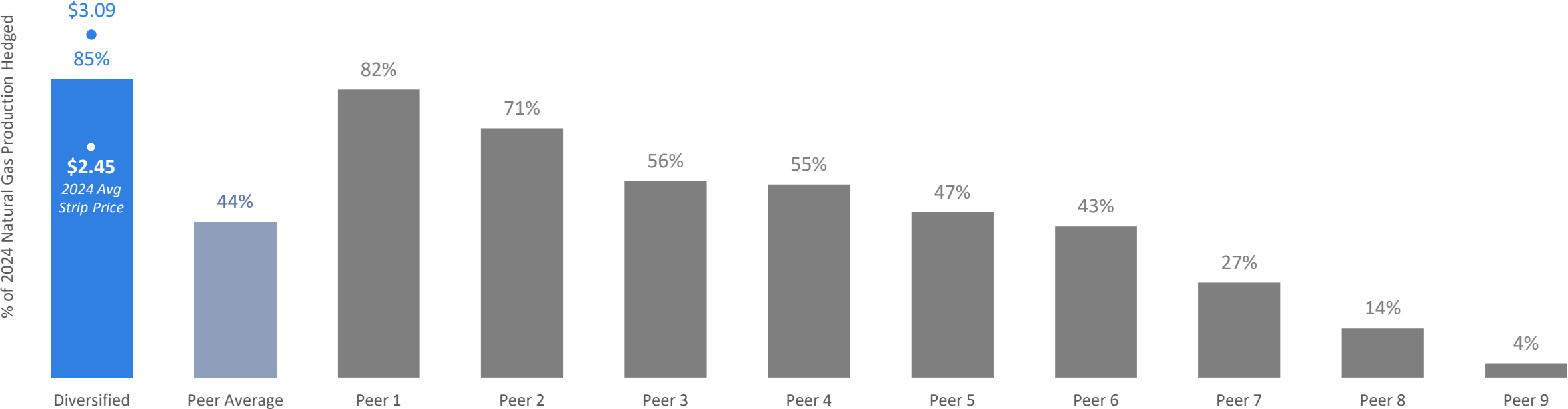
Source: Company Data, Enverus, Factset;  
Peers include AR, CHK, EQT, GPOR, RRC and SWN  
Capital Intensity calculated as 2023 capital expenditures divided by 2023 net total production



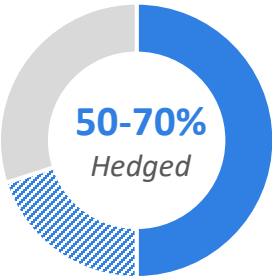
# HEDGING STRATEGY MITIGATES RISKS, ENHANCES RETURNS

## Diversified Stands Out with Natural Gas Price Protection

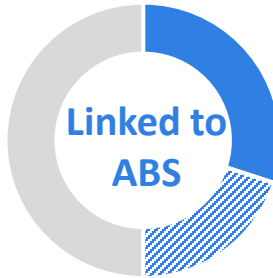
■ % of Production Hedged    ● Hedged Benchmark Price



**1-12 Months**  
*Maintain robust margins by reducing commodity price risk*



**13-24 Months**  
*Opportunistically add value and cover future distribution*



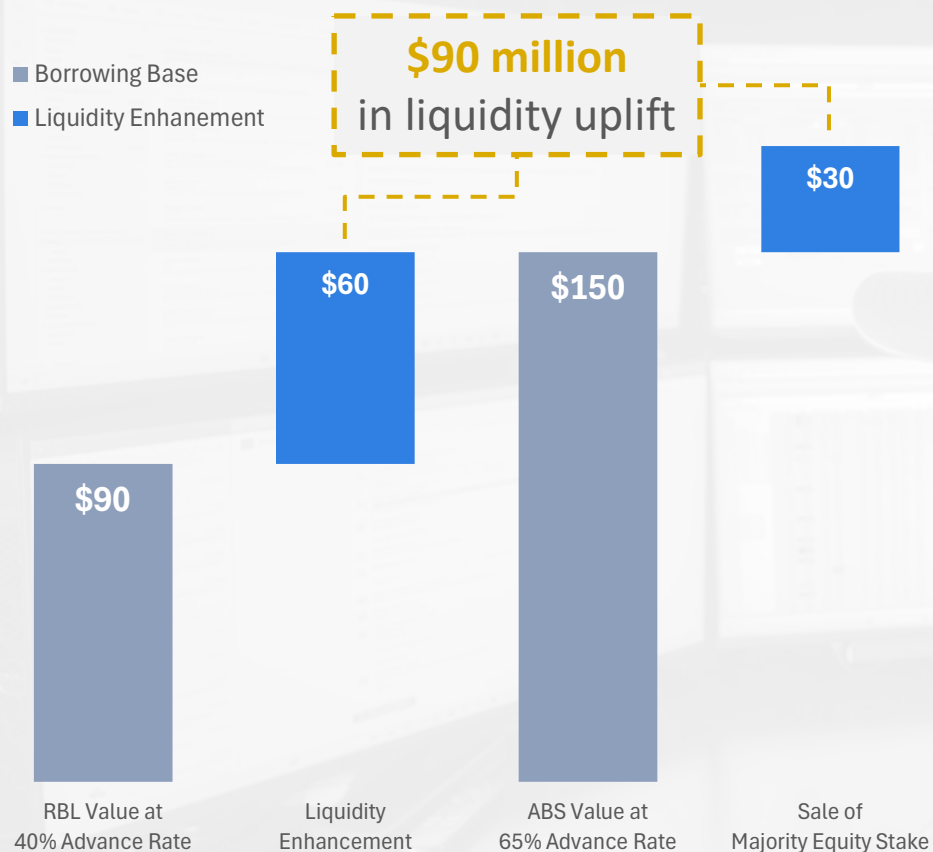
**25+ Months**  
*Long-dated Hedge Portfolio underpins investment-grade debt and fully-amortizing notes*

Diversified hedge position as of 29 December 2023; NYMEX Strip for 2024 includes settled contracts for Jan-March 2024 and futures pricing for REM24 using NYMEX strip as of March 1, 2024; Source: Factset  
Peers include AR, Ascent Resources, CHK, CNX, CRK, EQT, GPOR, RRC, and SWN; Source: Company Data and Factset



# INNOVATIVE ASSET SALE PROVIDES LIQUIDITY AND REDUCES DEBT

## Illustrative Liquidity Enhancement



## Industry-First Transaction Unlocks Value of Assets

- ✓ First-in industry sale of equity cash flows on amortizing debt
- ✓ Robust economics with a **5.7x Adj. EBITDA Multiple**
- ✓ Diversified retained a 20% minority interest
- ✓ Transaction both **reduced debt and increased liquidity**
- ✓ Movement of collateral from the credit facility to structured, amortizing debt accessed additional reserve value
- ✓ Residual cash flows from minority interest continue to support Diversified's consolidated cash flow profile

Illustrative liquidity enhancement scenario assumes asset PV-10 of \$230 million dollars, 40% advance rate for Reserves based lending ("RBL"), 65% advance rate for ABS instrument ("ABS") and \$30 million for sale of majority equity stake in residual cash flows from ABS instrument

# Financial and Operating Highlights





# SUMMARY FINANCIAL AND OPERATING RESULTS

## Generating Robust Operating Margins with Production and Cash Flows

**821** MMcfepd  
*137 Mboepd*

**2023 Average Production**

**\$3.48** per Mcfe  
*\$20.87 per Boe*

**Average Realized Price<sup>(a)</sup>**

**\$28.26** /share

**NAV per Share<sup>(c)</sup>**

**777** MMcfepd  
*129 Mboepd*

**4Q23 Average Production**

**\$1.69** per Mcfe  
*\$10.14 per Boe*

**Adjusted Cost per Unit<sup>(b)</sup>**

**2.3x**  
*\$10.14 per Boe*

**Net Debt / Adj. EBITDA**

**86% | 11% | 3%**

**Gas / NGL / Oil Production Mix**

**\$543** Million

**Adjusted EBITDA**

**52%**

**Cash Margin<sup>(d)</sup>**

## Driving Value With Sustainable Operations

**222 | 384**

**DEC / Total Wells Retired**

**98%** Leak-Free<sup>(e)</sup>

**Underpins OGMP Gold Standard**

**50+** well pads

**Pneumatic Devices Converted**

a) Calculated as Total Revenue, Inclusive of Hedges per unit; Includes the impact of settled derivative instruments, Midstream and Other Revenue, and certain gains from land sales; excludes \$0.09/Mcfe of revenue related to the operations of Next LVL Energy

b) For comparability purposes, amount excludes \$0.07/Mcfe within Base Lease Operating Expense related to the operations of Next LVL Energy

c) Calculated as the sum of the Company's reserves at December 31, 2023 using 10-yr NYMEX strip, Net Debt and financial derivatives mark-to-market value as December 31, 2023; per share value calculated using shares outstanding of 47,222,211

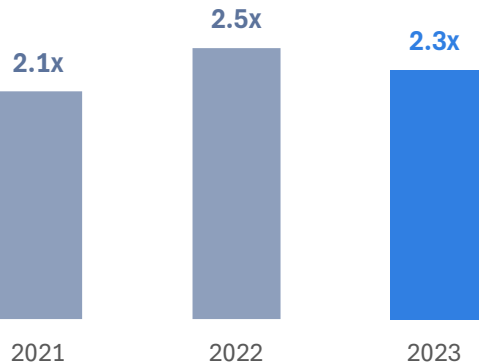
d) Calculated as Adjusted EBITDA (defined within footnote (c)), as a percentage of Total Revenue, Inclusive of hedges

e) Amount includes asset inspections in the Company's Appalachia and Central Region operating areas; "Leak Free" defined as no detectable emissions when using handheld emissions technology

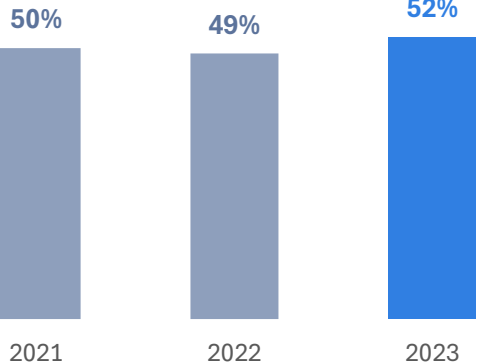


# MEASURING SUCCESS: KEY PERFORMANCE INDICATORS

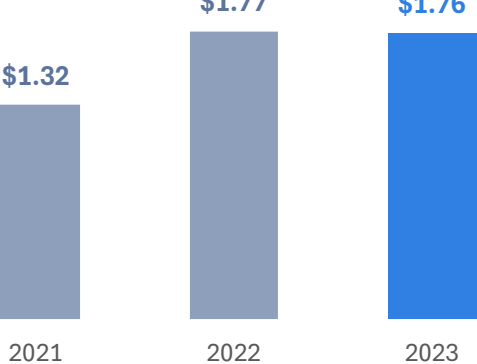
**Maintain Leverage at or Below 2.5x**  
*(Net Debt / Adj. EBITDA)*



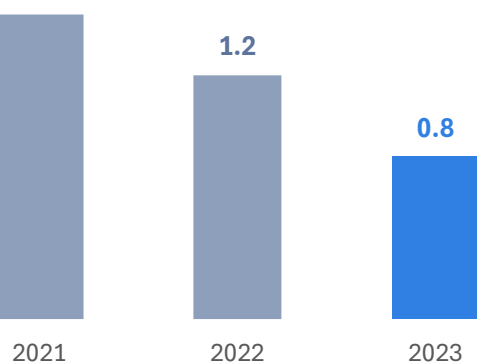
**Consistent Adj. EBITDA Margin**  
*(%)*



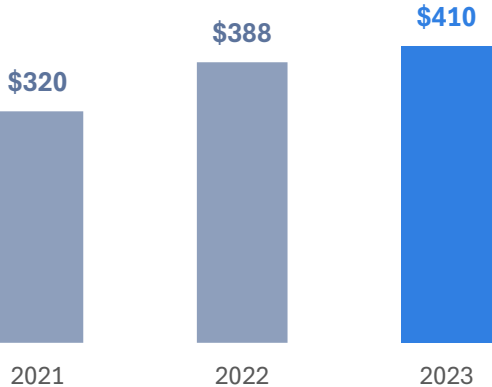
**Adjusted Operating Cost per Mcfe**  
*(\$/Mcfe)*



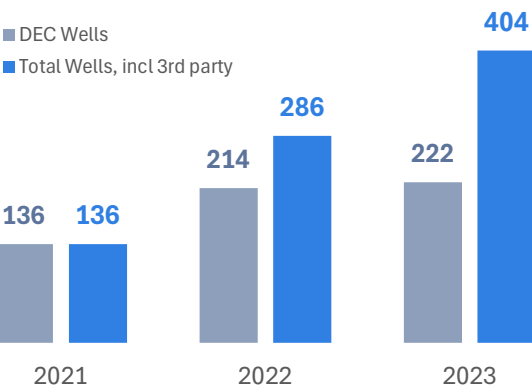
**Methane Emissions Intensity**  
*(MT CO2e/MMcfe)*



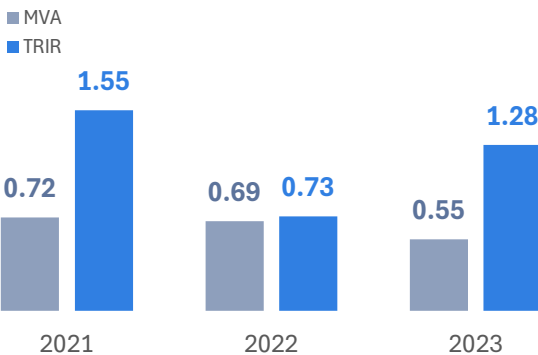
**Net Cash p/b Operating Activities**  
*(\$ millions)*



