

DIVERSIFIED GAS & OIL CORPORATION

(A company existing under the laws of Delaware, United States of America)

Listing of Bonds on Oslo Børs

Senior Secured bonds 2025/2029

ISIN: NO 0013513606

This prospectus (together with the appendices, the "**Prospectus**") has been prepared by Diversified Gas & Oil Corporation (the "**Issuer**" or the "**Company**", and when taken together with its parent company Diversified Energy Company PLC (the "**Parent**") and the Parent's subsidiaries, the "**Group**"), a company existing under the laws of Delaware, United States of America with registration number 5492291 to provide information about the Company and its business in connection with the admission to trading and listing (the "**Listing**") on Oslo Børs, an exchange (regulated market) operated by Oslo Børs ASA ("**Oslo Børs**"), of the senior secured bonds 2025/2029 issued by the Company in a bond issue in the amount of USD 300,000,000 on 9 April 2025 (the "**Bond Issue**"). The aggregate nominal amount of outstanding bonds under the Bond Issue is USD 300,000,000. The maximum issue amount is USD 500,000,000 (the "**Maximum Issue Amount**"). The bonds issued under the Bond Issue are collectively referred to as the "**Bonds**", and each a "**Bond**".

The Company is expected to apply for Listing of the Bonds on Oslo Børs on or about 14 October 2025. Trading of the Bonds on Oslo Børs is expected to commence as soon as practically possible following approval of this Prospectus (subject to such admission being given). Upon Listing, the Bonds will be admitted to trading through the facilities of Oslo Børs.

The Bonds are subject to the terms and conditions set out in the bond terms dated 7 April 2025 (the "**Bond Terms**") appended as Appendix 1 to this Prospectus.

The Bonds are registered with the Euronext Securities Oslo under international securities identification number ("**ISIN**") NO 0013513606. The Bonds are denominated in US Dollars, being the legal currency of the United States of America ("**USD**"). The initial nominal amount (the "**Initial Nominal Amount**") of each Bond is USD 125,000.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS FOR BONDS ALREADY ISSUED BY DIVERSIFIED GAS & OIL COMPANY CORPORATION. NO SECURITIES ARE BEING OFFERED TO ANY PERSON IN ANY JURISDICTION ON THE BASIS OF THIS PROSPECTUS.

Investing in the Company and the Bonds involves material risks and uncertainties. See Section 2 "**Risk Factors**" and Section 4.1.3 "**Cautionary notes**".

The date of this Prospectus is 10 October 2025

IMPORTANT INFORMATION

For definitions of certain other terms used throughout this Prospectus, see Section 10 *"Definitions and Glossary"*.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the **"Norwegian Securities Trading Act"**) and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the **"EU Prospectus Regulation"**). This Prospectus has been prepared solely in the English language.

This Prospectus has been approved by the Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the **"Norwegian FSA"**), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Prospectus serves as a listing prospectus for bonds already issued by the Company. No securities are being offered to any person in any jurisdiction on the basis of this Prospectus.

The Company has furnished the information in this Prospectus and accepts responsibility for the information contained herein. No other party makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by any party.

This Prospectus does not contain any offer to subscribe and/or purchase the Bonds. All inquiries relating to this Prospectus should be directed to the Company. No person is authorized to give any information about, or make any representation on behalf of, the Company in connection with the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

All inquiries relating to this Prospectus should be directed to the Company. No person is authorized to give any information about, or make any representation on behalf of, the Company in connection with the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is current as at the date of this Prospectus and is subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the securities and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Bonds on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it. The Company requires persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus serves as a listing prospectus as required by applicable laws and regulations.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities law of any other state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws of any state or other jurisdiction of the United States.

This Prospectus shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

This Prospectus is not to be considered as legal, business or tax advice. Each investor should consult its own advisors as to legal, business, financial or tax aspect of this Prospectus and the Bonds, and any investors in any doubt about the content of this Prospectus should consult their stockbroker, bank manager, lawyer, accountant or other professional adviser.

Investing in the Bonds involves certain inherent risks. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the terms of the Bonds; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

For an overview of relevant risk factors for the Bonds, please see section 2 "*Risk Factors*" of this Prospectus. All Sections of the Prospectus should be read in context with the information included in Section 4 "*General Information*".

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1. SUMMARY

INTRODUCTION

<i>Warning</i>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Bonds involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<i>Securities</i>	The Bonds are issued under the name Senior Secured Bonds 2025/2029 and registered under ISIN NO 0013513606. The Bonds are subject to the terms and conditions set out in the Bond Terms. The Maximum Issue Amount is USD 500,000,000.
<i>Issuer</i>	The Company exists under the laws of Delaware, United States of America with registration number 5492291 and its Legal Entity Identifier (LEI) code is 5493008O08WU7K5XC271. The Company's registered address is C/O the Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, Delaware 19801 United States of America. The Company's telephone number is +1 205-408-0909 and its website is the website of the Parent, being https://www.div.energy/ . The content of https://www.div.energy/ is not incorporated by reference into, nor does it otherwise form part of, this Prospectus.
<i>Competent authority</i>	The Norwegian FSA, with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and telephone number +47 22 93 98 00 has reviewed and, on 10 October 2025, approved this Prospectus.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

<i>Corporate information</i>	The Company is company organised and existing under the laws of Delaware, United States of America. The Company was incorporated in Delaware, the United States of America on 24 March 2014. Its registration number is 5492291 and its Legal Entity Identifier (LEI) code is 5493008O08WU7K5XC271.
<i>Major shareholders</i>	The Company is wholly-owned (100%) by Diversified Energy Company PLC.
<i>Key managing directors</i>	David E. Johnson Martin K. Thomas David J. Turner, Jr. Katryn Klaber Randall Wade Robert Russel "Rusty" Hutson Jr., Bradley Grafton Gray.
<i>Independent auditors</i>	The Company's auditor is PricewaterhouseCooper LLP ("PwC").

What is the key financial information regarding the issuer?

Pursuant to Article 18 (1) (c) of the EU Prospectus Regulation, the Norwegian FSA has granted an exemption from the requirements to include historical financial information in the Prospectus for the Company.

The Group has prepared audited annual financial statements as of and for the year ended 31 December 2024, with comparative amounts for the year ended 31 December 2023, in accordance with International Financial reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (together "IFRS"). Which includes the Guarantor and its whole owned subsidiaries, including the Company. These annual financial statements, which are appended as Appendix 2 and Appendix 3 to this Prospectus, were audited by PricewaterhouseCoopers LLP.

The Guarantors' key financial information

Diversified Energy Company PLC

Diversified Energy Company PLC has prepared audited annual financial statements as of and for the years ended 31 December 2024 and 2023 in accordance with IFRS. These annual financial statements were audited by PricewaterhouseCoopers LLP.

The table below sets out selected key financial information gathered from the abovementioned annual financial statements.

Income statement for the Group		
	Year ended 31 December	
Amounts in USD thousands	2024	2023
Operating profit (loss)	(43,026)	1,161,051

Balance sheet for the Group		
	Year ended 31 December	
Amounts in USD thousands	2024	2023
Total equity and liabilities	4,003,525	3,474,022

What are the key risks that are specific to the issuer?

- Material risk factors
- **Commodity price volatility:** The Group's revenues, cash flows, reserves valuations and development activity are highly sensitive to fluctuations in natural gas, natural gas liquids and oil prices beyond its control, which could render projects uneconomic, trigger impairments and reduce production.
 - **Intense competition:** The Group competes with larger, better resourced and vertically integrated peers for assets, markets and talent, and failure to compete effectively could adversely affect its business, margins and growth.
 - **Production/transport/marketing constraints:** Dependence on third-party gathering, processing and pipeline capacity may cause shut-ins, price discounts or delays when capacity is unavailable or infrastructure is disrupted, negatively affecting volumes and cash flows.
 - **Operational hazards:** Exploration and production activities involve reservoir, mechanical, environmental and safety risks (including blowouts, spills, fires and severe weather) that could cause injuries, sanctions, reputational harm and prolonged outages with significant costs.
 - **Reserves and production uncertainty:** Reserve estimates are inherently uncertain and subject to price, geological and operational assumptions, so actual recoveries and production rates may be lower than expected, leading to value reductions and weaker future cash flows.

- **Decommissioning obligations:** The timing and cost of retiring wells, facilities and pipelines are uncertain and may increase due to regulatory changes, vendor availability or field performance, diverting capital from growth and negatively impacting financial results.
- **Technology and cybersecurity risks:** Failure to adopt, integrate or secure evolving operational and digital technologies, including during acquisitions, may create inefficiencies, data breaches and higher costs, leaving the Group at a competitive disadvantage.
- **Macroeconomic and end-market weakness:** Deterioration in customer industries, reduced industrial demand or tighter credit conditions could lower pricing and impair customer payment capacity, adversely affecting the Group's liquidity, profitability and cash flows.
- **Climate change and extreme weather:** Evolving greenhouse gas regulation, stakeholder scrutiny, activism, climate-related litigation and increasingly severe weather events may raise compliance costs, disrupt operations and damage assets, with adverse financial and reputational effects.
- **Reliance on third-party infrastructure/tariffs:** Interruptions, decommissioning or unfavorable tariffs on third-party pipelines and processing facilities could restrict throughput or erode economics, materially affecting production, costs and cash generation.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities comprise of Senior Secured Bonds 2025/2029 with maturity date on 9 April 2029.

The Bonds are registered with the Euronext Securities Oslo under ISIN NO 0013513606. The Bonds are denominated in USD. The Nominal Amount of each Bond is USD 125,000. All Bonds issued under the same ISIN will have identical terms and conditions as set out in the Bond Terms. The aggregate nominal amount of outstanding bonds after the Bond Issue is USD 300,000,000. The Maximum Issue Amount is USD 500,000,000.

The Bonds are subject to an interest rate per annum of 9.75 per cent.

The Bonds constitutes senior debt obligations of the Issuer. The Bonds ranks pari passu between themselves and at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

Where will the securities be traded?

The Company has applied for listing of the Bonds on Oslo Børs and admission to Listing (subject to such admission being given) is expected to be as soon as practical possible following approval of this Prospectus with ISIN NO 0013513606. No application has been made for listing of the Bonds on any other regulated market, other third country markets, SME Growth Market or multilateral trading facility.

Is there a guarantee attached to the securities?

Diversified Energy Company PLC is the Guarantor under the Bond Terms. The Guarantor has granted an unconditional and irrevocable Norwegian law guarantee to the benefit of Nordic Trustee AS as security agent, as continuing security for the due and punctual payment, discharge and performance of the Secured Obligations.

What are the key risks that are specific to the securities?

Material risk factors.....

- **Structural subordination:** Bondholders rank behind creditors of the Issuer's subsidiaries, meaning claims on subsidiary assets will be satisfied before any distribution to the Issuer.
- **Market and liquidity risk:** There is no assurance that an active trading market for the Bonds will develop or that prices will remain stable, which could limit liquidity and value.

- **Issuer redemption risk:** The Issuer may redeem the Bonds early, potentially forcing investors to reinvest at lower rates and limiting upside on bond prices.
- **Amendment risk:** Bond terms can be amended or waived by majority vote, which may bind dissenting or absent bondholders to changes they do not favor.
- **Conflict of interest:** The Group's interests may diverge from those of bondholders, as management could prioritize equity holders over timely debt servicing.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

<i>Terms and conditions of the Bonds</i>	Not applicable. The Bonds have not been subject to a public offer, the Bonds are already issued and settled.
<i>Admission to trading</i>	The Company has applied for listing of the Bonds on Oslo Børs and admission to Listing is expected to be as soon as practical possible following approval of this Prospectus (subject to such admission being given). No application has been made for listing of the Bonds on any other regulated market than Oslo Børs.
<i>Total expenses of the Listing</i>	The Company covers expenses in connection with the Listing of the Bonds, such as review and approval of the Prospectus from the Norwegian FSA. In addition to legal fees and other fees in connection with the Bond Issue, the fees payable for Listing on Oslo Børs amount to approximately NOK 126,000 and the fees payable for review and approval from the Norwegian FSA amount to NOK 113,000. The total costs incurred by the Company in connection with the Listing of the Bonds are expected to amount to approximately NOK 239,000.

Who is the offeror and/or the person asking for admission to trading?

The Company has issued the Bonds and is the entity asking for Listing of the Bonds following publication of this Prospectus.

Why is this prospectus being produced?

<i>Reasons for the offer admission to trading</i>	This Prospectus is being produced in connection with the Company's application for the admission to trading of the Bonds on Oslo Stock Exchange. Pursuant to the Bond Terms the Company shall use reasonable endeavours to ensure that the Bonds are listed on Oslo Stock Exchange within 9 January 2026 and thereafter remain listed on an Oslo Stock Exchange or any other EU Regulated Market until the Bonds have been redeemed in full. The application for admission to trading is put forward by the Company to satisfy the conditions of the Bond Terms.
<i>Use of proceeds</i>	The Company has used the net proceeds from the Bond Issue for (a) repayment of outstanding amounts under the RBL Facility (with no cancellation of corresponding commitment); (b) repayment of the outstanding Oaktree seller's notes; and (c) for general corporate purposes of the Group. The Issuer will use the net proceeds from the issuance of any additional bonds for general corporate purposes, if not otherwise stated.
<i>Conflicts of interest</i>	There are no potential conflicts of interest between any duties to the Company of the members of the Board of Directors or members of Management and their private interests and/or other duties.

2. RISK FACTORS

An investment in the Company and the Bonds involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Company and the Bonds. An investment in the Company and the Bonds is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 "Risk factors" are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Bonds, resulting in loss of all or part of an investment in the Company and the Bonds.