**Meet or Exceed State Retirement Goals**  
*(wells retired)*



**Safety Performance**  
*Motor Vehicle Accidents  
Total Recordable Incident Rate*



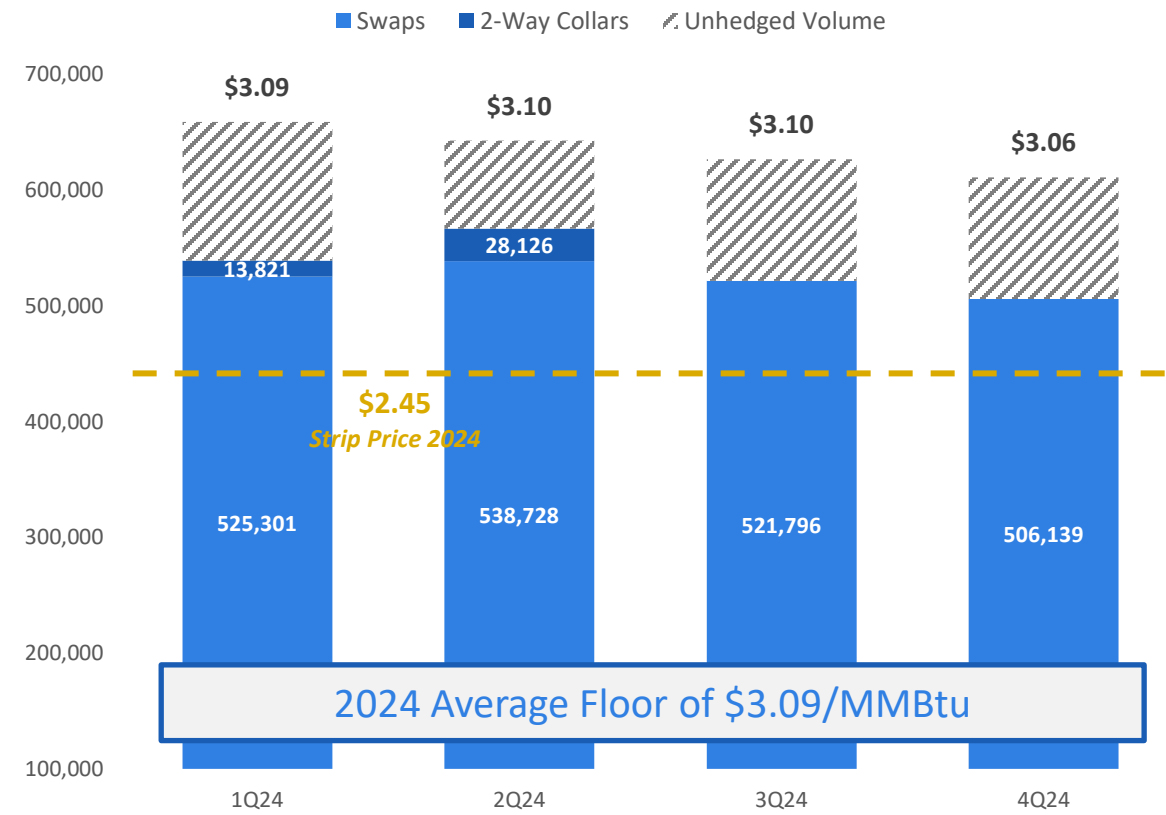
*Key Performance Indicators allow stakeholders to measure Diversified’s successful execution of its stated strategy*

MVA = Motor Vehicle Accident Rate; TRIR= Total Recordable Incident Rate

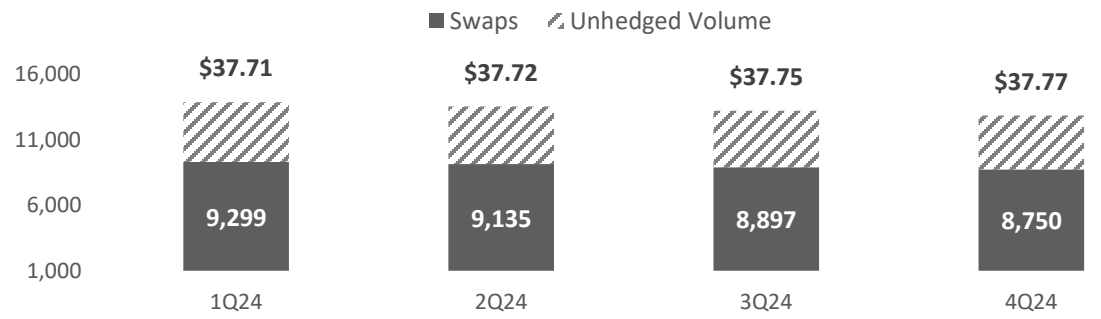


# SUBSTANTIALLY HEDGED TO SECURE CASH FLOWS

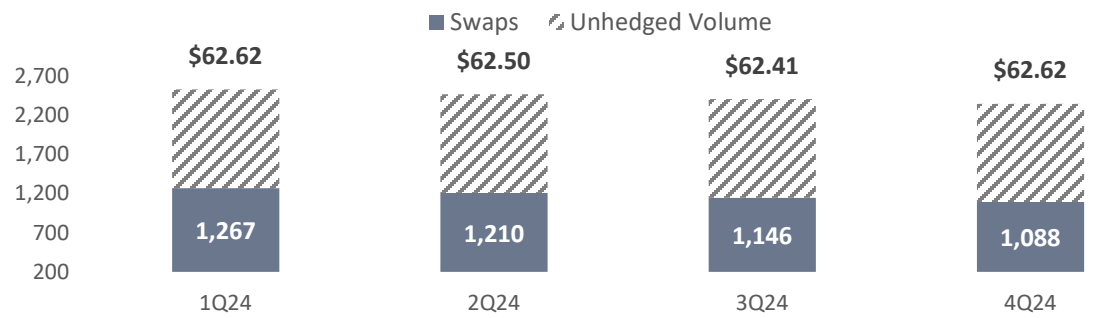
## Natural Gas (MMBTu/d)



## NGLs (Bbl/d)



## Oil (Bbl/d)



~85% of 2024 volumes are hedge-protected

Nat Gas hedged at a 25% Premium to Henry Hub

Hedge portfolio central to margin-focused strategy

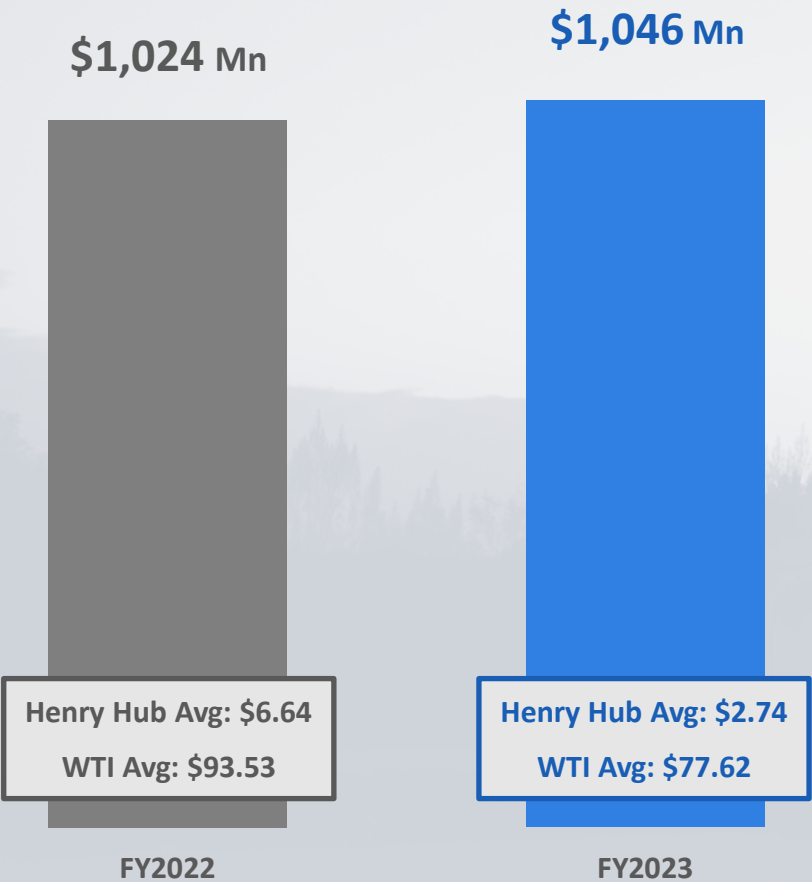
Diversified hedge positions as of December 31, 2023; proportionate value of volumes hedged using illustrative 10% decline beginning with reported 4Q2023 production of 777 MMcfepd





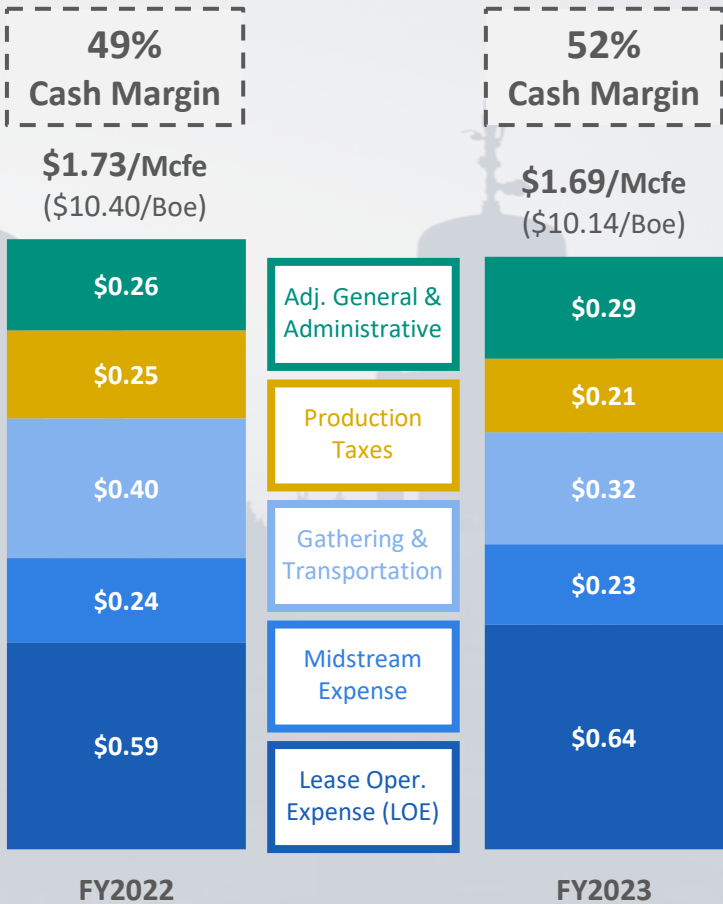
# ROBUST MARGINS IN ANY PRICE ENVIRONMENT

## Total Revenue, Inclusive of Hedges



- Hedged to Maintain Pricing**  
*2023 hedge settlements of \$178 Mn mitigated commodity price impact*
- Improvement in Unit Costs**  
*Decreased 3% despite ongoing inflationary environment*
- Variable Unit Cost Structure**  
*Mitigates impact of production declines and supports margins*
- Favorable Impact of Pricing**  
*Drove reductions in production taxes and certain G&T expenses*

## Adjusted Operating Cost per Unit



For Company-specific terms or Non-IFRS measures, please refer to the “Glossary of Terms”, “Alternative Performance Metrics” and “Non-IFRS Reconciliations” within the Company’s 2022 Annual Report  
For all periods presented, certain expenses relating to Next LVL Energy have excluded from Base LOE (2022: \$0.03/Mcfe; 2023: \$0.07/Mcfe)  
Where applicable, Henry Hub pricing given in \$/MMBtu and WTI (“West Texas Intermediate crude”) has been given in \$/Bbl



## Modern Field Management Philosophy

- ✓ Common Systems enhance process efficiency, reliability
- ✓ Cloud First / Wireless First eliminate technical debt, and improves data collection, warehousing and analytics
- ✓ Data integration and governance standards improve reporting speed and reliability
- ✓ Scalable model decreases integration timelines and allows for standardized, repeatable processes
- ✓ Real-time monitoring, data visualization AI-powered analytics provide next-generation business insights



**Developing a Scalable Platform  
with Low Total Cost of Ownership**



**Investing in Flexible, Innovative  
and Efficient IT and OT Systems**



**Driving Safe, Sustainable Value  
Creation Throughout the Company**





### Central Region Workovers Improve Production

- ✓ Includes capitalized and expensed maintenance
- ✓ High-return projects pay back in under two months
- ✓ Offsets declines, extends economic production



### Buildout of Appalachian Midstream Assets

- ✓ Construction of gathering lines for equity volumes
- ✓ Ensures product flow; mitigates interruption potential
- ✓ Saved \$150k by leveraging in-house labor



### Compression Optimization in Central Region

- ✓ Right-sizing of compression for consolidated footprint
- ✓ Elimination of unnecessary third-party equipment leases
- ✓ Annualized impact results in \$2.0 million of savings



### Deferral of DUC Completions (Tanos II)

- ✓ Preserves high-margin initial volumes for improved pricing
- ✓ Low corporate declines afford the ability to strategically time completions for highest returns