2.1. Risks related to the Group's business and industry

2.1.1. Exposure to volatility and fluctuations in natural gas, NGLs and oil prices

The Group's business, results of operations, financial condition, cash flows and prospects depend substantially upon its ability to produce and sell natural gas and oil in U.S. markets at prevailing natural gas, natural gas liquids ("NGL") and oil prices, which may be adversely impacted by unfavorable global, regional and national macroeconomic conditions. Historically, prices for natural gas, NGLs and oil have fluctuated for a broad variety of reasons. Natural gas, NGLs and oil are commodities for which prices are determined based on global and regional demand, supply and other factors, all of which are beyond the Group's control. Factors affecting supply and demand, and potentially affecting the Group's operational and financial performance, could be due to extreme weather events such as hurricanes, the outbreak of war or ongoing military operations in foreign countries, or the announcement of production acceleration or easement from the Organization of the Petroleum Exporting Countries ("OPEC").

A continued reduction in realized prices for the hydrocarbons which the Company produces could result in a material decrease in the value of the Group's reserves, which could lead to a reduction in the Group's natural gas, NGLs and oil development activities and ability to replenish its portfolio through inter alia acquisition of additional reserves and investments. In addition, certain development projects or potential future acquisitions could become unprofitable as a result of a sustained decline in hydrocarbon prices and could result in the Group postponing or canceling a planned project or potential acquisition, or if it is not possible to cancel, to carry out the project or acquisition with negative economic impacts. Further, a reduction in natural gas, NGL or oil prices may lead the Group's producing fields to be shut down and to be entered into the decommissioning phase earlier than estimated.

The Group's revenues, cash flows, operating results, profitability, future rate of growth and the carrying value of the Group's gas and oil properties depend heavily on the prices the Group receives for natural gas, NGLs and oil sales. Commodity prices also affect the Group's cash flow and the amount and value of the Group's gas and oil reserves. In addition, the Group may face gas and oil property impairments if prices fall significantly. In light of continuing expected increase (the rate of increase is dependent upon many factors, including commodity price) in supply coming from various new drilling and development plays, including the Utica and Marcellus shale plays of the Appalachian Basin as well as in the Permian Basin, no assurance can be given that commodity prices will remain at levels which enable the Group to do business profitably or at levels that make it economically viable to produce from certain wells and any material decline in such prices could result in a reduction of the Group's net production volumes and revenue and a decrease in the valuation of the Group's production properties, which could materially and adversely impact the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

The Issuer's combats the volatile price environment through its implemented hedging program which is typically designed to hedge price risk for an approximate range of 70% to 90% of its production within the next 12-months and an approximate range of 50% to 70% of its production within the next 12 to 36 months. Additionally, the Group's hedge programs can extend beyond a three-year period for production volumes that support portions of its long-term debt, specifically, the Issuer's collective ABS Notes. The 10-30% of the unhedged production streams are at risk of volatile market pricing which can be affected by an unforeseen macroeconomic event causing a sudden decline in commodity pricing and ultimately affect the

Issuer's financial condition. For example, since the beginning of 2024, average monthly natural gas prices have been as high as \$3.950 per MMBtu in April 2025 and as low as \$1.615 per MMBtu in March 2024. While the hedged production would not be affected, the 10-30% unhedged volumes would be exposed to the cyclical highs and lows of commodity pricing.

2.1.2. The Group conducts its business in a highly competitive industry

Competition in the Group's markets is intense and depends, among other things, with thousands of competitors in the market, their financial resources, their degree of geological, geophysical, engineering and management expertise and capabilities, their degree of vertical integration and pricing policies, their ability to develop properties on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with the relevant authorities. The cost to attract and retain qualified and experienced personnel has increased over time and may increase substantially in the future. The Group's competitors also include entities with greater technical, physical and financial resources than the Group. Finally, companies and certain investors not previously investing in natural gas and oil may choose to acquire reserves to establish a firm supply or simply as an investment. Any such companies will also increase market competition which may directly affect the Group. The Group has a concentrated exposure around its strategy to acquire existing long-life assets which requires the Group to actively compete for those assets. For example, there have been at least 19 acquisitions announced in the Group's operating footprint of Oklahoma, Texas, Ohio, and Pennsylvania in 2025 year to date totaling over \$10 billion. Each acquisition process could have multiple suitors bidding on the assets, making it more difficult for the Group to successfully win the acquisition and implement its growth strategy.

If the Group is unsuccessful in competing against other companies, the Group's business, results of operations, financial condition, cash flows and/or prospects could be materially and adversely affected, which may adversely impact its ability to service its debt.

2.1.3. The Group may experience delays in production, transportation and marketing

Various production, transportation and marketing conditions may cause delays in natural gas, NGLs and oil production and adversely affect the Group's business. For example, the gas gathering systems that the Group owns connect to other pipelines or facilities which are owned and operated by third parties. These pipelines and other midstream facilities upon which the Group relies on may become unavailable because of testing, turnarounds, line repair, reduced operating pressure, lack of operating capacity, regulatory requirements, curtailments of receipt or deliveries due to insufficient capacity or because of damage. For instance, our largest processor of Appalachian NGLs is the MarkWest Energy Partners, L.P., ("MarkWest") plant located in Langley, Kentucky. Other processing facilities include the Aker Plant located in Freestone, Texas and Blackbear Plant located in De Soto Parish, Louisiana. If the Group were to lose the ability to process NGLs at these plants during a period of high pricing, our revenues would be negatively impacted. As a short-term measure, the Group could divert the natural gas through other pipeline routes; however, certain pipeline operators would eventually decline to transport the gas due to its liquid content at a level that would exceed tariff specifications for those pipelines. The Group could procure a business interruption insurance policy in the event that operations completely shut down causing a significant impact to the Group's financial condition.

The lack of available capacity on third-party systems and facilities could reduce the price offered for the Group's production or result in the shut-in of producing wells. Any significant changes affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities, could delay the Group's production, which could materially and adversely impact the Group's business, results of operations, financial condition, cash flows and/or prospects, which in turn may adversely impact its ability to service its debt.

2.1.4. The Group faces production risks and hazards that may affect the Group's ability to produce natural gas, NGLs and oil at expected level, quality and cost

The Group's natural gas and oil production operations are subject to numerous risks common to its industry, however, given that the Group is highly diversified with over approximately 70,000 individual wellbores, it is unlikely that a single wellbore would pose a significant risk in terms of production decline or liability to the Group in the event of a catastrophe. In the event of a natural disaster, the Company could experience production and operational downtime in the specific location. For example, significant flooding has occurred in the Group's operating region of Kentucky which led to production downtime and ultimately a loss in revenue for those days production was offline. The Group was able to file an insurance claim to recoup the financial damages that were incurred.

If any of the above events occur, environmental damage, including biodiversity loss or habitat destruction, injury to persons or property and other species and organisms, loss of life, failure to produce natural gas, NGLs and oil in commercial quantities or an inability to fully produce discovered reserves could result. These events could also cause substantial damage to the Group's property or the property of others and the Group's reputation and put at risk some or all of the Group's interests in licenses, which enable the Group to produce, and could result in the incurrence of fines or penalties, criminal sanctions

potentially being enforced against the Group and its management, as well as other governmental and third-party claims. Consequent production delays and declines from normal field operating conditions and other adverse actions taken by third parties may result in revenue and cash flow levels being adversely affected.

Moreover, should any of these risks materialise, the Group could incur legal defense costs, remedial costs and substantial losses, including those due to injury or loss of life, human health risks, severe damage to or destruction of property, natural resources and equipment, environmental damage, unplanned production outages, clean-up responsibilities, regulatory investigations and penalties, increased public interest in the Group's operational performance and suspension of operations. This could materially and adversely impact the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.1.5. The levels of the Group's natural gas and oil reserves and resources, their quality and production volumes may be lower than estimated or expected

Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the quantity of economically recoverable natural gas and oil reserves, rates of production and, where applicable, the timing of development expenditures depend upon several variables and assumptions. Many of the factors in respect of which assumptions are made when estimating reserves are beyond the Group's control and therefore these estimates may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and natural gas, NGLs and oil engineering and geological interpretation.

Interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in the Group's reserves and resources data. Actual production, revenues and expenditures with respect to reserves will vary from estimates and the variances may be material.

The economics of producing from some wells and assets may also result in a reduction in the volumes of the Group's reserves which can be produced commercially, resulting in decreases to the Group's reported reserves. Additionally, further reductions in commodity prices may result in a reduction in the volumes of the Group's reserves. The Group might also elect not to continue production from certain wells at lower prices, or the Group's license partners may not want to continue production regardless of the Group's position.

If the assumptions upon which the estimates of the Group's natural gas and oil reserves are based prove to be incorrect or if the actual reserves available to the Group (or the operator of an asset in which the Group has an interest) are otherwise less than the current estimates or of lesser quality than expected, the Group may be unable to recover and produce the estimated levels or quality of natural gas, NGLs or oil and this may materially and adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects, which in turn may adversely impact its ability to service its debt.

2.1.6. The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations such as asset retirement

In the future, the Group may become responsible for increased costs associated with retirement and reclaiming wells, facilities and pipelines which the Group uses for the processing of natural gas and oil reserves. With regards to asset retirement, the Group is a party to agreements with regulators in the states of Ohio, West Virginia, Kentucky and Pennsylvania, several of the Group's largest wellbore states, setting forth asset original retirement schedules spanning a period ranging from 10 to 15 years. As mentioned in Section 2.1.4 above, the Group owns 70,000 individual wellbores and will incur such decommissioning costs at the end of the operating life of some of the Group's properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, the shortage of asset retirement vendors, difficult terrain or weather conditions or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves, wells losing commercial viability sooner than forecasted or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The use of other funds to satisfy such decommissioning costs may impair the Group's ability to focus capital investment in other areas of the Group's business, which could materially and adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects, which may in turn adversely impact its ability to service its debt.

2.1.7. The Group may not be able to keep pace with technological developments in its industry or be able to implement them effectively

The natural gas and oil industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies, such as emissions controls and processing technologies, which require seamless integration. Failure to integrate these technologies efficiently may result in operational inefficiencies, security vulnerabilities, and increased costs.

During mergers and acquisitions, integrating technology assets from acquired companies can be complex. Poor integration may lead to data inconsistencies, security gaps and operational disruptions. Technology systems are also susceptible to cybersecurity threats, including malware, data breaches, and ransomware attacks. These threats may disrupt operations, compromise sensitive data and lead to significant financial losses. Further, inefficient data management practices may result in data breaches, data loss and missed opportunities for operational insights. The presence of legacy technology systems can also pose challenges, as they may lack modern security features, making them vulnerable to cyber threats and necessitating costly upgrades.

As others use or develop new technologies, the Group may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. In addition, other natural gas and oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages, which may in the future allow them to implement new technologies before the Group can. Additionally, reliance on global supply chains for information technology hardware, software and operational technology equipment exposes the industry, and thereby the Group, to supply chain disruptions, shortages and cybersecurity risks.

If one or more of the technologies used now or in the future were to become obsolete, the Group's business, results of operations, financial condition, cash flows and/or prospects could be materially and adversely affected if competitors gain a material competitive advantage, which may adversely impact the Group's ability to service its debt.

Given the Group's operating footprint across 14 states with over 1,900 employees, introducing new technologies or technological processes could take significant time and effort to effectively train and implement said technology.

2.1.8. Risks related to deterioration in the economic conditions in any of the industries in which the Group's customers operate, a domestic or worldwide financial downturn, or negative credit market conditions

The Group sells its products to various end-user customers, many of whom are industries reliant upon petroleum products for their feedstock, including power plants, manufacturing facilities, and chemical processing installations. Economic conditions in a number of industries in which the Group's customers operate have experienced substantial deterioration in the past, resulting in reduced demand for natural gas and oil. Future weakness in the economic conditions of any of the industries the Group serves or that are served by the Group's customers, or the increased focus by markets on carbon-neutrality, could adversely affect the Group's business, financial condition, results of operation and liquidity in a number of ways.

For instance, demand for natural gas and electricity in the United States is impacted by industrial production, which if weakened would negatively impact the revenues, margins and profitability of the Group's natural gas business. Also, a decrease in international demand for natural gas or NGLs produced in the United States could adversely affect the pricing for such products, which could adversely affect the Group's results of operations and liquidity. The tightening of credit or lack of credit availability to the Group's customers could also adversely affect the Group's liquidity, as the Group's ability to receive payment for its products sold and delivered depends on the continued creditworthiness of the Group's customers.

An increase in foreign country natural gas and oil production could also negatively impact the revenues, margins and profitability of the Company. For instance, in April 2025, OPEC and its alliance with 10 non-OPEC partner countries ("OPEC+") announced that oil production would be accelerated rather than decreasing. On the day prior of announcement, the opening price of natural gas was \$4.119 per Mmbtu and sharply fell 7.27% to close at \$3.837 per Mmbtu. Any future unforeseen events from foreign producing countries could affect commodity pricing, impacting the Group's financials and debt facilities.

2.1.9. The Group's operations are subject to a series of risk relating to climate change and weather events

Public concern regarding climate change and related regulatory measures could materially impact on the Group's business. International agreements, national, regional, state and local legislation, and regulatory measures to limit greenhouse gas ("GHG") emissions are currently in place or in various stages of discussion or implementation. Given that some of the Group's operations are associated with emissions of GHGs, these and other GHG emissions-related laws, any such new policies and

regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with such laws and regulations will depend on the specific laws enacted in each jurisdiction.