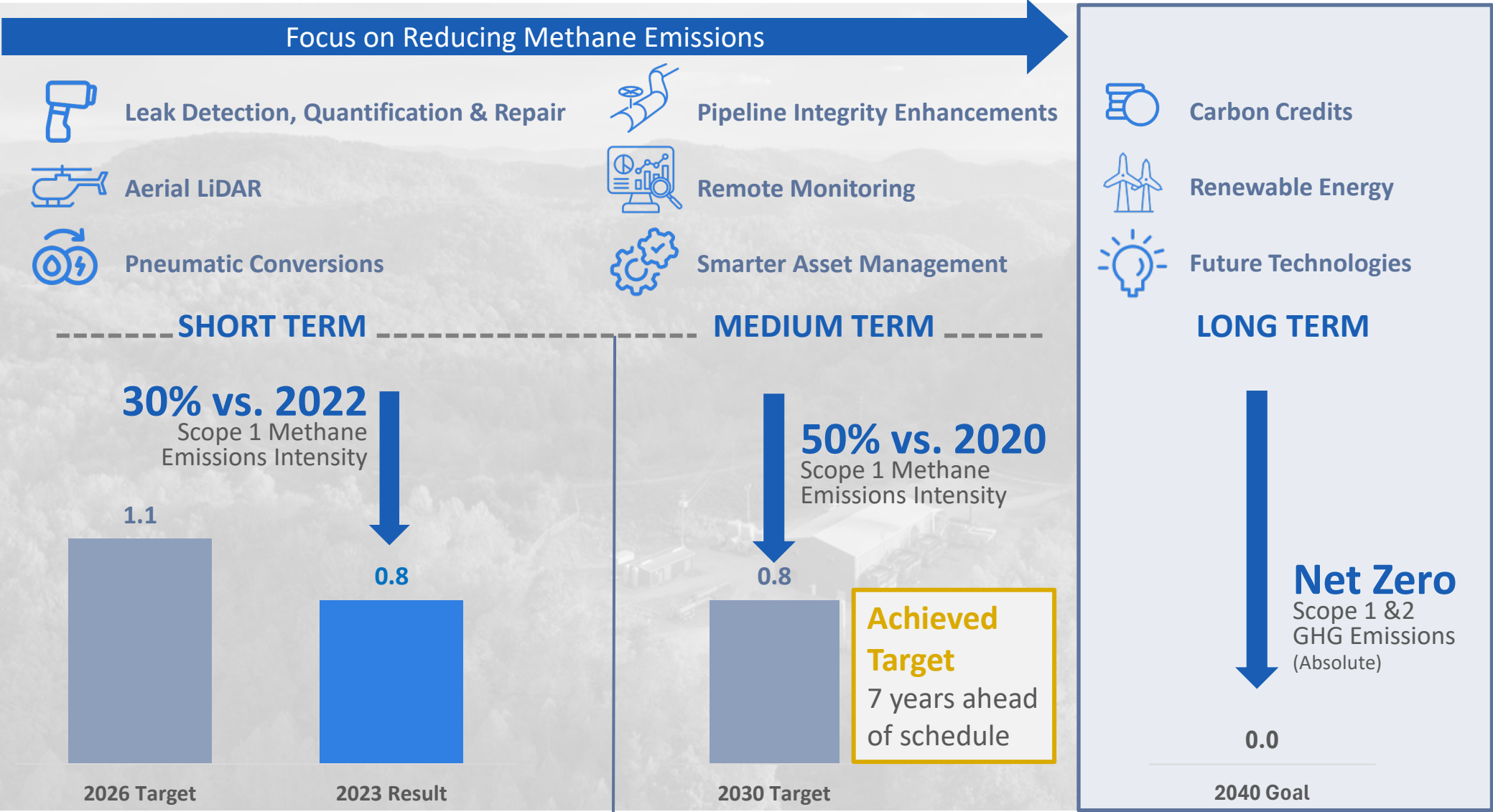
### Case Study: Impact of 2023 Workovers Central Region, Capitalized and Expensed

# of Workovers	158 wells
Total Cost	\$2.9 million
Average Cost	\$18 thousand
Total Uplift	25 MMcfpd
Average Payout	55 Days

Low-cost, high-return projects  
mitigate approximately 30% of  
annual production declines



# ACHIEVED 2030 TARGET FOR SCOPE 1 METHANE EMISSIONS INTENSITY





# SETTING THE STANDARD FOR WELL RETIREMENT



## Exceeding State Requirements

Total wells retired continue to significantly exceed levels mandated through state agreements



## Retirement of Orphan Wells

Diversified partnered with regulators to permanently retire 148 orphan wells



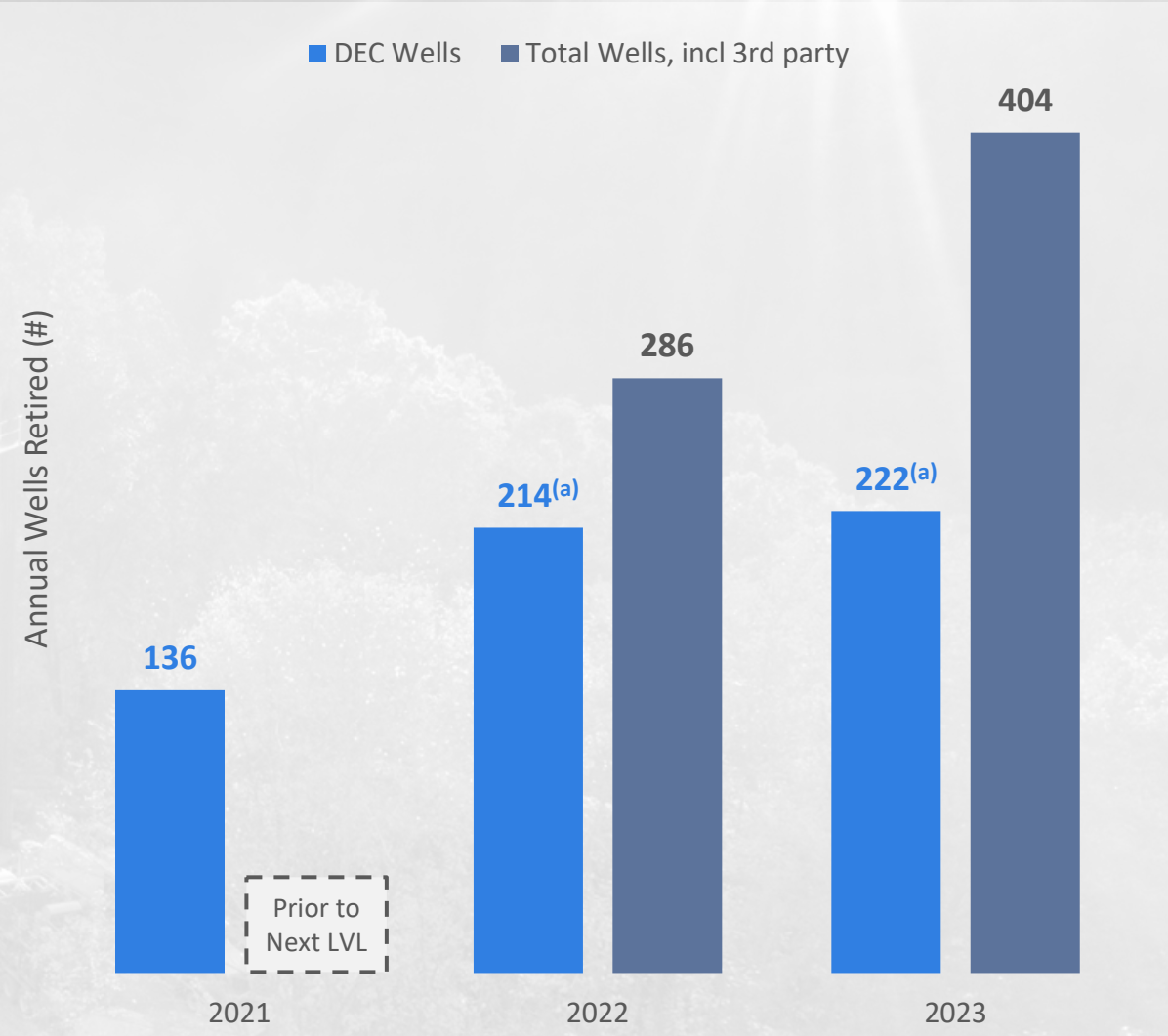
## Next LVL Energy Operating Efficiently

Total retirements by Next LVL Energy exceeded the prior year by more than 5x



## Offsetting Internal Retirement Costs

3<sup>rd</sup> party contracts generate margins that reduce Diversified's net cash cost to retire operated wells



a) DEC Wells retired per year includes well retirement activity in the Central Region, 2022: 14 wells, 2023: 21 wells

# Acquisition Update

Oaktree Buyout Increases Scale and Improves Margins





# ACQUISITION OVERVIEW – OAKTREE WORKING INTEREST BUYOUT

**\$386Mn**

Net Purchase Price<sup>(a)</sup>

**122** MMcfepd

2024 Net Production<sup>(b)</sup>

**\$126 Mn**

2024 Adj. EBITDA<sup>(b)</sup>

**65%**

Adj. EBITDA Margin<sup>(b)</sup>

**3.1x | PV17**

Transaction Multiple | PV EQ<sup>(c)</sup>

**\$462 Mn**

PDP PV-10

## Low-Risk, High Return Working Interest Acquisition

*Upsizing production, cash flow and reserves with zero operational risk and immediate administrative synergies*

- ✓ Diversified has operated assets for 24+ months<sup>(d)</sup>
- ✓ Assets already integrated with OT/IT systems
- ✓ Financing matches existing debt profile
- ✓ Assets already included in emissions reporting
- ✓ Oaktree remains stakeholder in operations

a) Includes the assumption of amortizing debt as part of total consideration

b) Based on engineering reserves assumptions using historical cost assumptions and NYMEX strip as of March 8, 2024 for the 12 month period ended December 31, 2024; includes the estimated impact of settled derivative instruments; does not include the impact of any projected or anticipated synergies that may occur subsequent to acquisition

c) Transaction multiple reflects the sum of the Net Purchase Price and divided by the 2024E Adjusted EBITDA of the acquisition; PV-EQ represents the approximate PV-discount value of the Net Purchase Price

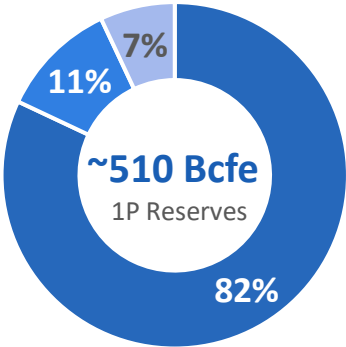
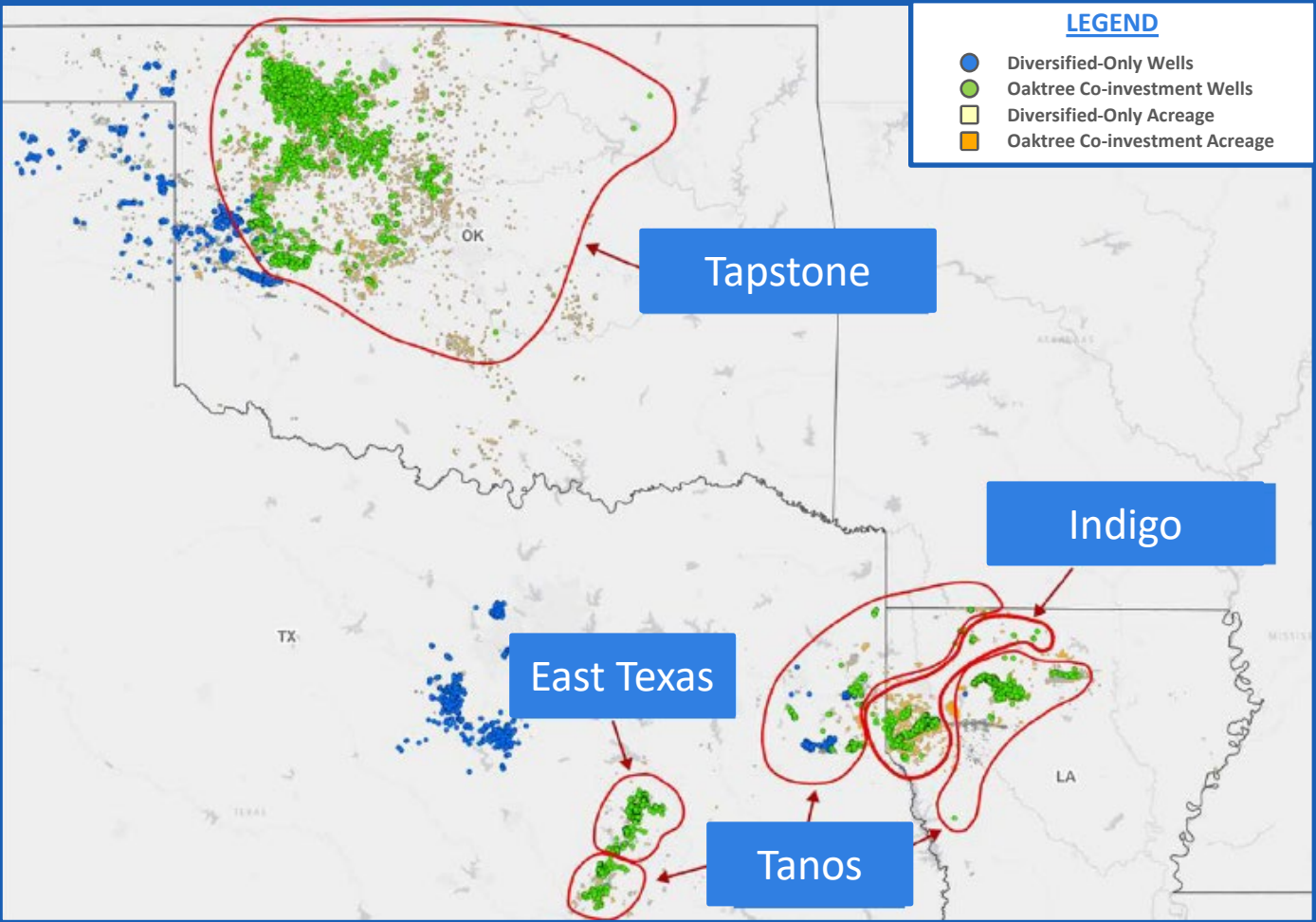
d) Duration of assets under Diversified operations calculated using average time since close date for respective historical acquisitions in which Oaktree co-invested





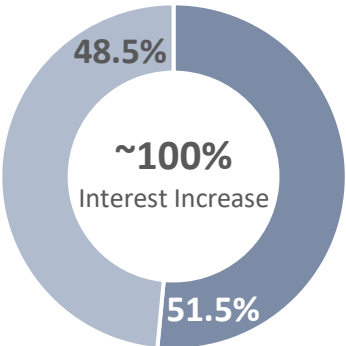
# ADDING SCALE TO EXISTING CENTRAL REGION OPERATIONS

## Acquisition Doubles Central Region Acreage



## Increasing PDP Reserves

- ✓ Significant gas weighting
- ✓ Value-enhancing liquids
- ✓ Low-decline production



## Upsizing Interest in Assets

- ✓ ~100% increase in ownership
- ✓ Diversified operates assets
- ✓ Drives administrative efficiencies

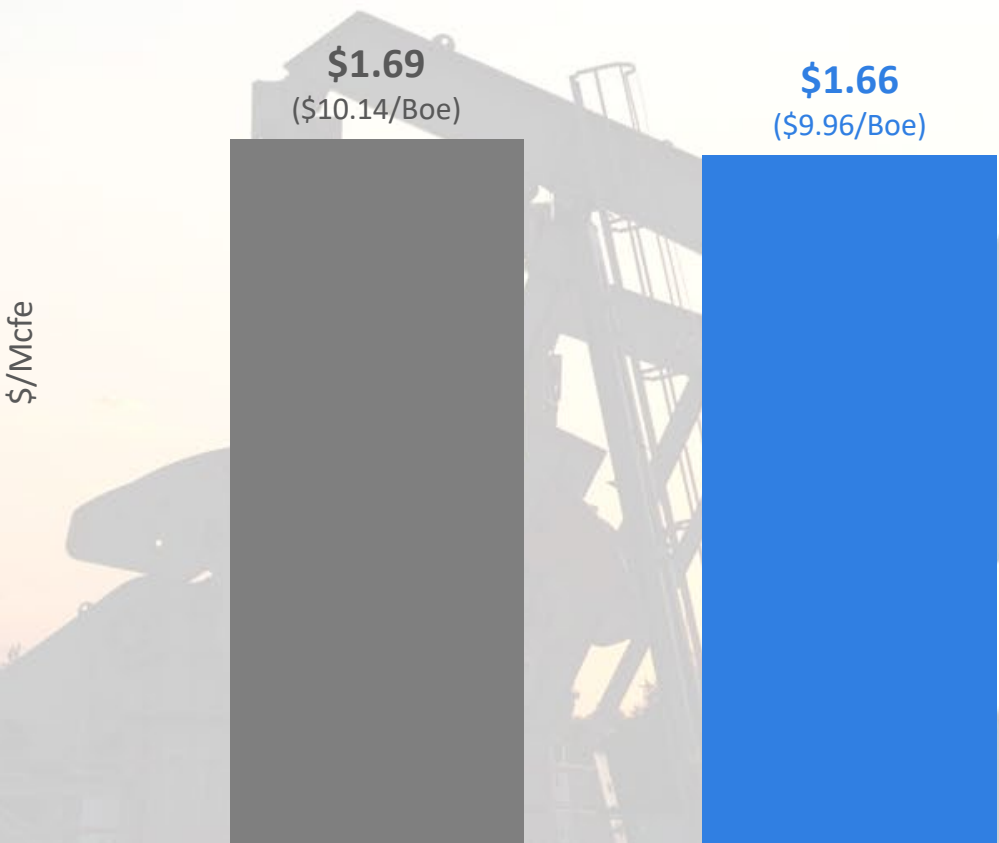
Reserves as of November 01, 2023 effective date; Change in percent of ownership calculated using the average Diversified and Oaktree ownership interest in the underlying historical coinvestments



# ACQUISITION IS IMMEDIATELY SYNERGISTIC AND ENHANCES MARGINS

## Adjusted Operating Cost per Unit

■ FY2023 ■ Pro Forma



### 2% Reduction in Unit Costs

Compared to FY2023 operating performance

### ~\$15 Million in Cost Efficiencies

No incremental G&A required post-acquisition

### 54% Pro Forma EBITDA Margins

Enhances already-strong cash generation strategy

### Additional SAM Opportunities

Expands portfolio of low-cost, high-margin projects

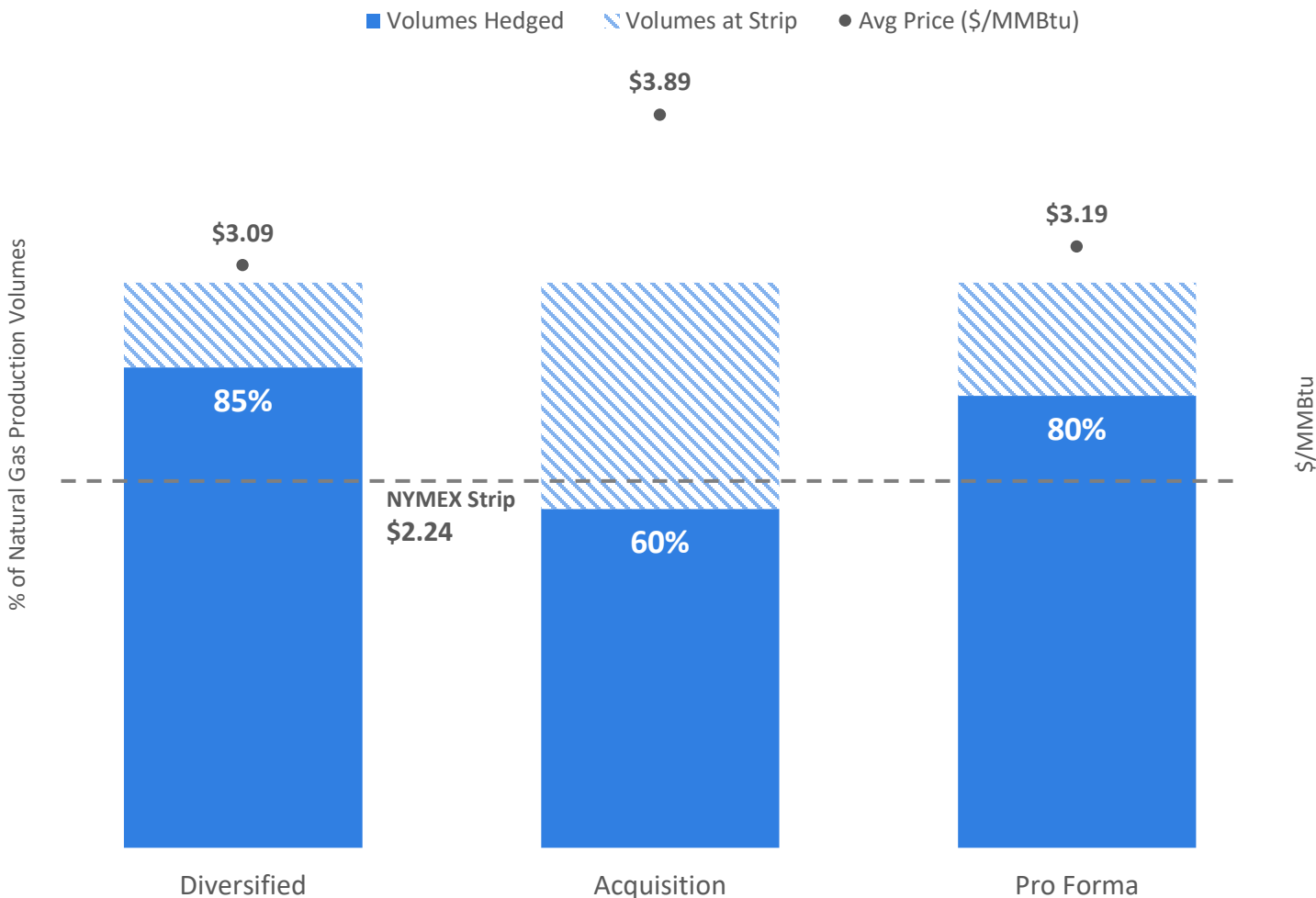
### Simple and Efficient Systems Integration

Certain expenses relating to Next LVL Energy have been excluded from 2023 adjusted operating cost per unit (\$0.07/Mcfe) and subsequent pro forma calculation



# COMPLIMENTARY IN-THE-MONEY HEDGE PORTFOLIO

## Acquired 2024 Hedges Complement Existing Portfolio



### Premium to Current Hedging

*Average floor price for acquired volumes at 25% premium to current hedge portfolio*

### Improves Price Protection

*Provides a \$0.10/MMBtu uplift to the pro forma average for FY2024*

### Increases Opportunity for 2025

*Unhedged volumes beyond the current year create opportunity to capture higher prices*

### De-risks Acquisition Multiple

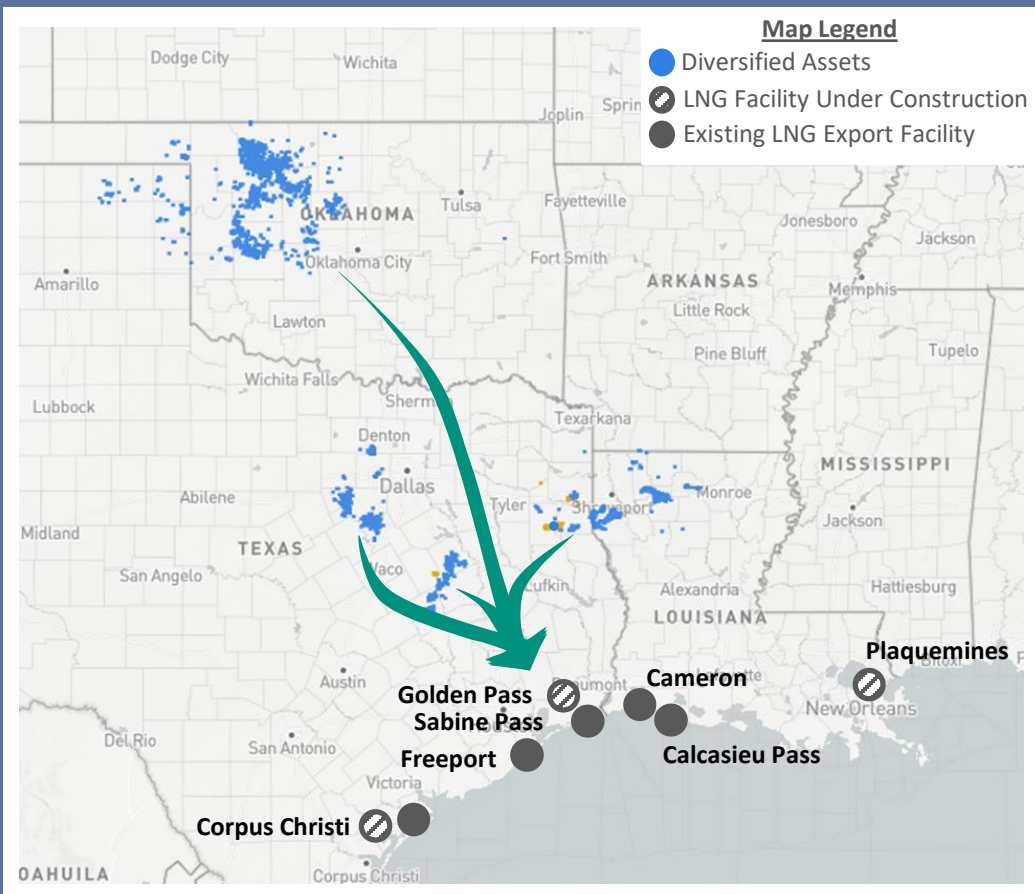
*Acquiring hedged production insulates transaction economics from price volatility*



# INCREASED EXPOSURE TO PREMIUM GULF COAST PRICING

## Advantageously Positioned in the Gulf Coast

*Assets located in close proximity to several major hubs*



LNG exports will potentially represent 20-25% of current U.S. natural gas production by 2026

### Demand Driven by Proximity to LNG Hubs

Growing global demand for U.S. LNG exports drives demand for regional production

### Regional Hubs Benefit from Premium Pricing

East Texas gas tied closely with Henry Hub and features enhanced full-cycle economics

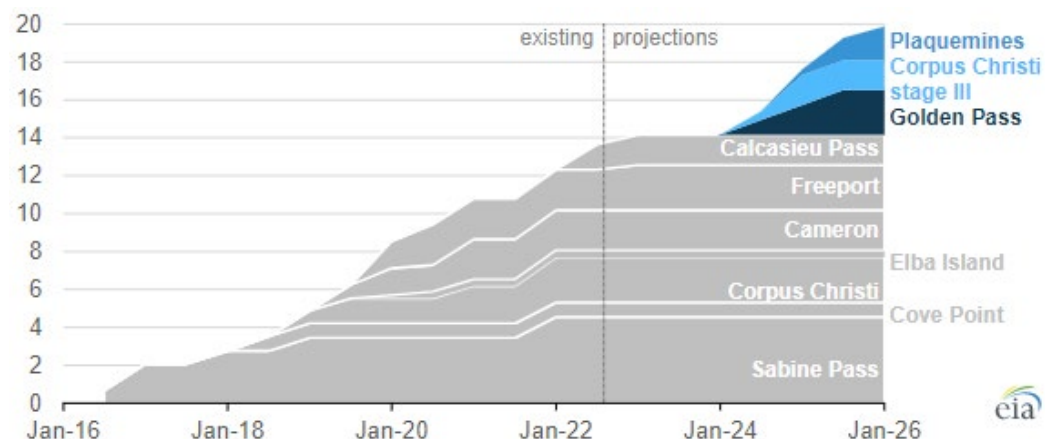
### Ample Takeaway Capacity with Near Term Growth

Extensive infrastructure, access to premium Gulf markets supports production growth

### In-House Marketing Enhances Realizations, Margins

US Top 25 natural gas marketer<sup>(a)</sup>, can advantageously sell highest-priced market

### U.S. LNG Projects Under Construction



a) As published by *Natural Gas Intel*, December 2022



# MERGER MANIA ACTIVITY ACCELERATING IN ENERGY SECTOR

## Public-to-Public Transactions



## Private- to-Public Transactions



## Corporate Transactions Dominating Landscape

- ✓ Upstream equities have outperformed WTI spot prices by 32% since 2022
  - ✓ YTD US E&P's YTD up ~3% vs. UK E&P's down ~19%
- ✓ Over \$215 billion in LTM corporate transactions, \$25 billion in A&D in LTM
  - ✓ ~\$16 billion in natural gas-weighted deals in the last 3 months
- ✓ O&G undergoing a historic consolidation wave comparable to the late 1990s
  - ✓ Equity markets are highly supportive of strategic, accretive consolidation
  - ✓ Average single-day share outperformance of ~2%
- ✓ Non-core assets likely to be divested in next 12-24 months due to consolidation
  - ✓ Occidental announced plans to divest \$6 billion in assets
- ✓ Strategic and financial capital returning to the O&G sector
- ✓ Proposed EPA emissions fee increases operating costs for E&P's behind the curve on methane reduction standards and creates opportunity for Diversified