Additionally, regulatory, market and other changes to respond to climate change may adversely impact the Group's business, financial condition and/or results of operations. Reporting expectations are also increasing, with a variety of customers, capital providers and regulators seeking increased information on climate-related risks.

The Company may also be subject to activism from environmental non-governmental organisations ("NGOs") campaigning against fossil fuel extraction or negative publicity from media alleging inadequate remedial actions to retire non-producing wells effectively, affecting the Group's reputation, disrupting its programs, requiring the Group to incur significant, unplanned expense in response, creating blockades to interfere with operations, or otherwise materially and adversely impacting the Group's business, results of operations, financial condition, cash flows and/or prospects. The Group may also be exposed to litigation risks as lawsuits have been brought against oil and natural gas companies relating to climate change.

Finally, the Group's operations are subject to disruption from the physical effects that may be caused or aggravated by weather events now and in the future. For instance, during the weekend of February 15, 2025, prolonged heavy rainfall led to widespread flooding across Kentucky and southern West Virginia, demonstrating the significant impact and operational disruption extreme weather events can have on the Group. These include risks from extreme weather events, such as hurricanes, severe storms, floods, heat waves, and ambient temperature increases, as well as wildfires, each of which may become more frequent, unpredictable, or more severe in the future.

2.1.10. The Group relies on third-party infrastructure that it does not control and/or, in each case, is subject to tariff charges that it does not control

A significant portion of the Group's production passes through third-party owned and controlled infrastructure. Any material decreases in the Group's ability to process or transport its natural gas through third-party infrastructure could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Group's use of third-party infrastructure may be subject to tariff charges. The Group may not always be able to avoid higher tariffs or basis blowouts due to the lack of interconnections. In such instances, the tariff charges can be substantial and the cost is not subject to the Group's direct control. The operator of the gathering or transmission pipelines sets these tariffs and expenses on a cost sharing basis according to the Group's proportionate hydrocarbon through-put of that facility. Such tariffs are dependent on continued production from assets owned by third parties and may be priced at such a level that could make production from the Group's assets uneconomic, which may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. For example, the Columbia Gas Transmission Pipeline ("TCO") is one of the main gathering lines servicing the Group's production in Appalachia. In April 2025, TCO announced a gathering rate increase of ~100%. While the rate increase settled closer to 25%, expenses for transporting production in the pipeline did slightly increase. The Group's infrastructure is highly diversified, however, there is exposure to the potential for increased gathering rates across all assets.

Furthermore, the Group's use of third-party infrastructure exposes it to the possibility that such infrastructure will cease to be operational or be decommissioned, requiring the Group to source alternative export routes and/or prevent economic production from the Group's assets. This could also have a material adverse effect on the Group's business, results of operations, financial condition, cash flows or prospects, which may adversely impact its ability to service its debt.

2.1.11. Failure by the Group, its contractors or its primary offtakers to obtain access to necessary equipment and transportation systems could materially and adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects

The Group relies on its natural gas and oil field suppliers and contractors to provide materials and services that facilitate the Group's production activities, including asset retirement contractors. Any competitive pressures on the oil field suppliers and contractors could result in a material increase of costs for the materials and services required to conduct the Group's business and operations. Future cost increases could have a material adverse effect on the Group's asset retirement liability, operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of the Group's properties, the Group's planned level of spending for development and the level of the Group's reserves. Prices for the materials and services the Group depends on to conduct its business may not be sustained at levels that enable the Group to operate profitably.

The Group and its offtakers rely, and any future offtakers will rely, upon the availability of pipeline and storage capacity systems, including such infrastructure systems that are owned and operated by third parties. As a result, the Group may be unable to access or source alternatives for the infrastructure and systems which it currently uses or plans to use, or otherwise be subject to interruptions or delays in the availability of infrastructure and systems necessary for the delivery of its natural gas, NGLs and oil to commercial markets. Restricted access can occur due to system failures such as electrical outages and

equipment failure or can be scheduled to perform preventative maintenance on the current system. In addition, such infrastructure may be close to the end of its design life and decisions may be taken to decommission such infrastructure or perform life extension work to maintain continued operations. Any of these events could result in disruptions to the Group's projects and thereby impact the Group's ability to deliver natural gas, NGLs and oil to commercial markets and/or may increase the Group's costs associated with the production of natural gas, NGLs and oil reliant upon such infrastructure and systems. Further, the Group's offtakers could become subject to increased tariffs imposed by government regulators or the third-party operators or owners of the transportation systems available for the transport of the Group's natural gas, NGLs and oil, which could result in decreased offtaker demand and downward pricing pressure.

If the Group is unable to access infrastructure systems facilitating the delivery of its natural gas, NGLs and oil to commercial markets due to the Group's contractors or primary offtakers being unable to access the necessary equipment or transportation systems, the Group's operations will be adversely affected. If the Group is unable to source the most efficient and expedient infrastructure systems for its assets then delivery of its natural gas, NGLs and oil to the commercial markets may be negatively impacted, as may its costs associated with the production of natural gas, NGLs and oil reliant upon such infrastructure and systems.

For instance, in relation to 2.1.4, the Group experienced production downtime in Kentucky requiring a third-party gatherer to shut down operations to perform preventative maintenance on their pipeline system. While this was caused by an unforeseen catastrophic event, it resulted in production downtime and lost revenue for the Group. Other exposures include the MarkWest, Aker, and Blackbear plants previously mentioned where downtime could lead to a loss in revenue to the Group.

2.1.12. A proportion of the Group's equipment has substantial prior use and significant expenditure may be required to maintain operability and operations integrity

A part of the Group's business strategy is to optimise or refurbish producing assets where possible to maximise the efficiency of the Group's operations while avoiding significant expenses associated with purchasing new equipment. The Group's producing assets and midstream infrastructure require ongoing maintenance to ensure continued operational integrity. The Group's assets, or the assets it uses, may be subject to faults or material damage during this period, for example due to wear and tear, severe weather conditions, natural disasters, or industrial accidents. If the Group's assets, or the assets it uses, do not operate at or above expected efficiencies, the Group's may be required to make substantial expenditures beyond the amounts budgeted. Any material damage to these assets or significant capital expenditure on these assets for improvement or maintenance may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

In addition, as with planned operating and capital expenditure, amounts expended may not ensure continued operation without faults or fully address the effects of wear and tear, severe weather conditions, natural disasters, or industrial accidents. Future optimisation or refurbishment projects may prove commercially unfeasible, and the Group may incur unexpected costs in connection with such processes.

2.1.13. The Group depends on its directors, key members of management, independent experts, technical and operational service providers and on the Group's ability to retain and hire such persons to effectively manage its growing business

The Group's future operating results depend in significant part upon the continued contribution of its directors, key senior management and technical, financial and operations personnel. Management of the Group's growth will require, among other things, stringent control of financial systems and operations, the continued development of the Group's control environment, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel and the presence of adequate supervision.

In addition, the personal connections and relationships of the Group's directors and key management are important to the conduct of its business. In particular, the CEO, who is also the Co-Founder, is well known to the Group's investors, and his relationship are an important asset to the business. If the Group were to unexpectedly lose a member of its key management or fail to maintain one of the strategic relationships of its key management team, the Group's business, results of operations, financial condition, cash flows and/or prospects could be materially and adversely affected.

Attracting and retaining additional skilled personnel will be fundamental to the continued growth and operation of the Group's business. The CEO, who has been instrumental in the successful recruitment and development of this talent, plays a particularly important role in this regard. The Group requires skilled personnel in the areas of development, operations, engineering, business development, natural gas, NGLs and oil marketing, finance and accounting relating to its projects. Personnel costs, including salaries, are increasing as industry wide demand for suitably qualified personnel increases. The

Group may not successfully attract new personnel and retain existing personnel required to continue to expand its business and to successfully execute and implement its business strategy.

2.1.14. *The Group may face unanticipated water and other waste disposal costs*

The Group may be subject to regulation that restricts its ability to discharge water produced as part of its natural gas, oil and NGL production operations. Productive zones frequently contain water that must be removed for the natural gas, oil and NGL to produce, and the Group's ability to remove and dispose of sufficient quantities of water from the various zones will determine whether it can produce natural gas, oil and NGL in commercial quantities. The produced water must be transported from the leasehold and/or injected into disposal wells. The availability of disposal wells with sufficient capacity to receive all of the water produced from the Group's wells may affect its ability to produce its wells. Also, any increase in the cost to transport and dispose of that water, including the cost of complying with regulations concerning water disposal, may reduce the Group's profitability. If the counterparties the Group relies on to transport or dispose water fail to perform, the Group may have to shut in wells, reduce drilling activities, or upgrade facilities for water handling or treatment. The costs to dispose of this produced water may increase for a number of reasons, including if new laws and regulations require water to be disposed in a different manner.

2.1.15. *The Group may incur significant costs and liabilities resulting from performance of pipeline integrity programs and related repairs*

Pursuant to the authority under the Natural Gas Pipeline Safety Act of 1968 ("**NGPSA**") and Hazardous Liquid Pipeline Safety Act of 1979 ("**HLPSA**"), as amended by the Pipeline Safety Improvement Act of 2002 ("**PSIA**"), the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 ("**PIPESA**") and the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (the "**2011 Pipeline Safety Act**"), the Pipeline and Hazardous Materials Safety Administration ("**PHMSA**") has promulgated regulations requiring pipeline operators to develop and implement integrity management programs for certain gas and hazardous liquid pipelines that, in the event of a pipeline leak or rupture could affect high consequence areas ("**HCA**s") which are areas where a release could have the most significant adverse consequences, including high-population areas, certain drinking water sources and unusually sensitive ecological areas.

In addition, states in the US have adopted regulations similar to existing PHMSA regulations for certain intrastate gas and hazardous liquid pipelines. At this time, the Group cannot predict the ultimate cost of compliance with applicable pipeline integrity management regulations, as the cost will vary significantly depending on the number and extent of any repairs found to be necessary as a result of pipeline integrity testing, but the results of these tests could cause the Group to incur significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the safe and reliable operation of the Group's pipelines.

At this time, the Group cannot predict the cost of such requirements, but they could be significant. Moreover, federal and state legislative and regulatory initiatives relating to pipeline safety that require the use of new or more stringent safety controls or result in more stringent enforcement of applicable legal requirements could subject the Group to increased capital costs, operational delays and costs of operation.

2.2. *Risks related to the Group's financing, acquisitions and investments*

2.2.1. *The Group may not have good title to all its assets and licenses*

The Group's title to certain assets and its rights to develop and produce natural gas and oil from such assets may be uncertain. Title reviews upon acquisitions may be inadvertently incomplete, and it generally may not be feasible to review in depth every individual well or field involved in each acquisition. For example, in the event that a lawsuit was filed by a competing operator alleging the competing operator had title to a portion of the Group's wellbores, and the competing operator won said lawsuit, the Group would lose those wellbores along with the associated production and debt capacity related to those wellbores.

Due diligence carried out by the Group or by third parties on its behalf in connection with any assets that it acquires may fail to identify all of the risks associated with those assets, and the assets may be subject to preferential purchase rights, consents and title defects that were not apparent at the time of acquisition. The Group may acquire interests in properties on an "as is" basis without recourse to the seller of such interest or the seller may have limited resources to provide post-sale indemnities. In addition, changes in law or change in the interpretation of law or political events may arise to defeat or impair the Group's claim to certain properties which it currently owns or may acquire which could result in a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.2.2. *Restrictions in the Group's existing and future debt agreements could limit its growth and its ability to engage in certain activities*

As of June 30, 2025, the total net amount covered under the Group's existing debt facilities is \$2,550,009 thousand, which comprises of six asset-backed securitizations ("**ABS**"), a revolving loan facility, and a Nordic Bond. The Group's existing credit facilities contain a number of significant covenants that may limit its ability to, among other things, incur additional indebtedness, maintain preferred liquidity, make restricted payments (including dividends), sell assets or conduct hedging activities. For example, the Group benefits from substantial cash flows generated by its various subsidiaries, including its asset backed securitization subsidiaries; to the extent that covenants in the debt facility agreements (including asset backed securitization indentures) are not complied with, the cash flow up to the remainder of the Group will be restricted or otherwise reduced and limited. In addition, the existing credit facilities require the Group to maintain compliance with certain financial covenants. For example, the Group's ABS facilities require continued compliance with loan-to-value ("**LTV**") and debt service coverage ratio ("**DSCR**"). Values for the LTV and DSCR can range depending on the structure of the note, however, a typical ABS LTV must stay under 75% while the DSCR must be above 1.25 on a quarterly determination basis. The Group may also be prevented from taking advantage of business opportunities that arise because of the limitations from the restrictive covenants under its existing credit facilities. Furthermore, the Group's ability to refinance its existing credit facilities may be limited and the terms on which the Group is able to do so may be less favorable depending on the strength of the capital markets or the Group's credit ratings.

2.2.3. *An increase in interest rates or other restrictions on access to capital or debt would increase the cost of servicing the Group's indebtedness and could reduce its profitability, decrease its liquidity and impact its solvency*

Existing credit facilities provide for, and future permitted debt agreements may provide for, debt incurred thereunder to bear interest at variable rates. Increases in interest rates, or restrictions on access to capital or additional debt facilities, would increase the cost of servicing indebtedness under existing credit facilities or under future debt agreements subject to interest at variable rates or otherwise inhibit the Group's ability to operate the business without an increase in debt service obligations or reduction in operations or acquisitions, and materially reduce the Group's profitability, which may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. Changes in the market could limit access to capital, impacting the Group's ability to finance its business operations. For example, the average United States 5-year Treasury rate for September 2025 was approximately 3.75%. If interest rates were to substantially increase or decrease prior to the Group entering into new debt agreements, the debt agreements would be exposed to those changes in interest rates and would affect the Group's debt service obligation. The impact is the same for the Issuer and Guarantor.