*Diversified Energy continues to be focused on accretive acquisition opportunities, going on offense to capitalize on any periods of near-term weakness in commodity prices*



# Path for 2024 and Beyond

Focus Five and Capital Allocation



**DIVERSIFIED**  
energy



# NAVIGATING THE PATH FORWARD- “FOCUS FIVE”



## Optimized Cash Flow Generation

Unlock hidden asset value, enhance hedge book, leverage internal marketing team, and continue to grow NEXT LVL



## Scale Through Accretive Growth

Sustained execution through a disciplined acquisition framework delivers attractive cash flows



## Financial and Operational Flexibility

Reduce debt-servicing costs and increase access to various capital sources



## Cost Structure Optimization

Capture value enhancements through SAM, vertical integration, technology, and exhaustive cost review



## Sustainability Innovation

Deliver solutions with best-in-class emissions measurement, monitoring, and mitigation technology providers

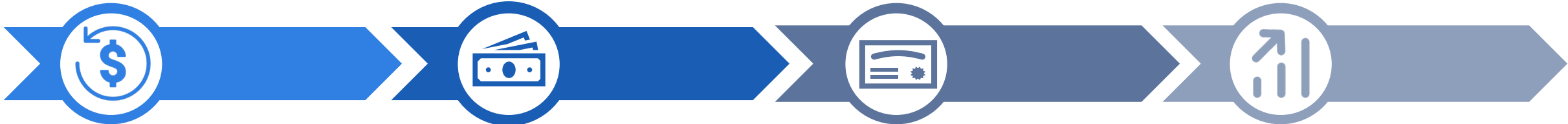


## Focus Five

A renewed emphasis on our principles to increase free cash flow generation and accelerate long term shareholder returns



# CAPITAL ALLOCATION FRAMEWORK AND RETURN



### Systematically Reduce Debt

Maintain leverage target between 2.0x to 2.5x with debt reduction creating long-term equity value

### Sustainable Fixed Dividend

Deliver top quartile yield while providing a meaningful return of capital

### Strategic Share Repurchases

Maintain financial flexibility for open market purchases, tenders, and block trades based on market conditions

### Accretive Strategic Acquisitions

Expand production and cash flows as the natural consolidator of producing gas & oil properties

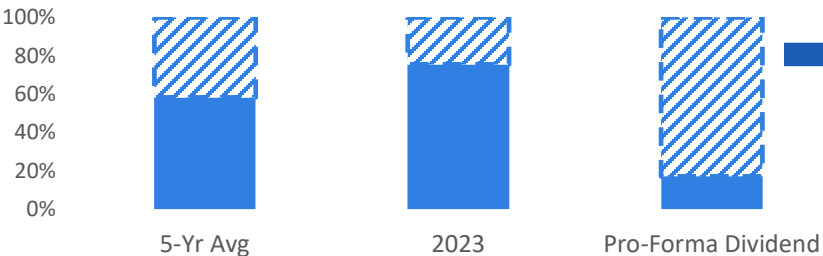
## Model Supports Significant Free Cash Flows

- ✓ **~60% of Cash Flow from Operations** retained as Free Cash Flow
- ✓ **Consistent Cash Margins of Over 50%** lay the foundation for debt repayments and sustainable fixed dividends

## Strategically Limited CapEx and Interest

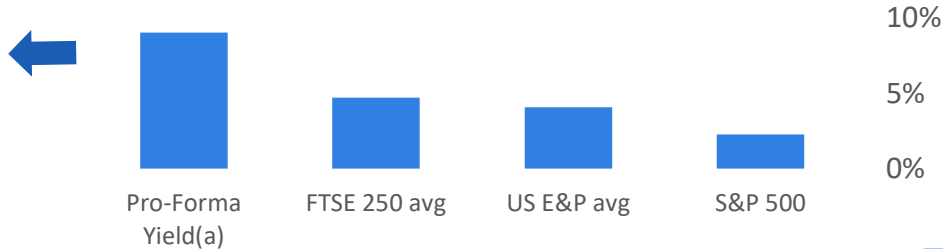
- ✓ **Production-focused model** de-risks the business and eliminates exploration & development costs
- ✓ **Low fixed interest on over 80% of debt** reduces rate risk and long-term financing costs

### Increase in Distributable Cash Flow From Operations



Pro-Forma Dividend Allows More Cash Flow to Create Value While Still Maintaining a Competitive Yield

### Pro-Forma Dividend Yield Comparison



Proportionate uses of Cash Flows calculated as reported within the Company's annual reports and accounts for the 2019-2023 fiscal years  
a) Pro Forma Yield calculated using annual fixed dividend of \$1.16 share and March 14, 2023 closing price of \$11.66



Systematic Debt  
Reduction

Reduce borrowings  
by \$200 million

Decrease leverage to lower  
end of stated range



Fixed per-share  
Dividend

Provide a sustainable  
capital return structure

Top-quartile dividend  
among FTSE250



Strategic  
Share Repurchases

Conduct strategic and  
regimented buybacks

Expands capital return  
opportunities / options



Accretive  
Acquisitions

Grow opportunistically  
at attractive multiples

Increase scale and access  
to capital markets



**DIVERSIFIED**  
energy

## DIVERSIFIED

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# Appendix



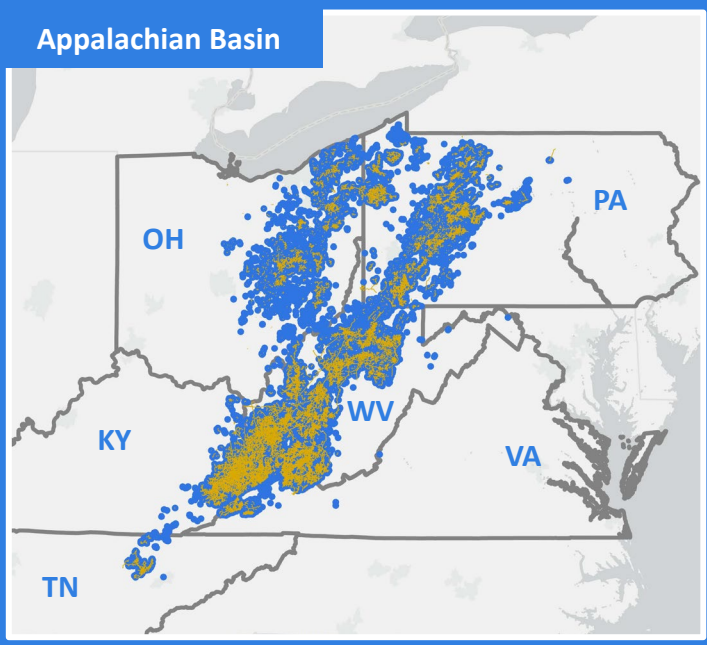
# WHO ARE WE: OPERATOR OF U.S. ONSHORE DEVELOPED ASSETS

## Appalachian Region:

Pennsylvania, West Virginia, Ohio,  
Kentucky, Virginia, Tennessee

~60% of Production

### Appalachian Basin

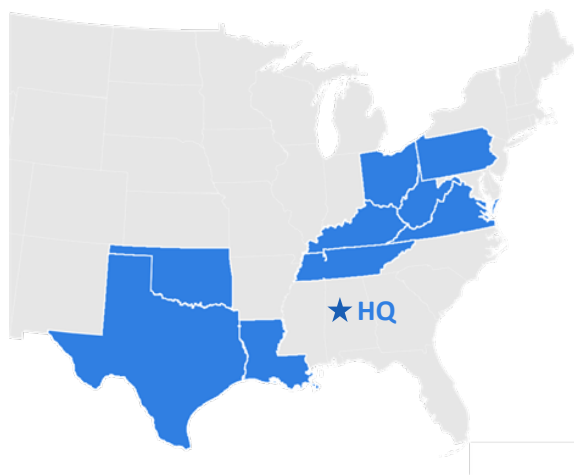
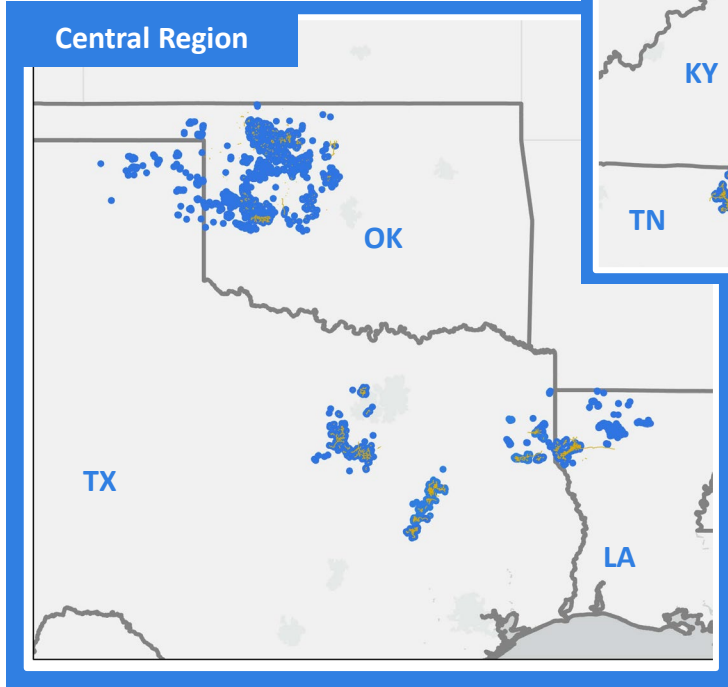


## Central Region:

Oklahoma, Texas, Louisiana

~40% of Production

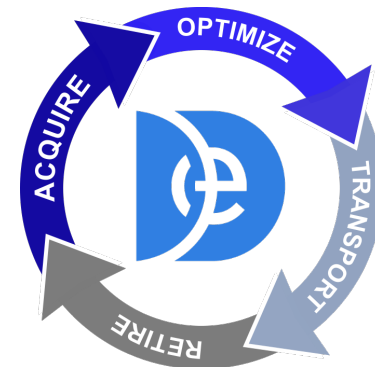
### Central Region



- Upstream Assets
- Midstream Assets

## A differentiated business model focused on:

- ✓ Optimising long-life, low-decline producing assets
- ✓ Strategically hedging to protect cash flow
- ✓ Vertical integration to reduce expenses, expand margins
- ✓ Durable shareholder returns through the cycle
- ✓ Disciplined growth through low-risk PDP assets
- ✓ ESG goals naturally align with stewardship model
- ✓ **Expand Next LVL to become leader in safe, systematic well retirement**





# DIVERSIFIED ENERGY PROFILE

LSE: DEC (FTSE250); NYSE: DEC

## Market and Trading Summary | 18 March 2024

(in millions, except share price)

Share Price £9.24 / \$11.76

Market Cap £439 / \$559

Net Debt £1,009 / \$1,285

Enterprise Value £1,448 / \$1,844

Leverage<sup>(a)</sup> 2.3x

## Diversified Asset Highlights

(Fiscal Year 2023, except where highlighted)

Net Daily Production (Mboepd / MMcfepd) 137 / 821

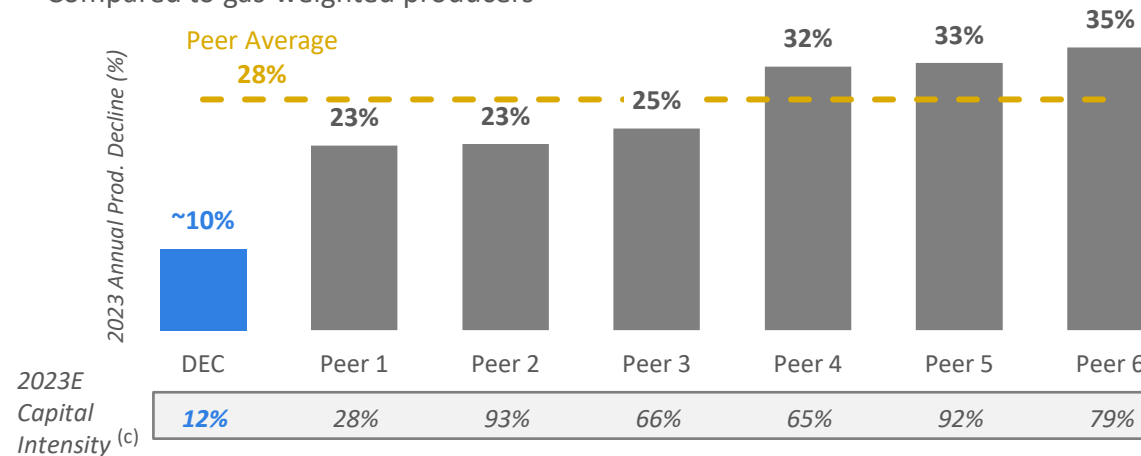
Natural Gas Production Mix 86%

PDP Reserves (MMBoe / Tcfe) 642 / 3.8

Owned Midstream (Miles) 17,700

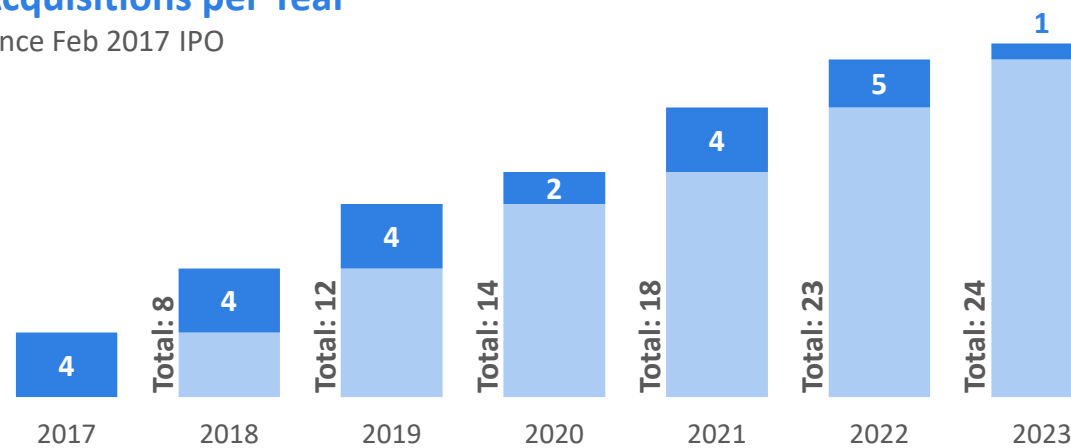
## Industry-Leading Corporate Declines, Capital Intensity<sup>(b)</sup>