2.2.4. *There are risks inherent in the Group's acquisitions of natural gas and oil assets*

Acquisitions are an essential part of the Group's strategy for protecting and growing cash flow, particularly in relation to the risk that some of the Group's wells may have a higher than anticipated production decline rate. Over the past several years, the Group has undertaken a number of acquisitions of natural gas and oil assets (and of companies holding such assets). In the future the Group may make acquisitions of businesses that complement or expand its current business. However, the Group may not be able to identify attractive acquisition opportunities. Even if the Group does identify attractive acquisition opportunities, it may not be able to complete the acquisition or do so on commercially acceptable terms. If the Group continued to be successful in its acquisition strategy, there would continue to be increased financial performance, production increases, realization of geographical synergies and overall growth. If the Group was unsuccessful at completing acquisitions, the production profile of the Group would continue to decline until all wellbores reached their economic limit and the financial condition of the Group would deteriorate.

The Group's ability to complete future acquisitions will depend on it being able to identify suitable acquisition candidates and negotiate favorable terms for their acquisition, in each case, before any attractive candidates are purchased by other parties such as private equity firms, some of whom have substantially greater financial and other resources than the Group. The Group may face competition for attractive acquisition targets that may also increase the price of the target business. As a result, there is no assurance that the Group will always be able to source and execute acquisitions in the future at attractive valuations.

The success of any completed acquisition will depend on the Group's ability to integrate effectively the acquired business into its existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of the Group's managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that the Group will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. The Group's failure to achieve consolidation savings, to integrate the acquired businesses and assets into the Group's existing operations successfully or to minimize any

unforeseen operational difficulties could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

Further, there can be no assurance that the Group's prior acquisitions or any other potential acquisition will perform operationally as anticipated or be profitable. The Group could fail to appropriately value any acquired business and the value of any business, company or property that it acquires or invests in may actually be less than the amount paid for it or its estimated production capacity. The Group may be required to assume pre-closing liabilities with respect to an acquisition, including known and unknown title, contractual, and environmental and decommissioning liabilities, and may acquire interests in properties on an "as is" basis without recourse to the seller of such interest or the seller may have limited resources to provide post-sale indemnities.

In addition, successful acquisitions of gas and oil assets require an assessment of a number of factors, including estimates of recoverable reserves, the time of recovering reserves, exploration potential, future natural gas, NGLs and oil prices and operating costs. Such assessments are inexact, and the Group cannot guarantee that it makes these assessments with a high degree of accuracy. In connection with assessments, the Group performs a review of the acquired assets. However, such a review will not reveal all existing or potential problems. Furthermore, the review may not permit the Group to become sufficiently familiar with the assets to fully assess their deficiencies and capabilities.

Integrating operations, technology, systems, management, back-office personnel and pre- or post- completion costs for future acquisitions may prove more difficult or expensive than anticipated, thereby rendering the value of any company or assets acquired less than the amount paid. The Group may also take on unexpected liabilities which are uncapped, have to undertake unanticipated capital expenditures in connection with a new acquisition, or provide uncapped liabilities in connection with the purchase and sale of assets, which are customary in such agreements. The integration of acquired businesses or assets requires significant time and effort on the part of the Group's management. Following such integration efforts, prior acquisitions may still not achieve the level of financial or operational performance that was anticipated when they were acquired. In addition, the integration of new acquisitions can be difficult and disrupt the Group's own business because the Group's operational and business culture may differ from the cultures of the acquired businesses, unpopular cost-cutting measures may be required, internal controls may be more difficult to maintain and control over cash flows and expenditures may be difficult to establish. If the Group encounters any of the foregoing issues in relation to one of its acquisitions, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.2.5. Inflation may adversely affect the Group by increasing costs beyond what it can recover through price increases

Inflation can adversely affect the Group by increasing costs of materials, equipment, labor and other services. In addition, inflation is often accompanied by higher interest rates. Continued inflationary pressures could impact the Group's profitability. A continued increase in inflation, including inflationary pressure on labor, could result in increases to the Group's operating costs, and the Group may be unable to pass these costs on to its customers. These inflationary pressures could also adversely impact the Group's ability to procure materials and equipment in a cost-effective manner, which could result in reduced margins and production delays and, as a result, the Group's business, financial condition, results of operations and cash flows could be materially and adversely affected. The Group continues to undertake actions and implement plans to address these inflationary pressures and protect the requisite access to materials and equipment.

Also, concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish, which could impact the price at which natural gas, NGLs and oil can be sold, which could materially and adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.2.6. The failure of the Group's hedge counterparties to meet their obligations to the Group may adversely affect the Group's financial results

Hedging activities involve the risk that a counterparty to a derivative transaction may not perform under the instrument, which could prevent the Group from realizing the intended benefit of the hedge. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make them unable to perform under the terms of the derivative contract and the Group may not be able to realize the benefit of the derivative contract. Any default by the counterparty to these derivative contracts when they become due would have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt. The Group's ABS Notes require hedge counterparties to maintain an investment grade rating to minimize such risks.

2.3. Risks related to legal, tax, environmental and regulatory matters

2.3.1. *The Group is subject to regulation and liability under environmental, health and safety regulations*

The Group operates in an industry that has certain inherent hazards and risks, and consequently the Group is subject to stringent and comprehensive laws and regulations, especially with regard to the protection of health, safety and the environment. For example, the Group is subject to laws and regulations related to occupational safety and health, hydraulic fracturing activities, air emissions, soil and water quality, the protection of threatened and endangered plant and animal species, biodiversity and ecosystems, and the safety of its assets and employees. The Group is further monitored by other federal and state agencies that have their own safety and environmental standards, such as Occupational Safety and Health Administration (“OSHA”), PHMSA, U.S. Department of Transportation (“DOT”), Texas Railroad Commission, and New Mexico Bureau of Land Management.

A failure to adequately mitigate risks may result in loss of life, injury, or adverse impacts on the health of employees, contractors and third-parties or the environment. Any failure by the Group or one of its subcontractors to comply with applicable legal or regulatory requirements may give rise to civil, administrative and/or criminal liabilities, civil fines and penalties, delays or restrictions in acquiring or disposing of assets and delays in securing or maintaining required permits, licenses and approvals.

Further, a lack of regulatory compliance may lead to denial, suspension, or termination of permits, licenses, or approvals that are required to operate the Group’s sites or could result in other operational restrictions or obligations.

The Group may have to incur significant expenditure for the installation and operation of additional systems and equipment for monitoring and carry out remedial measures in the event that operational health and safety and environmental laws and regulations become more stringent or a costly reform is implemented by regulators. Any such expenditure may have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.3.2. *The U.S. administration, acting through the executive branch and/or in coordination with Congress, could enact rules and regulations that impose more onerous permitting and other costly environmental, health and safety requirements on the Group’s operations*

Governmental, scientific and public concern over the perceived potential threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States under previous administrations, including climate change-related commitments expressed by some political candidates who are now, or may in the future be, in political office.

Presidential or congressional actions could adversely affect the Group’s operations by restricting the lands available for development and/or access to permits required for such development, or by imposing additional and costly environmental, health and safety requirements. Further, the governmental and environmental agencies could change their stances pending U.S. administration changes, including but not limited to the U.S. Environmental Protection Agency (“EPA”), PHMSA, DOT, and Federal Energy Regulatory Commission. Any such measures or increased costs could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

2.3.3. *The Group’s operations are dependent on its compliance with obligations under permits, licenses, contracts and field development plans*

The Group’s operations must be carried out in accordance with the terms of permits, licenses, operating agreements, annual work programs and budgets. Fines, penalties, or enforcement actions may be imposed and a permit or license may be suspended or terminated if a permit or license holder, or party to a related agreement, fails to comply with its obligations under such permit, license or agreement, or fails to make timely payments of levies and taxes for the licensed activity, or fails to provide the required geological information or meet other reporting requirements. It may from time to time be difficult to ascertain whether the Group has complied with obligations under permits or licenses as the extent of such obligations may be unclear or ambiguous and regulatory authorities in jurisdictions in which the Group does business, or in which it may do business in the future, may not be forthcoming with confirmatory statements that work obligations have been fulfilled, which can lead to further operational uncertainty.

In addition, the Group and its commercial partners, as applicable, have obligations to operate assets in accordance with specific requirements under certain licenses and related agreements, field development agreements, laws and regulations. If the Group or its partners were to fail to satisfy such obligations with respect to a specific field, the license or related agreements for that field may be suspended, revoked or terminated.

The suspension, revocation, withdrawal or termination of any of the permits, licenses or related agreements pursuant to which the Group may conduct business, as well as any delays in the continuous development of or production at its fields caused by the issues detailed above could materially and adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt. In addition, failure to comply with the obligations under the permits, licenses or agreements pursuant to which the Group conducts business, whether inadvertent or otherwise, may lead to fines, penalties, restrictions, enforcement actions brought by governmental authorities, withdrawal of licenses and termination of related agreements.

2.3.4. *The Group does not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions*

The Group insures its operations in accordance with industry practice and plans to continue to insure the risks it considers appropriate for its needs and circumstances. The Company currently carries insurance for contingent business interruption, director and officer liability, commercial general liability, well control, sudden and accidental pollution liability, and property insurance on plants and large compressor stations.

The Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment in some cases that the risks are remote.

The Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. Any indemnities the Group may receive from sub-contractors, operators or joint venture partners may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group's for its insurance coverage. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

2.3.5. *Failure by the Group to comply with anti-briber and anti-money laundering laws may have a negative impact on its ongoing operations*

While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those of its affiliates may take actions that violate legislation promulgated by applicable anti-corruption laws which generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Any failure to comply with the anti-bribery laws could subject the Group to fines, sanctions and other penalties against it which could have a material adverse impact on the Group's business, financial condition and results of operations. The Group's operation may also involve inherent risk associated with money laundering, and any violation of applicable anti-money laundering laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and may as a result have a material adverse impact on the Group's business, financial condition and results of operations.

Further, a majority of the Group's debt facilities require compliance with anti-briber and anti-money laundering laws. To the extent that the Group fails to comply, the same may constitute an event of default, which could have a material impact on the Group. The impact is the same for the Issuer and Guarantor.

2.3.6. *The Group's internal systems and website may be subject to intentional and unintentional disruption, and its confidential information may be misappropriated, stolen or misused*

The Group has faced, and may in the future continue to face, cyber-attacks and data security breaches. Such cyber-attacks and breaches are designed to penetrate the Group's network security or the security of its internal systems, misappropriate proprietary information and/or cause interruptions to its services, and the Group expects to continue to face similar threats in the future. The Group cannot guarantee that it will be able to successfully prevent all attacks in the future. Such future attacks could include hackers obtaining access to its systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of the Group's network security occurs, it could adversely affect the Group's business or reputation and may expose the Group to the loss of information, litigation and possible liability. An actual security breach could also impair the Group's ability to operate its business and provide products and services to its customers. Additionally, malicious attacks, including cyber-attacks, may damage the Group's assets, prevent production at its producing assets and otherwise significantly affect corporate activities.

In addition, confidential or financial payment information that the Group maintains may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third-party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of the Group's information could result in the Group,

among other things, being in breach of certain data protection requirements and related legislation as well as incurring liability to third parties. If the Group's confidential information is misappropriated, stolen or misused as a result of a disruption to its website or internal systems this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

Although the Group maintains insurance to protect against losses resulting from certain of data protection breaches and cyber-attacks, the Group's coverage for protecting against such risks may not be sufficient.

2.3.7. The Group's operations are subject to the risk of litigation

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its operations and the regulatory environments in its areas of operations. In particular, the Group typically faces the following categories of litigation: royalty disputes, including ownership disputes; personal injury; commercial disputes, including tax litigation and JIB disputes; employment matters; environmental/regulatory disputes. Although the Group currently faces no material litigation with a reasonable likelihood of material loss for which it is not sufficiently indemnified or insured, damages claimed under such litigation in the future may be material or may be indeterminate, and the outcome of such litigation, if determined adversely to the Group, could individually or in the aggregate, be reasonably expected to have a material and adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

While the Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defend against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt. The impact is the same for the Issuer and Guarantor.

2.3.8. The Group is subject to certain tax risks

The Group and its investors and debt providers and bond holders may be subject to taxes in the United Kingdom and the United States related to the Group's operations, dividends, interest payments and other obligations, and there can be no certainty that the current taxation regime in the United Kingdom, the United States or other jurisdictions within which it currently operates or may operate in the future will remain in force or that the current levels of taxation will remain unchanged.

Such domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions. The Group's effective tax rate could be adversely affected by changes in the mix of earnings and losses in taxing jurisdictions with differing statutory tax rates, certain non-deductible expenses, the valuation of deferred tax assets and liabilities and changes in federal, state or international tax laws and accounting principles. Increases in the Group's effective tax rate could materially affect its net financial results. Although the Group believes that its tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which may adversely impact its ability to service its debt.