Compared to gas-weighted producers



## Acquisitions per Year

Since Feb 2017 IPO



Market data sourced from Factset and using GBP:USD exchange rate of 1:0.7854; Volumetric conversion assume Boe:Mcf conversion rate of 1:6

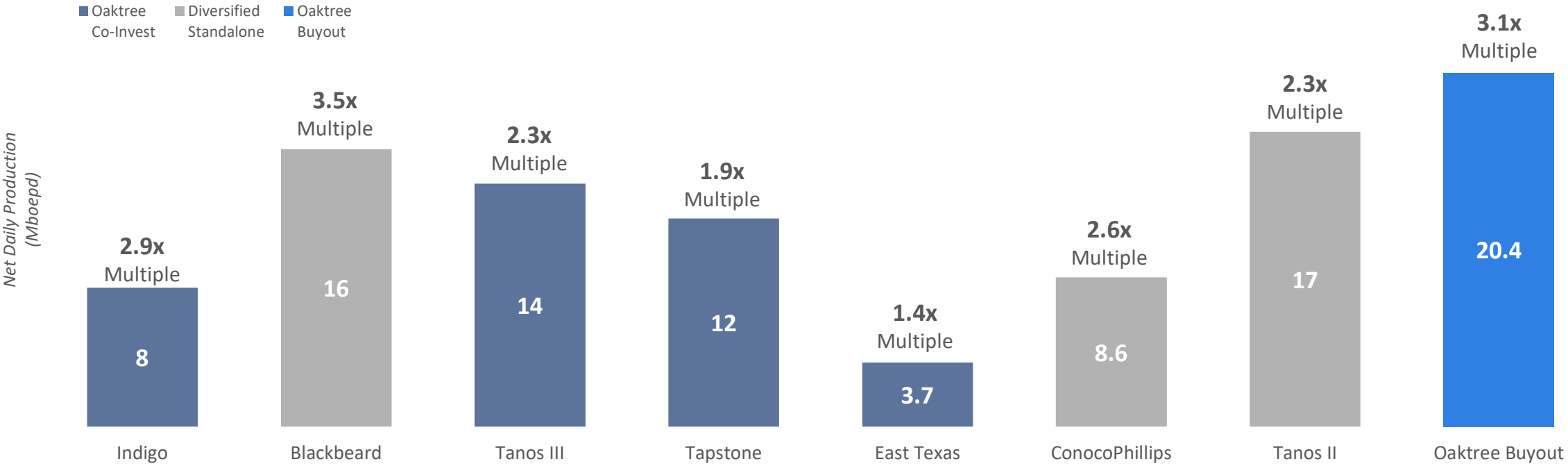
For Company-specific terms or Non-IFRS measures, please refer to the "Glossary of Terms", "Alternative Performance Metrics" and "Non-IFRS Reconciliations" within the Company's 2023 Interim Report

a) Measured as Net Debt at December 31, 2023, divided by Pro Forma Adjusted EBITDA for the twelve months ended December 31, 2023, adjusted for the annualised impact of previously announced acquisitions and divestitures

b) 2023E Capital Intensity calculated as 2023 Expenditures on natural gas and oil properties and equipment (consensus estimate) divided by 2023 Adjusted EBITDA (consensus estimate); Peers include AR, CHK, EQT, GPOR, RRC and SWN



# INCREASING CENTRAL REGION SCALE AT ATTRACTIVE MULTIPLES



## Oaktree Co-Investments Catalyzed Significant Growth in the Central Region<sup>(a)</sup>

Indigo Minerals	Tanos III	Tapstone Energy	East Texas Assets
<ul style="list-style-type: none"><li>Acq. Date: May 2021</li><li>Purch Price: \$57.5 Million</li><li>Production: 8 Mboepd</li><li>PDP Reserves: 26 MMboe</li><li>PDP PV-10: \$90 Million</li></ul>	<ul style="list-style-type: none"><li>Acq. Date: August 2021</li><li>Purch Price: \$117 Million</li><li>Production: 14 Mboepd</li><li>PDP Reserves: 40 MMboe</li><li>PDP PV-10: \$201 Million</li></ul>	<ul style="list-style-type: none"><li>Acq. Date: December 2021</li><li>Purch Price: \$218 Million</li><li>Production: 12 Mboepd</li><li>PDP Reserves: 35 MMboe</li><li>PDP PV-10: \$324 Million</li></ul>	<ul style="list-style-type: none"><li>Acq. Date: April 2022</li><li>Purch Price: \$50 Million</li><li>Production: 3.7 Mboepd</li><li>PDP Reserves: 18 MMboe</li><li>PDP PV-10: \$102 Million</li></ul>

a) All values net to Diversified as announced at time of acquisitions



# UNLOCKING UPSIDE VALUE ON NON-CORE ASSET PORTFOLIO



## Undeveloped Acreage Sales ✓

As an operator of producing assets, sale of associated undeveloped acreage provides upside to valuations



## Non-Op Divestitures ✓

Focus on operated properties can provide liquidity and enhance control of field-level costs



## Joint-Venture Agreements ✓

Provide a strategic alternative to unlocking upside potential embedded in undeveloped properties



## DrillCo Partnerships ○

Enable ability to deliver line-of-sight to longer-term organic growth in production

✓ *executed strategy*

○ *available strategy*

## History of Realising “Free” Upside

*Allocation of value only to producing assets creates natural runway for value accretion*

- **2019 | \$10** Mn  
Sale of Proved Undeveloped Wells
- **2021 | \$34** Mn  
Sale of Undeveloped Acreage
- **2023 | \$240** Mn  
Divestiture of Non-Operated Well Interests  
Acreage and Leasehold Sales  
Strategic Asset Monetization





# A DIFFERENTIATED STRATEGY FOCUSED ON EXISTING PRODUCTION

## Smarter Asset Management (“SAM”) Drives Ongoing Value

Daily operational efforts increase efficiencies and reduce environmental impact



### **The Result of a Unique Focus on Existing Production**

Rather than emphasize development, field personnel remain hyper-focused on maximizing production and efficiency



### **Empowering the Workforce to Create Daily Successes**

Ownership of field-level results engages and motivates personnel to deliver on asset optimization



### **Acquisitions Grow the Portfolio of SAM Opportunities**

Increased scale allows for ongoing review and prioritization of high-return activities throughout the operating footprint



# NEXT LVL ENERGY: SETTING A NEW STANDARD FOR RETIREMENT



## Differentiated Outlook on Asset Retirement

Stewardship from acquisition to retirement ensures sustainable operations for the lifetime of assets



## Efficiencies Obtained through Operating Scale

Full suite of service capabilities creates unique capacity for efficient and effective asset retirement



## Uniquely Situated for Program Management

Full-scope services from permitting to plugging enhance ability to deliver internal efficiencies and provide third-party services to states and other operators



## Strategy Driven by Innovation not Repetition

Cumulative experience from internal and third-party retirement provides process enhancement insights

## Positioned to Lead in Appalachian Asset Retirement

As a wholly-owned subsidiary of Diversified, Next LVL Energy is strategically advantaged among Appalachian retirement companies:

- ✓ Financial stability
- ✓ Corporate support of NYSE & FTSE listed operator
- ✓ Positioned to innovate well retirement techniques
- ✓ Strong industry and state relationships



## 384 Well Retirements in 2023 and Growing

Third-Party Client Services

### Wells Operated by Diversified Energy

Provide in-house plugging services for scheduled asset retirement activities through Appalachiaa

### Regional Well Operators

Occurs through Next LVL Energy's footprint throughout the Appalachian Basin

### State-Funded Plugging Programs

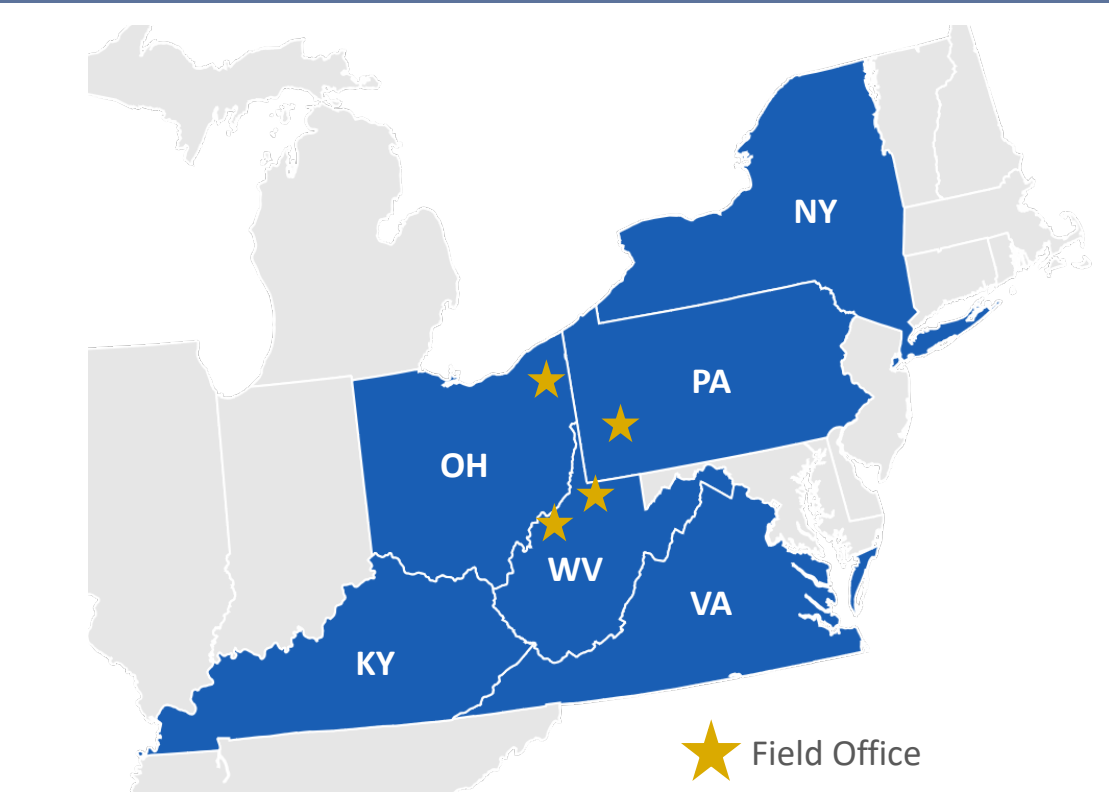
Includes work performed in the state of Ohio, in addition to other federally-funded programs

### Federally-Funded Plugging Programs

Performed over a range of geographies, including West Virginia, Ohio and Pennsylvania

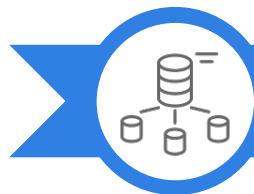
## Servicing the Northeast Appalachian Region

Core service area includes: West Virginia, Ohio, Pennsylvania, Kentucky, New York and Virginia





# OPERATIONAL INSIGHTS DRIVEN BY TECHNOLOGY INVESTMENTS



## Well-Level Data Capture

Data + Human interaction of wellhead LTE connectivity, SCADA architecture and manual field data capture



## Cloud-Based Infrastructure

Enables remote access to data, eliminates technical debt and enhances information security across the organization



## Real-Time Monitoring

Leverage data visualization and operations technology to assist 24/7 monitoring of production, transportation and emissions



## Emissions Detection

Invest in emissions detection equipment and processes, including systems like Qube and Project Canary, creating a pathway to certified RNG

## Centralized Control and Visibility of Operations



### Upstream Systems

- ✓ Mitigates impact of production disruptions
- ✓ Assists production optimisation activities
- ✓ Enhances EHS awareness and responses
- ✓ Capacity to expand to additional owned systems

### Midstream Systems

- ✓ Enhances visibility to product volume and flow
- ✓ Provides centralized oversight for multiple systems
- ✓ Informs gas control technicians with real-time reports
- ✓ Capacity to expand to additional owned systems





# CONTINUED COMMITMENT TO STRONG SUSTAINABILITY PRACTICES



Disclosed State-by-State  
Economic Analysis

Enhanced Biodiversity &  
Climate Risk Disclosures

Published 2023 ESG  
Performance Objectives

Best ESG Report 2023  
from ESG Awards

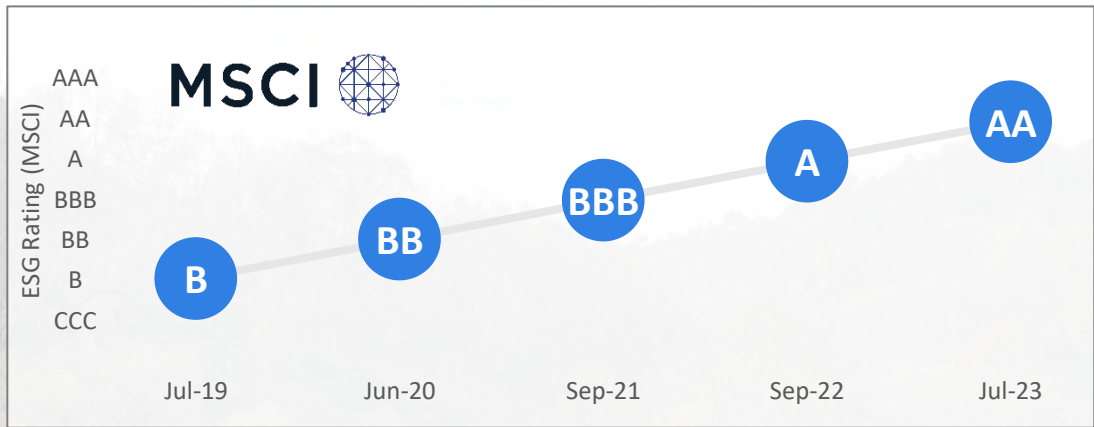
Achieved 'AA' Rating  
from MSCI Analytics