In addition, long-standing and potential future national and international tax initiatives that determine each country's jurisdiction to tax cross-border international trade, interest payments, and profits are evolving including the imposition of a minimum global effective tax rate for multinational businesses regardless of the jurisdiction of operation and where profits are generated (Pillar Two). Many countries around the world, including the United Kingdom, have introduced new, or amended existing, tax laws applicable to multinational businesses to implement Pillar Two. While the United States has not yet enacted rules implementing Pillar Two, the United Kingdom has, and the Group is a resident in the United Kingdom for corporation tax purposes. The Group anticipates qualifying for the transitional safe harbor election under Pillar Two rules, but continues to evaluate the potential consequences of Pillar Two on its longer-term financial position. Additionally, other countries, including the United States, have considered implementation of tax initiatives that may impose tax surcharges on dividends or interest payments due to foreign investors in public companies doing business in the United States. As these and other tax laws and related regulations change (including changes in the interpretation, approach and guidance of tax authorities), the Group's financial results and investments in the equity or debt of the Group could be impacted. Given the unpredictability of these possible changes and their potential interdependency, it is difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for the Group's earnings and cash flow, but such changes could cause the Group's business, results of operations, financial condition, cash flows and/or prospects, and investors and debt holders' returns and value, to be materially and adversely affected.

2.4. Risks related to the Bonds

2.4.1. *The Bonds are structurally subordinated to liabilities of the Issuer's subsidiaries*

The Bonds are subject to credit risk relating to the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. Generally, creditors under indebtedness and trade creditors of the Issuer's subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder. Accordingly, in an enforcement scenario, creditors of the Issuer's subsidiaries will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiaries before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions.

2.4.2. *A trading market may not develop, and market price may be volatile*

The Bonds will be new securities for which currently there is no trading market. Even though the Issuer is currently intending, subsequent to the Bonds Issue, to apply for a listing of the Bonds on a regulated market or multilateral trading facility, no assurance can be made that such listing will be obtained, nor has the Issuer entered into any market-making scheme to ensure liquidity in the Bonds. There can be no assurance as to: (i) the liquidity of any market that may develop; (ii) bondholders' ability to sell the Bonds or (iii) the price at which Bondholders would be able to sell the Bonds. If such a market were to exist, the Bonds could trade at prices that may be lower than the principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar bonds and the Group's financial performance and outlook. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely affected.

2.4.3. *Issuer's redemption of Bonds*

The terms of the Bonds will provide that the Issuer (i) may redeem all or parts of the Bonds at various call prices during the lifetime of the Bonds and (ii) shall redeem all the Bonds upon certain conditions. This is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

2.4.4. *The Bond Terms may be amended or waived*

The terms of the Bonds will contain provisions for calling for meetings of bondholders in the event that the Issuer wishes to amend any of the terms and conditions applicable to the Bonds. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant bondholder meeting and bondholders who vote in a manner contrary to the majority. Consequently, there is a risk that the actions of the majority in such matters will impact certain bondholders' rights in a manner that is undesirable for some of the bondholders.

2.4.5. *Risks related to conflicting interests between the Group and the bondholders*

The interest of the Group's shareholders, management, or other stakeholders may not always align with the interests of the bondholders. The Group may prioritize objectives that favor equity holders, such as, inter alia, pursuing growth strategies, acquisitions or dividend distributions, which could divert resources away from debt reduction or timely servicing interest and principal payments on the Bonds. These potential conflicts of interest could adversely impair the Issuer's and Guarantor's abilities to pay interest, principal or other amounts due in connection with the Bonds.

2.4.6. *Risks related to the transferability of the Bonds*

Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act in a transaction on the relevant exchange, and (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available). Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the bondholders.

2.4.7. *No action against the Issuer and bondholders' representation*

The trustee for the Bonds will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and

until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the bond terms), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the trustee for the Bonds to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained. Under the Bond Terms, the trustee for the Bonds will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a risk that the actions of the Trustee in such matters will impact a bondholder's rights under the Bonds in a manner that is undesirable for some of the bondholders.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Listing of the Bonds on Oslo Børs as described herein.

The Company is responsible for the information contained in this Prospectus. The Company confirms that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Wilmington, DE, 10 October 2025

On behalf of

Diversified Gas & Oil Corporation

David E. Johnson
(Chairman)

4. GENERAL INFORMATION

4.1. Important investor information

4.1.1. *Approval of the Prospectus*

This Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

4.1.2. *Other important investor information*

This Prospectus serves as a listing prospectus for Bonds already issued by the Company. No securities are being offered to any person in any jurisdiction on the basis of this Prospectus.

This Prospectus does not contain any offer to subscribe to and/or purchase the Bonds. All inquiries relating to this Prospectus should be directed to the Company. No person is authorized to give any information about, or make any representation on behalf of, the Company in connection with the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

All inquiries relating to this Prospectus should be directed to the Company. No person is authorized to give any information about, or make any representation on behalf of, the Company in connection with the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Bonds and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Bonds on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it. The Company requires persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus serves as a listing prospectus as required by applicable laws and regulations.

The Bonds have not been and will not be registered under the U.S. Securities Act, or under the securities law of any other state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws of any state or other jurisdiction of the United States.

This Prospectus shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

This Prospectus is not to be considered as legal, business or tax advice. Each investor should consult its own advisors as to legal, business, financial or tax aspect of this Prospectus and the Bonds, and any investor in any doubt about the content of this Prospectus should consult their stockbroker, bank manager, lawyer, accountant or other professional adviser.

Investing in the Bonds involves certain inherent risks. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the terms of the Bonds; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

For an overview of relevant risk factors for the Bonds, please see section 2 "*Risk Factors*" of this Prospectus. All Sections of the Prospectus should be read in context with the information included in Section 4 "*General Information*".

4.1.3. *Cautionary notes*

4.1.3.1. *Cautionary note regarding forward-looking statements*

This Prospectus may include "forward-looking" statements that may reflect the Company's current views with respect to future events and financial and operational performance; including but not limited to, statements relating to the risks specific to the Company's business, future earnings, the ability to distribute dividends, the solution to contractual disagreements with counterparties, the implementation of strategic initiatives as well as other statements relating to the Company's future business development and economic performance.

These forward-looking statements can be identified by the use of forward-looking terminology; including the terms "assumes", "projects", "forecasts", "anticipates", "believes", "estimate", "expects", "seeks to", "may", "might", "plan", "will", "would", "can", "could", "should" or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements appear in a number of places throughout this Prospectus and may include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, impact of regulatory initiatives, capital resources and capital expenditure and dividend targets, and the industry trends and developments in the markets in which the Group operates.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should any underlying assumption prove to be incorrect, the Company's business, actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "*Risk Factors*", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. See Section 2 "*Risk Factors*" for an overview of the risk factors that could affect the Group's future performance and the industry in which the Group operates.

These forward-looking statements speak only as of the date of this Prospectus. Except as required according to the EU Prospectus Regulation, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as result of new information, future events or otherwise, other than as required by law or regulation. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on behalf of the Company are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.1.3.2. *Cautionary note regarding taxation*

Potential investors should be aware that the tax legislation of the investor's member state and of the Company's country of incorporation may have an impact on the income received from the securities. There can be changes in the applicable tax legislation, increased taxation by national, local or foreign authorities, new or modified taxation rules and requirements, including requirements relating to the timing of any tax payments, which may have an impact on the income received from the Bonds.

5. INFORMATION ABOUT THE BONDS AND THE LISTING

5.1. The terms and details of the Bonds

The Bonds were issued on 9 April 2025 pursuant to a resolution by the Company's Board of Directors on 3 March 2025.

The Bond Issue is governed by the Norwegian law bond agreement entered into on 7 April 2025 (the "**Bond Terms**"), between the Company as Issuer and Nordic Trustee AS (a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85) as the bond trustee on behalf of the bondholders (the "**Bond Trustee**"). The bond agreement is attached to this Prospectus as Appendix 1.

The Bonds are issued under the name Senior Secured Bonds 2025/2029 and registered under ISIN NO 0013513606. The Bonds are subject to the terms and conditions set out in the Bond Terms. The Maximum Issue Amount is USD 500,000,000.

The current interest rate of 9.75% p.a. multiplied by the nominal value of USD 125,000 results in an annual yield of USD 12,187.50, assuming the Bond is priced at 100% of par value.

In this section 5.1 "*The terms and details of the Bonds*", capitalized terms used and not defined herein shall have the same meaning as in the Bond Terms.

Overview of the main Bond Terms	
Access to Information	(a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law. (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD. (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes
ISIN:	NO0013513606
Reference name:	Diversified Gas & Oil Corporation 9.75% senior secured USD 500,000,000 bonds 2025/2029
Issuer:	Diversified Gas & Oil Corporation, a company existing under the laws of Delaware, United States of America with registration number 5492291 and LEI-code 5493008O08WU7K5XC271
Securities type:	Senior secured bond issue with fixed interest rate
Currency:	USD
Group:	Parent, the Issuer, and Issuer's subsidiaries that it has Decisive Influence over
Group Company:	Any person which is a member of the Group
Guarantor:	The Parent
Guarantee:	means the unconditional Norwegian law guarantee and indemnity (Norwegian: " <i>selvskyldnerkausjon</i> ") issued by the Guarantor in respect of the Secured Obligations.
CSD (central securities depository):	Means the central securities depository in which the Bonds are registered, being Euronext Securities Oslo (Verdipapirsentralen ASA (VPS)) (registered address: Tollbugata 2, 0152 Oslo, Norway)
Manager:	DNB Carnegie, a part of DNB Bank ASA
Paying Agent:	Nordic Trustee Services AS, Kronprinsesse Märthas plass 1, 0160 Oslo, Norway

Bond Trustee:	means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms
Initial Nominal Amount:	The initial nominal amount of each Bond is USD 125,000
Tap Issue:	The Issuer may, provided that the conditions set out in Clause 6.3 of the Bond Terms (<i>Tap Issues</i>) are met, at one or more occasions issue Additional Bonds (each a “ Tap Issue ”) until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a “ Tap Issue Addendum ”).
Maximum Issue Amount:	USD 500,000,000
Aggregate Nominal Amount of Outstanding Bonds after the Bond Issue:	USD 300,000,000
Securities form:	The Bonds are registered in dematerialized form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.
Issue Date (of the Bond Issue):	9 April 2025
Maturity Date:	9 April 2029, adjusted according to the Business Day Convention
Tenor of the Bonds:	The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.
Governing law:	The Bond Terms are governed by the laws of Norway (defined as the Relevant Jurisdiction in the Bond Terms), without regard to its conflict of law provisions.
Determination of deadlines:	When determining deadlines set out in the Bond Terms, the following will apply (unless otherwise stated): (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included; (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.
Bond Terms:	The terms and conditions, including all attachments, set out in the bond terms dated 7 April 2025, appended hereto as Appendix A, in each case as amended and/or supplemented from time to time.
Bond Terms binding on all Bondholders:	(a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party. (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.
Limitation of rights of action:	(a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures or take other legal action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option. (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and

	substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.
Bondholder's rights:	(a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee. (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph 0 above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to Clause 3.3 of the Bond Terms of the Bond Terms and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.
Purchase and transfer of Bonds – Issuer's purchase of Bonds:	The Issuer may purchase and hold Bonds and such Bonds may be retained or sold, but not discharged (other than in relation to a process of full redemption of all Outstanding Bonds) in the Issuer's sole discretion, including with respect to Bonds purchased pursuant to Clause 10.3 of the Bond Terms of the Bond Terms (<i>Mandatory repurchase due to a Put Option Event</i>).
Purchase and transfer of Bonds – Restrictions:	(a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible for ensuring compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense. (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.
Interest Rate:	means 9.75 per cent. per annum
Calculation of interest:	(a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period. (b) Any Additional Bond will accrue interest at the Interest Rate on the Nominal Amount commencing on the first date of the Interest Period in which the Additional Bonds are issued and thereafter in accordance with paragraph (a) above. (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each (30/360-days basis), unless: (i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month; or (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month.
Payment of interest:	Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.
Interest Payment Date:	means the last day of each Interest Period, the first Interest Payment Date being 9 October 2025 and the last Interest Payment Date being the Maturity Date.
Interest Period:	means, subject to adjustment in accordance with the Business Day Convention, the period between 9 April and 9 October each year, provided however that an Interest Period shall not extend beyond the Maturity Date.
Business Day:	means a day on which both the relevant CSD settlement system and the relevant settlement system for the Bond Currency are open.
Business Day Convention:	means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

Repayment Date:	means any Call Option Repayment Date, the Default Repayment Date, any Put Option Repayment Date, the Tax Event Repayment Date, the Mandatory Redemption Repayment Date or the Maturity Date.
Default Repayment Date:	means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.
Admission to Listing:	The Issuer shall ensure that: (a) the Bonds are listed on the Oslo Stock Exchange (Oslo Børs) within the Listing Deadline and thereafter remain listed on an Exchange until the Bonds have been redeemed in full; and (b) any Temporary Bonds are listed on an Exchange where the other Bonds are listed within the later of (i) 6 months of the issue date for such Temporary Bonds and (ii) the Listing Deadline.
Exchange:	Means: (a) Oslo Børs (the Oslo Stock Exchange); or (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR) or an equivalent third-country market (including the New York Stock Exchange, Nasdaq and London Stock Exchange).
Listing Deadline:	means 9 January 2026, being 9 months after the Issue Date.
Listing Failure Event:	(a) that the Bonds (save for any Temporary Bonds) have not been admitted to listing on Oslo Børs (the Oslo Stock Exchange) within the Listing Deadline; (b) in the case of a successful admission to listing, that a period of 6 months has elapsed since the Bonds ceased to be admitted to listing on Oslo Børs (the Oslo Stock Exchange); or (c) that the Temporary Bonds have not been admitted to listing on the Exchange where the other Bonds are listed within the later of (i) 6 months following the issue date for such Temporary Bonds and (ii) the Listing Deadline.
Default interest:	Pursuant to Clause 8.2 of the Bond Terms (<i>Default interests</i>), (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus 3 percentage points per annum. (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 of the Bond Terms will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full. (c) Upon the occurrence of a Listing Failure Event and for as long as such Listing Failure Event is continuing, the interest on any principal amount outstanding under these Bonds Terms will accrue at the Interest Rate plus 1 percentage point per annum. In the event the Listing Failure Event relates to Temporary Bonds, the Interest Rate will only be increased in respect of such Temporary Bonds.
Change of Control Event:	means a person or group of persons acting in concert gaining Decisive Influence over the Parent.
Use of proceeds:	(a) The Issuer will use the Net Proceeds from the Initial Bond Issue for: (i) repayment of outstanding amounts under the RBL Facility (with no cancellation of corresponding commitment); (ii) repayment of the Oaktree Loan; and (iii) for general corporate purposes of the Group. (b) The Issuer will use the Net Proceeds from the issuance of any Additional Bonds for general corporate purposes, if not otherwise stated,

Status of the Bonds:	The Bonds shall constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).
Redemption of Bonds:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount.
Re-domiciliation	The Parent may conduct a re-domiciliation to the United States (and the Bond Trustee may in relation thereto release the Guarantee and the share pledge in respect of the shares in the Issuer), which may be undertaken through a replacement of the Parent with a new entity (" New Parent ") to which substantially all the obligations and assets of the Parent are transferred, which shall then be deemed to be the "Parent" under the Bond Terms, assuming all rights and obligations thereunder (" Permitted Re-Domiciliation "), provided that such re-domiciliation of the Parent does not have a Material Adverse Effect and always subject to (i) 20 Business Days prior written notice to the Bond Trustee, (ii) delivery of any confirmation and/or documents (including corporate resolutions, legal opinions and any other conditions precedent documents) in respect of the Permitted Re-Domiciliation, that the Bond Trustee, the Paying Agent and the Security Agent may, in their sole discretion, reasonably require, and (iii) the Guarantee and the share pledge over the Issuer shall be re-established with the New Parent as grantor as soon as possible following such Permitted Re-Domiciliation, and in no event later than 5 Business Days after the Permitted Re-Domiciliation being effective. Nothing to the contrary in any other provision of these Bond Terms shall prevent the Permitted Re-Domiciliation process or trigger any prepayment or put option in respect thereof, (including any Put Option Event which may temporarily occur, 13.3 (<i>Continuation of business</i>), 13.13 (<i>Disposals</i>), guarantees or any loan or credit which may temporary be granted and exist in respect of the Permitted Re-Domiciliation process).
Call Option Repayment Date:	means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 of the Bond Terms (<i>Voluntary early redemption – Call Option</i>), paragraph (d) of Clause 10.3 of the Bond Terms (<i>Mandatory repurchase due to a Put Option Event</i>) or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.
Voluntary early redemption - Call Option:	(a) The Issuer may redeem all or part of the Outstanding Bonds (the "Call Option") on any Business Day from and including: (i) the Issue Date to, but excluding, the First Call Date at a price equal to the Make Whole Amount; (ii) the First Call Date to, but excluding, the Interest Payment Date in October 2027 at a price equal to 104.875 per cent. of the Nominal Amount for each redeemed Bond (the "First Call Price"); (iii) the Interest Payment Date in October 2027 to, but excluding, the Interest Payment Date in April 2028 at a price equal to 103.656 per cent. of the Nominal Amount for each redeemed Bond; (iv) the Interest Payment Date in April 2028 to, but excluding, the Interest Payment Date in October 2028 at a price equal to 102.437 per cent. of the Nominal Amount for each redeemed Bond; and (v) the Interest Payment Date in October 2028 to, but excluding, the Maturity Date at a price equal to 100.50 per cent. of the Nominal Amount for each redeemed Bond. (b) Any redemption of Bonds pursuant to paragraph (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date. (c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee at least 10 Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date. Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the

	Call Option, the Issuer shall calculate the Make Whole Amount and provide such calculation by written notice to the Bond Trustee as soon as possible and at the latest within 3 Business Days from the date of the notice. (d) Any redemption notice given in respect of the Call Option may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, in which case the exercise of the Call Option will be automatically cancelled unless such conditions precedent have been satisfied or waived no later than 3 Business Days prior to such Call Option Repayment Date. (e) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.
Put Option Repayment Date:	means the settlement date for the Put Option pursuant to Clause 10.3 of the Bond Terms (<i>Mandatory repurchase due to a Put Option Event</i>).
Mandatory repurchase due to a Put Option Event:	(a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "Put Option") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount. (b) The Put Option must be exercised within 15 Business Days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 of the Bond Terms (<i>Put Option Event</i>). Once notified, the Bondholders' right to exercise the Put Option is irrevocable. (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the 5th Business Day after the end of 15 Business Days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date. (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3 of the Bond Terms, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 10 Business Days after the Put Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.
Early redemption option due to a tax event:	If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 of the Bond Terms (<i>Taxation</i>) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100.00 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 60 Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.
Tax Event Repayment Date:	means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.4 of the Bond Terms (<i>Early redemption option due to a tax event</i>).
Mandatory early redemption due to a Longstop Event:	Upon a Longstop Event, the Issuer shall, within 5 Business Days after the Longstop Event, redeem all of the Outstanding Bonds at a price equal to 99.00 per cent. of the Nominal Amount, by <i>inter alia</i> applying the funds deposited on (i) the Escrow Account, and (ii) any other account (if applicable), for such redemption.
Longstop Date:	8 July 2025, or, at the discretion of the Issuer, at an earlier date specified by the Bond Trustee.
Information undertakings:	The Company undertakes to comply with the information undertakings set forth in Clause 12 of the Bond Terms (<i>Information Undertakings</i>), including Clause 12.1 (<i>Financial Reports</i>), Clause 12.2 (<i>Requirements as to Financial Reports</i>), Clause 12.3 (<i>Put Option Event</i>), Clause 12.4 (<i>Listing Failure Event</i>), and Clause 12.5 (<i>Information: Miscellaneous</i>).
General and financial undertakings:	The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in Clause 13 of the Bond Terms.
Incurrence Test:	(a) The Incurrence Test shall be applied in respect of Permitted Distributions made under paragraph (a)(i) of "Permitted Distribution" and Tap Issues: (i) The Incurrence Test is met if in respect of any:

	(A) <i>Permitted Distribution</i>, if the Parent's Liquidity on a consolidated basis for the Group is not less than an amount equalling 40.00 per cent. of the Outstanding Bonds calculated on a pro forma basis immediately after such Distribution is made; (B) <i>Tap Issue</i>, if the Leverage Ratio: in respect of any Relevant Period is equal to or less than 3.00:1.00; (ii) Calculation of the Incurrence Test shall be made using the calculations and calculation adjustments set out in Clause 13.22 of the Bond Terms (<i>Calculations and calculation adjustments</i>).
Event of Default:	Means any of the events or circumstances specified in Clause 14.1 of the Bond Terms (<i>Events of Default</i>), including (a) Non-payment, (b) Breach of other obligations, (c) Misrepresentation, (d) Cross default and cross-acceleration, (e) Insolvency and insolvency proceedings (f) Creditor's process, and (g) Unlawfulness.
Acceleration of the Bonds:	If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 of the Bond Terms (<i>Bondholders' instructions</i>) below, by serving a Default Notice to the Issuer: (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or (b) exercise (or direct the Security Agent to exercise) any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.
Bondholders' instructions:	The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 of the Bond Terms (<i>Acceleration of the Bonds</i>) if: (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.
Finance Documents:	means the Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document, any Security Agent Agreement, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.
Security:	means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.
Security Agent:	means the Bond Trustee or any successor Security Agent, acting for and on behalf of the Secured Parties in accordance with any Security Agent Agreement or any other Finance Document.
Bondholders' decisions:	Clause 15 of the Bond Terms the Bondholders' decisions, including (Clause 15.1 (<i>Authority of the Bondholders' Meeting</i>), Clause 15.2 (<i>Procedure for arranging a Bondholders' Meeting</i>), Clause 15.3 (<i>Voting rules</i>), Clause 15.4 (<i>Repeated Bondholders' Meeting</i>), Clause 15.5 (<i>Written Resolutions</i>)).
Authority of the Bondholders' Meeting:	(a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes. (b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal. (c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 of the Bond Terms (<i>Power to represent the Bondholders</i>), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders. (e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.

	(f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph 0 below. (g) Save for any amendments or waivers which can be made without resolution pursuant to paragraph (a) section (i) and (ii) of Clause 17.1 of the Bond Terms (<i>Procedure for amendments and waivers</i>), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of these Bond Terms.
Procedure for arranging a Bondholders' Meeting:	Means the procedure for arranging a Bondholders' Meeting set out in Clause 15.2 (<i>Procedure for arranging a Bondholders' Meeting</i>).
Voting rules:	Pursuant to Clause 15.3 of the Bond Terms: (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 of the Bond Terms (<i>Bondholders' rights</i>). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds. (b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds. (c) For the purposes of the Clause 15 of the Bond Terms, a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 of the Bond Terms (<i>Bondholders' rights</i>), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 of the Bond Terms (<i>Bondholders' rights</i>) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds. (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.
Written Resolutions:	Pursuant to Clause 15.5 of the Bond Terms: (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 of the Bond Terms (<i>Authority of the Bondholders' Meeting</i>) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly. (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise. (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release. (d) The provisions set out in Clause 15.1 of the Bond Terms (<i>Authority of the Bondholders' Meeting</i>), Clause 15.2 of the Bond Terms (<i>Procedure for arranging a Bondholders' Meeting</i>), Clause 15.3 of the Bond Terms (<i>Voting rules</i>) and Clause 15.4 of the Bond Terms (<i>Repeated Bondholders' Meeting</i>) shall apply <i>mutatis mutandis</i> to a Written Resolution, except that: (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 of the Bond Terms (<i>Procedure for arranging Bondholders Meetings</i>); or (ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5 of the Bond Terms, shall not apply to a Written Resolution. (e) The Summons for a Written Resolution shall include (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority, which shall be at least 10 Business Days but not more than 15 Business Days from the date of the Summons (the "Voting Period"). (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 of the Bond Terms (<i>Bondholders' rights</i>), will be counted in the Written Resolution.

	(g) A Written Resolution is passed when the requisite majority set out in paragraph (f) or (g) of Clause 15.1 of the Bond Terms (<i>Authority of Bondholders' Meeting</i>) has been obtained, based on a quorum of the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution will also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period. (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being obtained. (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the time specified in the summons on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (e) to (g) of Clause 15.1 of the Bond Terms (<i>Authority of Bondholders' Meeting</i>).
Limitation of claims:	All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.
Calculation of claim:	The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the call prices set out in Clause 10.2 of the Bond Terms (<i>Voluntary early redemption – Call Option</i>), as applicable at the following dates (and regardless of the Default Repayment Date): (a) for any Event of Default arising out of a breach of paragraph (a) (<i>Non-payment</i>) of Clause 14.1 of the Bond Terms (<i>Events of Default</i>), the claim will be calculated at the call price applicable at the date when such Event of Default occurred; and (b) for any other Event of Default, the claim will be calculated at the call price applicable at the date when the Default Notice was served by the Bond Trustee. However, if the situations described in paragraph (a) or (b) above takes place prior to the First Call Date, the calculation shall be based on the call price applicable on the First Call Date.
Calculations and calculation adjustments:	(a) The calculation of the Leverage Ratio shall be made as per a testing date determined by the Issuer, falling no earlier than 1 month prior to the event relevant for the application of the Incurrence Test. The calculation of the Liquidity shall be made in connection with a Permitted Distribution. (b) Total Net Debt shall be measured on the relevant testing date, but adjusted so that (i) the full amount of the new Financial Indebtedness in respect of which the Incurrence Test is applied shall be added to Total Net Debt and (ii) any cash balance resulting from the incurrence of such new Financial Indebtedness shall not reduce the Total Net Debt. If the Incurrence Test is applied in respect of a Distribution, the cash which will be distributed as a result of such Distribution shall not reduce Total Net Debt. (c) Adjusted EBITDA shall be calculated in accordance with the most recent Financial Report for which a Compliance Certificate has been delivered.
Cross default and cross-acceleration:	If for any Group Company: (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default

	(however described), except for any Group Companies that are party to the ABS Notes and/or RBL Facility which shall only be subject to paragraph (ii) above, provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of USD 25,000,000 (or the equivalent thereof in any other currency). Notwithstanding the foregoing, the exercise of any cash sweep mechanism under any ABS Note shall not trigger a cross-default under the Bond Terms, unless such ABS Note is declared immediately due and payable in its entirety prior to its specified maturity as a result of an event of default.
Transfer of Bonds	a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible for ensuring compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense. b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

5.2. Advisors

DNB Carnegie, a part of DNB Bank ASA (address: Dronning Eufemias gate 30, 0191 Oslo, Norway) acted as manager (the "**Manager**") to the Company in relation to the Bond Issue.

Advokatfirmaet Schjødt AS (address: Tordenskiolds gate 12, 0160 Oslo, Norway) acts as legal adviser (as to Norwegian law) to the Company in relation to the Listing.

5.3. Listing

The Company is expected to apply for a Listing of the Bonds on the Oslo Børs on or about 14 October 2025. Trading of the Bonds on Oslo Børs is expected to commence (subject to such admission being given) as soon as possible after this Prospectus has been approved by the Norwegian Financial Supervisory Authority (Nw: *Finanstilsynet*) .