Awarded OGMP 2.0  
Gold Standard  
2<sup>nd</sup> Consecutive Year

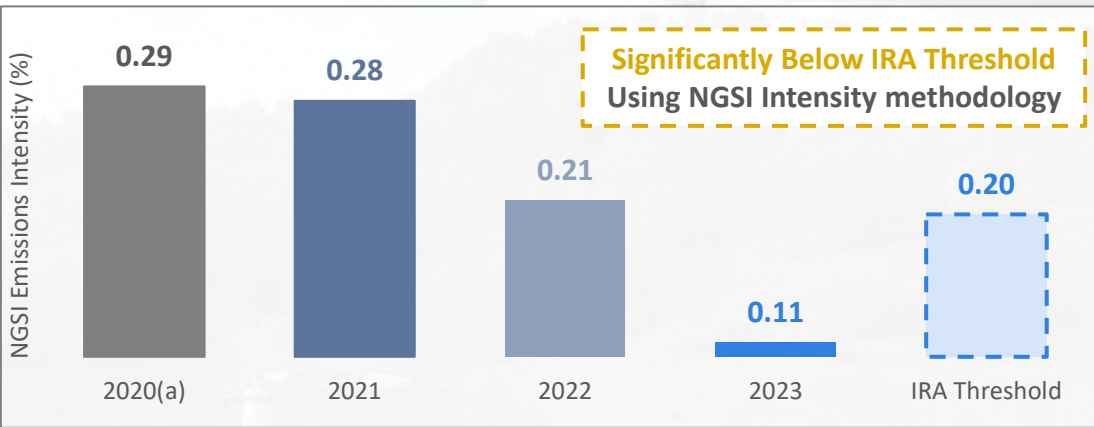
Sustainability Report Highlights

Recent ESG Achievements

## ESG Scores Reflect Commitment to Sustainability and Transparency



## Sustainability Strategy Drives Down Scope 1 Methane Intensity



a) As first reported at year end 2021, emissions data for 2020 have been revised to incorporate the impacts of 2021 Project Fresh initiatives which focused on replacing theoretical emissions figures with more exact metrics as the result of direct measurement and emissions device inventory processes

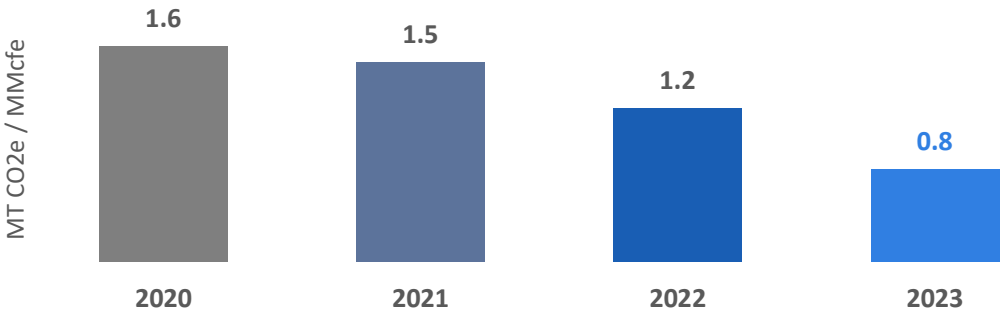


# CLIMATE TARGETS AND ACTIONS

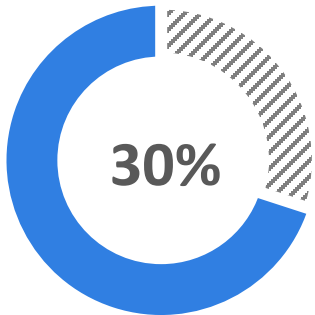
GHG Emissions <sup>(a)</sup>	Unit	2023	2022	2021	2020 <sup>(b)</sup>
Scope 1 Emissions:	thousand MT CO <sub>2</sub> e	1,561	1,820	1,631	958
Carbon Dioxide	thousand MT CO <sub>2</sub>	1,140	1,130	841	538
Methane <sup>(c)</sup>	thousand MT CO <sub>2</sub> e	420	686	790	420
Nitrous Oxide	thousand MT CO <sub>2</sub> e	1	4	1	1
% Methane	%	27	38	48	44
Scope 1 Methane Intensity	MT CO <sub>2</sub> e/MMcfe	0.8	1.2	1.5	1.6
Scope 1 Methane Intensity - NGSI <sup>(d)</sup>	%	0.11	0.21	0.28	0.29

## Scope 1 Methane Emissions Reduced to 2030 Target Levels

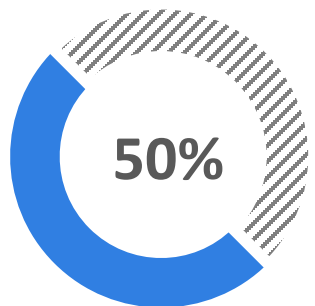
Primarily related to handheld LDAR efforts and pneumatic device conversions



## Scope 1 Methane Intensity Interim Reduction Targets



Reduction by 2026



Reduction by 2030

a) Emissions are reported under a modified Intergovernmental Panel on Climate Change (“IPCC”) report format for EU investors.  
b) As first reported at year end 2021, emissions data for 2020 have been revised to incorporate the impacts of 2021 Project Fresh initiatives which focused on replacing theoretical emissions figures with more exact metrics as the result of direct measurement and emissions device inventory processes. Based on a 100-year global warming potential of 28 for methane, in line with IPCC’s Fifth Assessment Report.  
c) Using the Natural Gas Sustainability Initiative protocol, and to support direct comparability among the industry’s producers, represents methane intensity using methane emissions from production assets only (therefore, excluding gathering & boosting facilities) divided by gross natural gas production.



# DEMONSTRATING OUR COMMITMENT TO SUSTAINABLE OPERATIONS



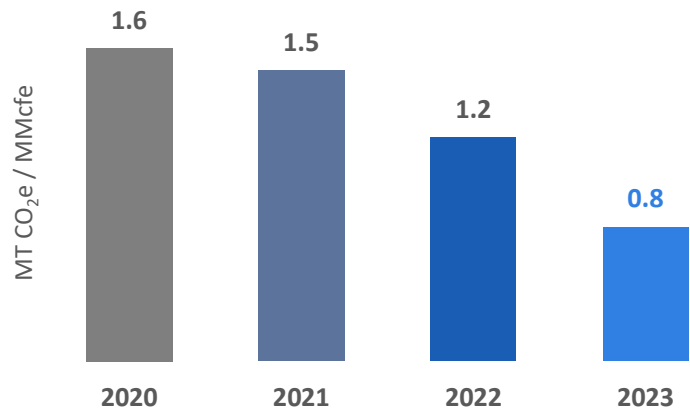
## 2023 ESG and Sustainability Highlights

- ✓ **Achieved OGMP 2.0 "Gold Standard" Pathway**  
*Two years, closing gap to Gold Standard Compliance*
- ✓ **Conducted ~246,000 Handheld Inspections for Fugitive Emissions in 2023**  
*Company-wide voluntary coverage started 1/2023; 97% leak free <sup>a</sup>*
- ✓ **~21,000 Cumulative Miles of Midstream Pipelines Surveyed via Aerial Lidar**  
*Includes ~20,500 wells and facilities*
- ✓ **~85% Annual Increase on Near Miss/ Good Catch Reporting**  
*OneDEC safety culture expands awareness, reporting and training programs*
- ✓ **Top 4 in Energy Sector of FTSE Women Leaders Review**

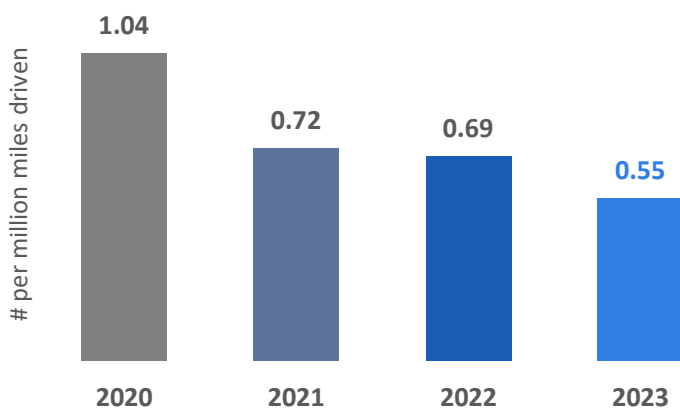
## 2023 Emissions Reduction Initiatives

- Central Region Handheld Deployment** **ACHIEVED**  
Conduct emissions surveys on 100% of upstream assets
- Ongoing Pneumatic Device Replacement** **ACHIEVED**  
Convert existing devices to compressed air / solar
- Continuation of Aerial LiDAR Surveys** **ACHIEVED**  
Progress midstream emissions surveillance in Appalachia

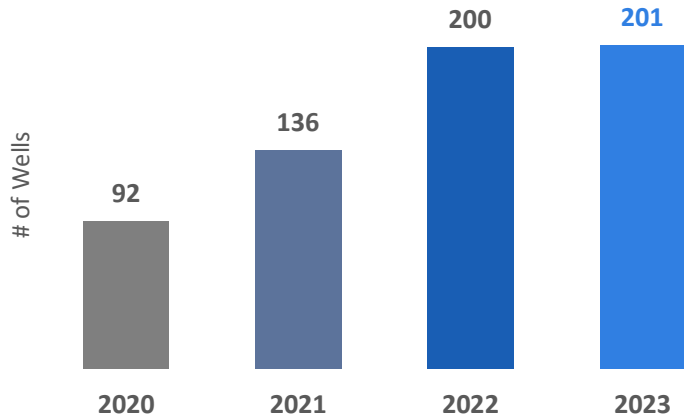
**Scope 1 Methane Emissions Intensity**  
Achieves 2030 Reduction Target



**Motor Vehicle Accident Rate**  
47% reduction since 2020



**Well Retired per Year<sup>(b)</sup>**  
120% Increase since 2020



a) Amount includes asset inspections in the Company's Appalachia and Central Region operating areas; "Leak Free" defined as no leaks > 500 ppm when using handheld emissions technology  
b) For comparative purposes, includes only wells retired within Diversified's Appalachian operations; excludes retired in Diversified's Central Region and wells retired for third parties in 2022 and 2023

# Supplemental Financials

For the Year Ended December 31, 2023



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited		
	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Revenue	\$ 868,263	\$ 1,919,349	\$ 1,007,561
Operating expenses	(440,562)	(445,893)	(291,213)
Depreciation, depletion and amortization	(224,546)	(222,257)	(167,644)
<b>Gross profit</b>	<b>\$ 203,155</b>	<b>\$ 1,251,199</b>	<b>\$ 548,704</b>
General and administrative expenses	(119,722)	(170,735)	(102,326)
Allowance for expected credit losses	(8,478)	—	4,265
Gain (loss) on natural gas and oil properties and equipment	24,146	2,379	(901)
Gain (loss) on sale of equity interest	18,440	—	—
Unrealized gain (loss) on investment	4,610	—	—
Gain (loss) on derivative financial instruments	1,080,516	(1,758,693)	(974,878)
Gain on bargain purchases	—	4,447	58,072
Impairment of provide properties	(41,616)	—	—
<b>Operating profit (loss)</b>	<b>1,161,051</b>	<b>\$ (671,403)</b>	<b>\$ (467,064)</b>
Finance costs	(134,166)	(100,799)	(50,628)
Accretion of asset retirement obligation	(26,926)	(27,569)	(24,396)
Other income (expense)	385	269	(8,812)
<b>Income (loss) before taxation</b>	<b>1,000,344</b>	<b>\$ (799,502)</b>	<b>\$ (550,900)</b>
Income tax benefit (expenses)	(240,643)	178,904	225,694
<b>Net income (loss)</b>	<b>759,701</b>	<b>\$ (620,598)</b>	<b>\$ (325,206)</b>
Other comprehensive income (loss)	(270)	940	51
<b>Total comprehensive income (loss)</b>	<b>759,431</b>	<b>\$ (619,658)</b>	<b>\$ (325,155)</b>
<b>Net income (loss) attributable to:</b>			
Diversified Energy Company PLC	758,018	(625,410)	(325,509)
Non-controlling interest	1,683	4,812	303
<b>Net income (loss)</b>	<b>759,701</b>	<b>(620,598)</b>	<b>(325,206)</b>
<b>Earnings (loss) per share attributable to Diversified Energy Company PLC</b>			
Earnings (loss) per share - basic	\$ 16.07	\$ (14.82)	\$ (8.20)
Earnings (loss) per share - diluted	\$ 15.95	\$ (14.82)	\$ (8.20)
Weighted average shares outstanding - basic	47,165	42,204	39,677
Weighted average shares outstanding - diluted	47,515	42,204	39,677

Amounts in thousands, except per share and per unit data;  
The notes on pages 149 to 196 are an integral part of the Group's 2023 Annual Report & Form 20-F and the Group Financial Statements published therein.