No application has been made for listing of the Bonds on any other regulated market, other third country markets, SME Growth Market or multilateral trading facility other than the application for a Listing of the Bonds on Oslo Børs.

5.4. Interest of natural and legal persons involved in the Bond Issue

The Manager received a fee in connection with facilitating the Bond Issue, and as such, they had an interest in the Bond Issue.

Other than the above, the involved persons in the Bond Issue have no interest, nor conflicting interests, which are material to the Bond Issue.

5.5. Reasons for the application for the admission to trading and use of proceeds

This Prospectus is being produced in connection with the Company's application for the admission to trading of the Bonds on Oslo Stock Exchange. Pursuant to the Bond Terms the Company shall use reasonable endeavours to ensure that the Bonds are listed on Oslo Stock Exchange within 9 January 2026. The application for admission to trading is put forward by the Company to satisfy the conditions of the Bond Terms.

The Company covers expenses in connection with the Listing of the Bonds, such as review and approval of the Prospectus from the Norwegian FSA. In addition to legal fees and other fees in connection with the Bond Issue, the fees payable for Listing on Oslo Børs amount to approximately NOK 126,000 and the fees payable for review and approval from the Norwegian FSA amount to NOK 113,000. The total costs incurred by the Company in connection with the Listing of the Bonds are expected to amount to approximately NOK 239,000.

The Company has used the net proceeds from the Bond Issue for (a) repayment of outstanding amounts under the RBL Facility (with no cancellation of corresponding commitment); (b) repayment of the Oaktree Loan; and (c) for general corporate purposes of the Group. The Issuer will use the Net Proceeds from the issuance of any Additional Bonds for general corporate purposes, if not otherwise stated.

5.6. Norwegian Tax Considerations

5.6.1. General

The following information is a general overview of certain Norwegian tax rules relevant for holders of Bonds that are tax residents in Norway (in this Section 5.6 to as the "**Norwegian Bondholders**") and certain considerations related to Norwegian withholding tax on interest payments. The summary is based upon the laws of Norway as it is interpreted and practiced as of the date of this Prospectus. Such rules, laws, and regulations may be subject to changes after this date, possibly on a retroactive basis. The summary does not address foreign (i.e. non-Norwegian) tax laws.

The summary is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisers as to the effects of state, local or foreign laws, including Norwegian tax law, to which they may be subject.

Bondholders resident outside of Norway, who are not subject to withholding tax, will not be tax liable in Norway on interests or capital gains derived from the Bonds unless the Bonds are connected to a Bondholder's permanent establishment in Norway. The Norwegian tax rules applicable to income deriving from such Bonds, held through a Norwegian permanent establishment, are generally the same as those set out for Norwegian Bondholders below. The mere holding of Bonds should not in itself create a permanent establishment in Norway.

Special rules apply for Norwegian Bondholders that cease to be tax residents in Norway or for some reason are no longer considered liable to taxation in Norway in relation to their Bonds. Such Bondholders are encouraged to consult their own tax advisors.

The overview below is based on the assumption that the Bonds are classified as debentures (Norwegian: *Mengdegjeldsbrev*) for Norwegian tax purposes.

5.6.2. Interest payments on Bonds

Norwegian Bondholders are taxable in Norway for interest payments received on the Bonds as ordinary income. The Norwegian tax rate on ordinary income is 22 per cent, or 25 per cent for financial institutions subject to Norwegian Financial Tax (Norwegian: *Finansskatt*). Interest is subject to Norwegian income tax in the year of accrual.

For Norwegian Bondholders holding Bonds issued at a discount (compared to the nominal value), the discount will for tax purposes be considered to be interest, and taxed when the Bond is realized.

5.6.3. Redemption and realisation of Bonds

Norwegian Bondholders are taxable in Norway for capital gains on the redemption or realisation of Bonds and have a corresponding right to tax deductions for losses that arise on such redemption or realisation.

The tax liability applies irrespective of how long the Bonds have been owned and the number of Bonds that have been redeemed or realized. Gains are taxable as ordinary income, and losses can be deducted from ordinary income, in the year of redemption/realisation. The Norwegian tax rate on ordinary income is 22 per cent, or 25 per cent for financial institutions subject to Norwegian Financial Tax.

Gains or losses are calculated per Bond, and will equal the difference between the consideration received on the redemption or realisation of the Bond and the cost price of the Bond. Costs incurred in connection with the acquisition, redemption or realisation of Bonds may be deducted in the calculation of the taxable gain/loss in the year of redemption/realisation.

5.6.4. Net wealth tax

Corporations and similar entities are not subject to net wealth tax in Norway.

Norwegian Bondholders, who are physical persons, are subject to net wealth taxation in Norway on net (taxable) wealth exceeding NOK 1,700,000. The net wealth tax rate is currently 1.00 per cent on amounts between NOK 1,700,000 and NOK 20,000,000, and 1.10 per cent on wealth exceeding NOK 20,000,000.

For Bonds listed on Oslo Stock Exchange, the tax value for assessment purposes is the listed value as of 1 January in the year of the assessment. Unlisted Bonds are generally valued at the market value by the end of the income year.

5.6.5. *Withholding tax*

Interest payments to related parties (ownership of 50 per cent or more), that are resident in low tax jurisdictions, are subject to withholding tax of 15%.

Norway has entered into a number of international treaties for the avoidance of double taxation. Under several of these treaties, Norway has given up its right to impose withholding tax on interests. It is expected that Norway will try to re-negotiate these treaties in light of the introduction of withholding tax on interest payments, but it is expected that this process will take some time.

5.6.6. *Transfer tax, VAT etc.*

There are no transfer taxes, stamp duty, or similar charges currently imposed in Norway on the acquisition, redemption, or realisation of Bonds. Further, there is no VAT on the transfer of Bonds.

5.6.7. *Inheritance tax*

Norway does not impose inheritance tax or similar tax on inheritance or gifts. However, an heir or a recipient of gifts who has received Bonds will acquire the donor's tax input value on the Bonds based on principles of continuity. Thus, the heir/recipient will be liable to taxation for any increase in value in the donor's time of ownership. The gain will be taxable at the time of the heir's/recipient's realisation of the Bonds.

5.7. **Tax Warning**

Potential investors should be aware that changes in the tax legislation of the investors and of the Issuer's country of incorporation may have an impact on the income received from the Bonds. There can be changes in the applicable tax legislation, increased taxation by national, local, or foreign authorities, new or modified taxation rules and requirements, including requirements relating to the timing of any tax payments, which may have an impact on the income received from the Bonds.

5.8. **Credit Rating**

There are no credit ratings assigned to the Company or the Parent at the request or with the cooperation of the Company or the Parent in the rating process.

5.9. **The Guarantor**

As part of the issuance of Bonds, the Parent is Guarantor under the Bond Terms.

5.9.1. *Diversified Energy Company PLC*

The Parent's legal and commercial name is Diversified Energy Company PLC. The Parent is a public limited company incorporated and registered in England operating with registration number 09156132 under the Companies Act 2006, as amended and subordinate legislation thereunder (the "Companies Act 2006"). The Parent's LEI is 213800YR9TFRVHPGOS67.

The Parent operates in the Bossier and Haynesville shale formations and the Cotton Valley sandstones in East Texas and West Louisiana, the Barnett Shale in North Texas and the Mid-Continent producing areas across Central Texas, along with the Anadarko Basin across North Texas and Oklahoma and Permian Basin in West Texas and New Mexico.

The Parent was incorporated in 2014 in the United Kingdom, and the Group's predecessor business was co-founded in 2001 by the Chief Executive Officer, Robert Russell "Rusty" Hutson, Jr., with an initial focus primarily on natural gas and oil production in West Virginia. In recent years, the Group has grown rapidly by capitalising on opportunities to acquire and enhance producing assets and by leveraging the operating efficiencies that result from economies of scale and vertical integration.

The Parent's annual financial statements as of and for the years ended 31 December 2024 and 2022 have been audited by PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has no material interest in the Company.

As at the date of this Prospectus, the Parent's issued and outstanding share capital is 76,852,459 Ordinary Shares of £0.20 each (all of which are fully paid). The Parent has only one class of shares, and all shares have equal rights, including the right to dividend and voting rights.

The Parent is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Parent.

The table below shows an overview of the members of the board of directors and management in the Parent. The Parent's registered office serves as the business addresses for such members, and the telephone number and website of the Parent serves as its telephone number and website.

Overview of members of the board of directors and management in Diversified Energy Company PLC	
Name	Position
David E. Johnson	Independent Non-Executive Chairman
Martin K. Thomas	Non-Executive Vice Chair
Kathryn Klaber	Independent Non-Executive Director
David J. Turner, Jr.	Independent Non-Executive Director
Randall Wade	Independent Non-Executive Director
Robert Russell "Rusty" Hutson, Jr.	Co-Founder and CEO
Bradley Grafton Gray	President and CFO
Benjamin M. Sullivan	Senior Executive Vice President, Chief Legal & Risk Officer
Rick Gideon	Chief Operating Officer

Brief biographies of the members of board members and management in Diversified Energy Company PLC are set out hereinafter in Section 8.5.

5.10. Guarantee

The Guarantor has granted an unconditional Norwegian law guarantee and indemnity (Norwegian: "*selvskyldnerkausjon*") issued by the Guarantor in respect of the Secured Obligations (the "**Guarantee**").

Material contracts and other documents relating to the Guarantee is available at www.div.energy. The content of www.div.energy is not incorporated by reference into, nor does it otherwise form part of, this Prospectus.

6. BUSINESS OVERVIEW

6.1. Principal activities

Diversified Gas & Oil Corporation is a company incorporated in the United States of America, and a wholly owned subsidiary of Diversified Energy Company PLC, a public company incorporated in the United Kingdom.

The Group is engaged in the production, transportation and marketing of hydrocarbons from proven assets onshore US. The Issuer and the Parent's principal activities are the same.

The Group's strategy is to acquire existing long-life assets and to make investments in those assets to improve environmental and operational performance under a modern field management philosophy and stewardship-based approach to generate cash flows and maximize shareholder returns. The Group's shareholder return-focused business model is underpinned by a disciplined commodity hedging strategy that is designed to mitigate downside price risk for the three primary commodity products that it produces and sell: natural gas, crude oil and NGLs. The Group's hedging programs are typically designed to hedge price risk for an approximate range of 70% to 90% of its production within the next 12-months and an approximate range of 50% to 70% of its production within the next 12 to 36 months. Additionally, the Group's hedge programs can extend beyond a three-year period for production volumes that support portions of its long-term debt, specifically, the Group's collective ABS Notes.

The Group actively seeks to acquire high-quality producing conventional and unconventional natural gas and oil assets from industry participants divesting assets either due to a desire to reallocate capital to other assets and/or to raise cash proceeds. The Group targets long-life producing assets at what the Directors view as attractive valuations, and in the Group's commercial evaluation, it typically attributes substantially all value to the proved developed producing reserves and attribute minimal, if any, value to the proved undeveloped reserves. The Group typically assigns no value to probable or possible reserves. The Group's target assets are characterized by multi-decade production profiles and low decline rates, and the Group places a particular focus on assets whose value the Directors believe can be enhanced by scale and vertical integration through complementary midstream infrastructure or by the Group's operational and marketing framework.

The Group focuses on improving the performance and operations of assets it acquires, many of which have not received significant operational focus or investment from their former owners. This improvement is achieved through the Group's deployment of rigorous field management programs and/or refreshing infrastructure. Through operational efficiencies, the Group attempts to maximize value by enhancing production while lowering costs and improving well productivity. These production enhancement techniques also enable the Group to reduce the methane emissions profile of its wells. The Group further enhances the value of its assets by leveraging its midstream gathering and transportation infrastructure, which allows the Group to diversify and expand its third-party revenue, optimize pricing, increase flow assurance and reduce third-party costs and inefficiencies.