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited	
	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Non-current assets:</b>		
Natural gas and oil properties, net	\$ 2,490,375	\$ 2,555,808
Property, plant and equipment, net	456,208	462,860
Intangible assets	19,351	21,098
Restricted cash	25,057	47,497
Derivative financial instruments	24,401	13,936
Deferred tax assets	144,860	371,156
Other non-current assets	9,172	4,351
<b>Total non-current assets</b>	<b>\$ 3,169,424</b>	<b>\$ 3,476,706</b>
<b>Current assets:</b>		
Trade receivables, net	190,207	296,781
Cash and cash equivalents	3,753	7,329
Restricted cash	11,195	7,891
Derivative financial instruments	87,659	27,739
Other current assets	11,784	14,482
<b>Total current assets</b>	<b>\$ 304,598</b>	<b>\$ 354,222</b>
<b>Total assets</b>	<b>\$ 3,474,022</b>	<b>\$ 3,830,928</b>

	Audited	
	December 31, 2023	December 31, 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity:</b>		
Share capital	\$ 12,897	\$ 11,503
Share premium	1,208,192	1,052,959
Treasury reserve	(102,470)	(100,828)
Share based payment and other reserves	14,442	17,650
Retained earnings (accumulated deficit)	(547,255)	(1,133,972)
<b>Equity attributable to owners of the parent:</b>	<b>585,806</b>	<b>(152,688)</b>
Non-controlling interests	12,604	14,964
<b>Total equity</b>	<b>\$ 598,410</b>	<b>\$ (137,724)</b>
<b>Non-current liabilities:</b>		
Asset retirement obligations	\$ 501,246	\$ 452,554
Leases	20,559	19,569
Borrowings	1,075,805	1,169,233
Deferred tax liability	13,654	12,490
Derivative financial instruments	623,684	1,177,801
Other non-current liabilities	2,224	5,375
<b>Total non-current liabilities</b>	<b>\$ 2,237,172</b>	<b>\$ 2,837,022</b>
<b>Current liabilities:</b>		
Trade and other payables	53,490	93,764
Taxes Payable	50,226	41,907
Leases	10,563	9,293
Borrowings	200,822	271,096
Derivative financial instruments	45,836	293,840
Other current liabilities	277,503	421,730
<b>Total current liabilities</b>	<b>\$ 638,440</b>	<b>\$ 1,131,630</b>
<b>Total liabilities</b>	<b>\$ 2,875,612</b>	<b>\$ 3,968,652</b>
<b>Total equity and liabilities</b>	<b>\$ 3,474,022</b>	<b>\$ 3,830,928</b>

Amounts in thousands, except per share and per unit data;  
The notes on pages 149 to 196 are an integral part of the Group's 2023 Annual Report & Form 20-F and the Group Financial Statements published therein.



# CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited		
	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Cash flows from operating activities:</b>			
Income (loss) after taxation	\$ 759,701	(620,598)	(325,206)
<b>Cash flows from operations reconciliation:</b>			
Depreciation, depletion and amortization	224,546	222,257	167,644
Accretion of asset retirement obligations	26,926	27,569	24,396
Impairment of proved properties	41,616	—	—
Income tax (benefit) expense	240,643	(178,904)	(225,694)
(Gain) loss on fair value adjustments of unsettled financial instruments	(905,695)	861,457	652,465
Asset retirement costs	(5,961)	(4,889)	(2,879)
(Gain) loss on natural gas and oil properties and equipment	(24,146)	(2,379)	901
	(18,440)	—	—
	(4,810)	—	—
Gain on bargain purchases	—	(4,447)	(58,072)
Finance costs	134,166	100,799	50,628
Revaluation of contingent consideration	—	0	8963000
Hedge modifications	26,686	(133,573)	(10,164)
Non-cash equity compensation	6,494	8,051	7,400
<b>Working capital adjustments:</b>			
Change in trade receivables and other current assets	104,571	13,760	(126,957)
Change in other non-current assets	1,661	(580)	(556)
Change in trade and other payables and other current liabilities	(183,530)	132,349	162,486
Change in other non-current liabilities	(6,236)	(6,794)	5,707
<b>Cash generated from operations</b>	<b>\$ 418,392</b>	<b>414,078</b>	<b>331,062</b>
Cash paid for income taxes	(8,260)	(26,314)	(10,880)
<b>Net cash provided by operating activities</b>	<b>\$ 410,132</b>	<b>387,764</b>	<b>320,182</b>

	Audited		
	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Cash flows from investing activities:</b>			
Consideration for business acquisitions, net of cash acquired	\$ —	(24,088)	(286,804)
Consideration for asset acquisitions	(262,329)	(264,672)	(287,330)
Proceeds from divestitures	95,749	—	86,224
Payments associated with potential acquisitions	—	—	(25,002)
Acquisition related debt and hedge extinguishments	—	—	(56,466)
Expenditures on natural gas and oil properties and equipment	(74,252)	(86,079)	(50,175)
Proceeds on disposals of natural gas and oil properties and equipment	4,083	12,189	2,663
Deferred consideration payments	(2,620)	—	—
Contingent consideration payments	—	(23,807)	(10,822)
<b>Net cash used in investing activities</b>	<b>\$ (239,369)</b>	<b>(386,457)</b>	<b>(627,712)</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowings	(1,547,912)	(2,139,686)	(1,432,566)
Proceeds from borrowings	1,537,230	2,587,554	1,727,745
Cash paid for interest	(116,784)	(83,958)	(42,673)
Debt issuance costs	(13,776)	(34,234)	(10,255)
Decrease (increase) in restricted cash	11,792	(36,287)	1,838
Hedge modifications associated with ABS Notes	(6,376)	(105,316)	—
Proceeds from equity issuance, net	156,788	—	213,844
Principal element of lease payments	(12,169)	(10,211)	(7,556)
Cancellation (settlement) of warrants, net	—	137	(1,429)
Dividends to shareholders	(168,041)	(143,455)	(130,239)
Distributions to non-controlling interest owners	(4,043)	(6,389)	—
Repurchase of shares by the EBT	—	(22,931)	—
Repurchase of shares	(11,048)	(11,760)	—
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (174,339)</b>	<b>(6,536)</b>	<b>318,709</b>
Net change in cash and cash equivalents	(3,576)	(5,229)	11,179
Cash and cash equivalents, beginning of period	7,329	12,558	1,379
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,753</b>	<b>7,329</b>	<b>12,558</b>

a) Amounts in thousands, except per share and per unit data;

b) The notes on pages 149 to 196 are an integral part of the Group's 2023 Annual Report & Form 20-F and the Group Financial Statements published therein.



# ALTERNATIVE PERFORMANCE METRICS

## Adjusted EBITDA

As used herein, EBITDA represents earnings before interest, taxes, depletion, depreciation and amortization. adjusted EBITDA includes adjusting for items that are not comparable period-over-period, namely, accretion of asset retirement obligation, other (income) expense, loss on joint and working interest owners receivable, (gain) loss on bargain purchases, (gain) loss on fair value adjustments of unsettled financial instruments, (gain) loss on natural gas and oil property and equipment, costs associated with acquisitions, other adjusting costs, non-cash equity compensation, (gain) loss on foreign currency hedge, net (gain) loss on interest rate swaps and items of a similar nature.

Adjusted EBITDA should not be considered in isolation or as a substitute for operating profit or loss, net income or loss, or cash flows provided by operating, investing and financing activities. However, we believe such measure is useful to an investor in evaluating our financial performance because it (1) is widely used by investors in the natural gas and oil industry as an indicator of underlying business performance; (2) helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the often-volatile revenue impact of changes in the fair value of derivative instruments prior to settlement; (3) is used in the calculation of a key metric in one of our Credit Facility financial covenants; and (4) is used by us as a performance measure in determining executive compensation. When evaluating this measure, we believe investors also commonly find it useful to evaluate this metric as a percentage of our total revenue, inclusive of settled hedges, producing what we refer to as our adjusted EBITDA margin.

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net income (loss)</b>	<b>\$ 759,701</b>	<b>\$ (620,598)</b>	<b>\$ (325,206)</b>
Finance costs	134,166	100,799	50,628
Accretion of asset retirement obligations	26,926	27,569	24,396
Other (income) expense	(385)	(269)	8,812
Income tax (benefit) expense	240,643	(178,904)	(225,694)
Depreciation, depletion and amortization	224,546	222,257	167,644
(Gain) loss on bargain purchases	—	(4,447)	(58,072)
(Gain) loss on fair value adjustments of unsettled financial instruments	(905,695)	861,457	652,465
(Gain) loss on natural gas and oil properties and equipment <sup>(a)</sup>	20	93	901
(Gain) loss on sale of equity interest	(18,440)	—	—
Unrealized (gain) loss on investment	(4,610)	—	—
Impairment of proved properties	41,616	—	—
Costs associated with acquisitions	16,775	15,545	27,743
Other adjusting costs <sup>(a)</sup>	17,794	69,967	10,371
Non-cash equity compensation	6,494	8,051	7,400
(Gain) loss on foreign currency hedge	521	—	1,227
(Gain) loss on interest rate swap	2,722	1,434	530
<b>Total adjustments</b>	<b>\$ (216,907)</b>	<b>\$ 1,123,552</b>	<b>\$ 668,351</b>
<b>Adjusted EBITDA</b>	<b>\$ 542,794</b>	<b>\$ 502,954</b>	<b>\$ 343,145</b>

Amounts in thousands, except per share and per unit data;

a) Excludes \$24.2 million and \$2 million in proceeds received for leasehold sales during the years ended December 31, 2023 and 2022



# ALTERNATIVE PERFORMANCE METRICS

## Net Debt and Net Debt-to-Adjusted EBITDA

As used herein, net debt represents total debt as recognized on the balance sheet less cash and restricted cash. Total debt includes our borrowings under the Credit Facility and borrowings under or issuances of, as applicable, our subsidiaries' securitization facilities. We believe net debt is a useful indicator of our leverage and capital structure.

As used herein, net debt-to-adjusted EBITDA, or "leverage" or "leverage ratio," is measured as net debt divided by adjusted EBITDA. We believe that this metric is a key measure of our financial liquidity and flexibility and is used in the calculation of a key metric in one of our Credit Facility financial covenants.

	As of		
	December 31, 2023	December 31, 2022	December 31, 2021
Credit Facility	\$ 159,000	56,000	570,600
ABS I Notes	100,898	125,864	155,266
ABS II Notes	125,922	147,458	169,320
ABS III Notes	274,710	319,856	—
ABS IV Notes	99,951	130,144	—
ABS V Notes	290,913	378,796	—
ABS VI Notes	159,357	212,446	—
Term Loan I	106,470	120,518	137,099
Other	7,627	7,084	9,380
<b>Total debt</b>	<b>\$ 1,324,848</b>	<b>1,498,166</b>	<b>1,041,665</b>
LESS: Cash	(3,753)	(7,329)	(12,558)
LESS: Restricted cash	(36,252)	(55,388)	(19,102)
<b>Net debt</b>	<b>\$ 1,284,843</b>	<b>1,435,449</b>	<b>1,010,005</b>
<b>Adjusted EBITDA</b>	<b>\$ 542,794</b>	<b>502,954</b>	<b>343,145</b>
<b>Pro forma adjusted EBITDA<sup>(a)</sup></b>	<b>\$ 542,893</b>	<b>574,414</b>	<b>490,978</b>
<b>Pro forma net debt-to-pro forma adjusted EBITDA<sup>(b)</sup></b>	<b>2.3x</b>	<b>2x</b>	<b>2.1x</b>

Amounts in thousands, except per share and per unit data;

- a) Pro forma adjusted EBITDA includes adjustments for the year ended December 31, 2023 for the Tanos II Acquisition to pro forma its results for the full twelve months of operations. Similar adjustments were made for the year ended December 31, 2022 for the East Texas Assets and ConocoPhillips acquisitions
- b) Does not include adjustments for working capital which are often customary in the market.



# ALTERNATIVE PERFORMANCE METRICS

**Total Revenue, Inclusive of Settled Hedges and Adjusted EBITDA Margin**

As used herein, total revenue, inclusive of settled hedges, includes the impact of derivatives settled in cash. We believe that total revenue, inclusive of settled hedges is a useful because it enables investors to discern our realized revenue after adjusting for the settlement of derivative contracts.

As used herein, adjusted EBITDA margin is measured as adjusted EBITDA, as a percentage of total revenue, inclusive of settled hedges. adjusted EBITDA margin includes the direct operating cost and the portion of general and administrative cost it takes to produce each Mcfe. This metric includes operating expense, employees, administrative costs and professional services and recurring allowance for credit losses, which include fixed and variable costs components. We believe that adjusted EBITDA margin is a useful measure of our profitability and efficiency as well as our earnings quality because it measures the Group on a more comparable basis period-over-period, given we are often involved in transactions that are not comparable between periods. between periods.

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Total revenue	\$ 868,263	1,919,349	1,007,561
Net gain (loss) on commodity derivative instruments <sup>(a)</sup>	178,064	(895,802)	(320,656)
Total revenue, inclusive of settled hedges	\$ 1,046,327	1,023,547	686,905
Adjusted EBITDA	\$ 542,794	502,954	343,145
Adjusted EBITDA margin	52 %	49 %	50 %

**Free Cash Flow**

Average Quarterly Dividend per Share is reflective of the average of the dividends per share declared throughout the applicable fiscal year which gives consideration to changes in dividend rates and changes in the amount of shares outstanding. We use Average Quarterly Dividend per Share as we seek to pay a consistent and reliable dividend to shareholders.

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Net cash provided by operating activities	\$ 410,132	387,764	320,182
LESS: Expenditures on natural gas and oil properties and equipment	(74,252)	(86,079)	(50,175)
LESS: Cash paid for interest	(116,784)	(83,958)	(42,673)
Free cash flow	\$ 219,096	217,727	227,334

Amounts in thousands, except per share and per unit data;  
a) Net gain (loss) on commodity derivative settlements represents cash (paid) or received on commodity derivative contracts. This excludes settlements on foreign currency and interest rate derivatives as well as the gain (loss) on fair value adjustments for unsettled financial instruments for each of the periods presented.



<p><b>Adjusted Operating Cost per Boe and Employees, Administrative Costs &amp; Professional Services</b></p>	<p>Adjusted operating cost per Mcfe is a metric that allows us to measure the direct operating cost and the portion of general and administrative cost it takes to produce each Mcfe. This metric, similar to adjusted EBITDA margin, includes operating expense employees, administrative costs and professional services and recurring allowance for credit losses, which include fixed and variable cost components.</p> <p>As used herein, employees, administrative costs and professional services represents total administrative expenses excluding cost associated with acquisitions, other adjusting costs and non-cash expenses. We use employees, administrative costs and professional services because this measure excludes items that affect the comparability of results or that are not indicative of trends in the ongoing business.</p>
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	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Total production (MMcfe)	\$ 299,632	296,121	259,543
Total operating expense	440,562	445,893	291,213
Employees, administrative costs and professional services	78,659	77,172	56,812
Recurring allowance for credit losses	8,478	—	(4,265)
Adjusted operating cost	\$ 527,699	523,065	343,760
Adjusted operating cost per Mcfe	\$ 1.76	1.77	1.32