6.2. Organisational structure

The Company is the subsidiary of the Parent. The following table sets out information about the Group:

Overview of organizational structure		
Entity	Domicile and country of incorporation	Holding
Diversified Energy Company PLC (UK Reg. No. 09156132)	UK	-
Diversified Gas & Oil Corporation (U.S. FEIN 5492291)	US	100%
Diversified Production LLC	US	100%
Diversified ABS Phase IV Holdings LLC	US	100%
Diversified ABS Phase IV LLC	US	100%
Sooner State Joint ABS Holdings LLC ¹	US	See footnote
OCM Denali Holdings, LLC	US	100%
Diversified ABS Phase VI Holdings LLC	US	100%
Diversified ABS Phase VI LLC	US	100%
Diversified ABS VI Upstream LLC	US	100%
Oaktree ABS VI Upstream LLC	US	100%
DP Lion Equity Holdco LLC ²	US	See footnote
DP Lion Holdco LLC	US	100%
Diversified ABS VIII Holdings LLC	US	100%
Diversified ABS VIII LLC	US	100%
Diversified ABS III Upstream LLC	US	100%
Diversified ABS V Upstream LLC	US	100%
Diversified ABS IX Holdings LLC	US	100%
Diversified Mustang Holdco LLC	US	100%
Diversified ABS X Holdings LLC	US	100%
Diversified ABS X LLC	US	100%
Diversified ABS LLC	US	100%
Diversified ABS Phase II LLC	US	100%
Diversified ABS Phase X LLC	US	100%
Maverick Natural Resources, LLC	US	100%
Bluebonnet Resources, LLC	US	100%
Maverick Natural Resources II, LLC	US	100%
Maverick Services, LLC	US	100%
Maverick ABS Holdco, LLC	US	100%
MNR ABS Holdings I, LLC	US	100%
MNR ABS Issuer I, LLC	US	100%
MNR ABS Agent Corp	US	100%
DP RBL Co LLC	US	100%
DP Bluegrass LLC	US	100%
Chesapeake Granite Wash Trust ³	US	See footnote
BlueStone Natural Resources II, LLC	US	100%
DP Legacy Central LLC	US	100%
Diversified Energy Marketing, LLC	US	100%
Maverick Asset Holdings LLC	US	100%
Maverick Permian LLC	US	100%
Maverick Permian Agent Corp	US	100%
Unbridled Resources, LLC	US	100%
Wheeler Midstream, LLC	US	100%

MidPoint Mistream, LLC	US	100%
Unbridled Agent Corp	US	100%
Breitburn Operating LP	US	100%
Breitburn Transpetco LP LLC	US	100%
Transpetco Pipeline Company, LP	US	100%
Breitburn Transpetco GP LLC	US	100%
Breitburn Oklahoma LLC	US	100%
Phoenix Production Company	US	100%
GTG Pipeline LLC	US	100%
Maverick Operating GP, LLC	US	100%
DP Tapstone Energy Holdings, LLC	US	100%
DP Legacy Tapstone LLC	US	100%
DP Yellowjacket Holdco LLC	US	100%
DM Yellowjacket Holdco LLC	US	100%
Splendid Land, LLC ⁴	US	See footnote
Riverside Land, LLC ⁴	US	See footnote
Old Faithful Land, LLC ⁴	US	See footnote
Link Land, LLC ⁴	US	See footnote
Giant Land, LLC ⁴	US	See footnote
Next LVL Energy, LLC	US	100%
Diversified Midstream LLC	US	100%
DM Mountaineer Holdings LLC	US	100%
Cranberry Pipeline Corporation	US	100%
Coalfield Pipeline Company	US	100%
DM Bluebonnet LLC	US	100%
Black Bear Midstream Holdings LLC	US	100%
Black Bear Midstream LLC	US	100%
Black Bear Liquids LLC	US	100%
Black Bear Liquids Marketing LLC	US	100%
DM Pennsylvania Holdco LLC	US	100%
Diversified Energy Group LLC	US	100%
Diversified Energy Company LLC	US	100%

¹ Owned 51.25% by Diversified Production LLC and 48.75% by OCM Denali Holdings LLC, both wholly owned subsidiaries of the Group.

² Diversified Production, LLC holds 20% of the issued and outstanding equity of DP Lion Equity Holdco LLC. This entity is not consolidated within the Group's financial statements as of 31 December 2024.

³ Diversified Production, LLC holds 50.8% of the issued and outstanding common shares of Chesapeake Granite Wash Trust.

⁴ Owned 55% or less by Diversified Energy Company PLC.

The Company is dependent on the Guarantor because the Guarantor has granted a joint and several unconditional and irrevocable Norwegian law guarantee, as further described in Section 5.10 "Guarantee".

Other than set out above, the Company is not dependent upon other entities within the Group.

6.3. Legal and arbitration proceedings

Neither the Company, the Group, nor the Guarantor are, or have been during the previous 12 months, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have, or have had in the recent past significant effects on the Group's, the Issuer's, or the Parent's financial position or profitability.

6.4. Material contracts

Neither the Company nor any member of the Group, including the Guarantor, have entered into any material contracts outside the ordinary course of business, which could result in any group member being under an obligation or an entitlement that is material to the Company's or the Parent's ability to meet its obligations to bondholders in respect of the Bonds being listed on Oslo Børs.

7. FINANCIAL AND OTHER INFORMATION

This Section provides information on financial information about the Company and the Guarantors, as well as other information about the Group. The selected financial information appended to this Prospectus should be read in connection with, and is qualified in its entirety by reference to, the financial statements that are appended as Appendices to this Prospectus.

7.1. Key financial information

7.1.1. The Group (including the Issuer)

Section 11 of Annex 7 to the EU Prospectus Regulation and Section 3 of Annex 21 to the Commission Regulation (EC) No 809/2004 ("CDR") require that a prospectus include audited historical financial information for the Issuer. However, since the Issuer has been granted an exemption under Article 18(1)(a) of the Prospectus Regulation by the Financial Supervisory Authority of Norway (the "NFSA"), standalone audited financial statements for the Issuer are not provided. Instead, the Group has prepared consolidated audited annual financial statements as of and for the years ended 31 December 2024 and 2023 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the United Kingdom (together "IFRS"). These consolidated financial statements include the Parent and all of its wholly owned subsidiaries, including the Issuer. These annual financial statements, which are appended as Appendix 2 and Appendix 3 to this Prospectus, were audited by PwC. Comparison of Group's Consolidated Financial Position to the Issuer's Consolidated Financial Position

The below table sets forth a comparison of the Group's Consolidated Financial Position to the Issuer's Consolidated Financial Position.

	As of					
	December 31, 2024					
(AMOUNTS PRESENTED IN THOUSANDS)	Group		DGOC		\$ Difference	% Difference
ASSETS						
Non-current assets:						
Natural gas and oil properties, net	\$	2,905,702	\$	2,905,702	\$ -	0%
Property, plant and equipment, net		449,540		449,540	-	0%
Intangible assets		15,180		15,180	-	0%
Restricted cash		34,843		34,843	-	0%
Derivative financial instruments		28,439		28,439	-	0%
Deferred tax asset		259,287		259,113	174	0%
Other non-current assets		6,270		6,270	-	0%
Total non-current assets	\$	3,699,261	\$	3,699,087	\$ 174	0%
Current assets:						
Trade receivables, net	\$	234,421	\$	234,421	\$ -	0%
Cash and cash equivalents		5,990		5,968	22	0%
Restricted cash		11,426		11,426	-	0%
Derivative financial instruments		33,759		33,759	-	0%
Other current assets		18,668		18,668	-	0%
Total current assets	\$	304,264	\$	304,242	\$ 22	0%
Total assets	\$	4,003,525	\$	4,003,329	\$ 196	0%
EQUITY AND LIABILITIES						
Shareholders' equity:						
Share capital (a)	\$	13,762	\$	-	\$ 13,762	0%
Share premium (a)		1,262,711		-	1,262,711	0%
Treasury reserve (a)		(119,006)		-	(119,006)	0%
Share based payment & other reserves (a)		20,170		-	20,170	0%
Retained earnings (accumulated deficit)		(724,960)		(728,382)	3,422	0%
Intercompany member capital (a)		-		1,180,872	(1,180,872)	-100%
Equity attributable to owners of the parent	\$	452,677	\$	452,490	\$ 187	0%
Non-controlling interest		11,879		11,879	-	0%
Total equity	\$	464,556	\$	464,369	\$ 187	0%
Non-current liabilities:						
Asset retirement obligations	\$	642,142	\$	642,142	\$ -	0%
Leases		30,824		30,824	-	0%
Borrowings		1,483,779		1,483,770	9	0%
Deferred tax liability		8,011		8,011	-	0%
Derivative financial instruments		608,869		608,869	-	0%
Other non-current liabilities		5,384		5,384	-	0%
Total non-current liabilities	\$	2,779,009	\$	2,779,000	\$ 9	0%
Current liabilities:						
Trade and other payables	\$	35,013	\$	35,013	\$ -	0%
Taxes payable		33,498		33,555	(57)	0%
Leases		13,776		13,776	-	0%
Borrowings		209,463		209,463	-	0%
Derivative financial instruments		163,676		163,676	-	0%
Other current liabilities		304,534		304,477	57	0%
Total current liabilities	\$	759,960	\$	759,960	\$ -	0%
Total liabilities	\$	3,538,969	\$	3,538,960	\$ 9	0%
Total equity and liabilities	\$	4,003,525	\$	4,003,329	\$ 196	0%

(a) As previously discussed the Group includes the Parent which has transactions related to share capital that include issuance of share capital, purchase of treasury shares, dividend payments to shareholders, and employee shared based compensation plans. Any cash proceeds or payments are transferred or paid by DGOC and is reflected as intercompany member capital on DGOC's Statement of Financial Position. While the activity is reflected as "Share capital", "Share premium", "Treasury Reserve", and "Share based payment & other reserves" on the Group's Statement of Financial Position in equity, the activity is reflected as "Intercompany member capital" on DGOC's Statement of Financial Activity in equity.

	As of					
	December 31, 2023					
(AMOUNTS PRESENTED IN THOUSANDS)	Group		DGOC		\$ Change	% Change
ASSETS						
Non-current assets:						
Natural gas and oil properties, net	\$	2 490 375	\$	2 490 375	\$ -	0 %
Property, plant and equipment, net		456 208		456 208	-	0 %
Intangible assets		19 351		19 351	-	0 %
Restricted cash		25 057		25 057	-	0 %
Derivative financial instruments		24 401		24 401	-	0 %
Deferred tax asset		144 860		144 730	130	0 %
Other non-current assets		9 172		9 172	-	0 %
Total non-current assets	\$	3 169 424	\$	3 169 294	\$ 130	0 %
Current assets:						
Trade receivables, net	\$	190 207	\$	190 207	\$ -	0 %
Cash and cash equivalents		3 753		3 037	716	24 %
Restricted cash		11 195		11 195	-	0 %
Derivative financial instruments		87 659		87 659	-	0 %
Other current assets		11 784		11 774	10	0 %
Total current assets	\$	304 598	\$	303 872	\$ 726	0 %
Total assets	\$	3 474 022	\$	3 473 166	\$ 856	0 %
EQUITY AND LIABILITIES						
Shareholders' equity:						
Share capital	\$	12 897	\$	-	\$ 12 897	0 %
Share premium		1 208 192		-	1 208 192	0 %
Treasury reserve		(102 470)		-	(102 470)	0 %
Share based payment & other reserves		14 442		-	14 442	0 %
Retained earnings accumulated deficit)		(547 255)		(544 212)	(3 043)	1 %
Intercompany member capital		-		1 129 214	(1 129 214)	-100 %
Equity attributable to owners of the parent	\$	585 806	\$	585 002	\$ 804	0 %
Non-controlling interest		12 604		12 604	-	0 %
Total equity	\$	598 410	\$	597 606	\$ 804	0 %
Non-current liabilities:						
Asset retirement obligations	\$	501 246	\$	501 246	\$ -	0 %
Leases		20 559		20 559	-	0 %
Borrowings		1 075 805		1 075 796	9	0 %
Deferred tax liability		13 654		13 654	-	0 %
Derivative financial instruments		623 684		623 684	-	0 %
Other non-current liabilities		2 224		2 224	-	0 %
Total non-current liabilities	\$	2 237 172	\$	2 237 163	\$ 9	0 %
Current liabilities:						
Trade and other payables	\$	53 490	\$	53 490	\$ -	0 %
Taxes payable		50 226		50 183	43	0 %
Leases		10 563		10 563	-	0 %
Borrowings		200 822		200 822	-	0 %
Derivative financial instruments		45 836		45 836	-	0 %
Other current liabilities		277 503		277 503	-	0 %
Total current liabilities	\$	638 440	\$	638 397	\$ 43	0 %
Total liabilities	\$	2 875 612	\$	2 875 560	\$ 52	0 %
Total equity and liabilities	\$	3 474 022	\$	3 473 166	\$ 856	0 %

7.2. Independent auditors

The Company's independent auditor is PricewaterhouseCoopers LLP, with registration number OC303525 and registered address 1 Embankment Place, London WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP is member of the Institute of Chartered Accountants in England and Wales (ICAEW). (PwCIL). PricewaterhouseCoopers LLP has been the Company's auditor for the period covered by the financial information included in this prospectus.

In regards to this prospectus, PricewaterhouseCoopers LLP has audited the following financial statements:

- The Group's consolidated audited annual financial statements as of and for the year ended 31 December 2024 and 2023 (see Appendix 2 and Appendix 3),

Other than above, PricewaterhouseCoopers LLP has not audited, reviewed or produced any report on any other information provided in this Prospectus.

7.3. Trend information, financing, changes in borrowing and funding, and changes in financial position

There has been no (i) material adverse change in the prospects of the Company or the Group (i.e. including the Guarantor) since the date of its last published audited financial statements, (ii) material adverse change in the financial performance of the Group (i.e. including the Guarantor) since the end of the last financial period for which financial information has been published to the date of this Prospectus, (iii) material adverse changes in the Company or Group's (i.e. including the Guarantor) borrowing and funding structure since the last financial year, or (iv) significant change in the financial position of

the Group (i.e. including the Company and the Guarantor) which has occurred since the end of the last financial period for which financial information have been published (for financial information included in this Prospectus, see Section 7.1 "*Key financial information*").

There are no expected material adverse changes in the financing of the Group's (i.e. including the Company's and Guarantor's) activities. Further, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Group's (i.e. including the Company's and Guarantor's) prospects for the current financial year.

8. INFORMATION ABOUT THE COMPANY AND THE GROUP

8.1. History and important events in the development of the Group

The table below provides an overview of key events in the history of the Group:

History and important events	
Year	Event
2001	Group founded with initial focus on primarily natural gas and oil production in West Virginia
2014	Parent was incorporated as a public limited company under the legal name Diversified Gas & Oil PLC under the laws of the United Kingdom
2014	Company was initially incorporated as a Delaware corporation under the legal name Diversified Resources Inc. and was amended later that same year to Diversified Gas & Oil Corporation
2017	Group's shares were admitted to trading on the AIM Market of the London Stock Exchange
2021	Parent changed its company name to Diversified Energy Company PLC
2023	Group's shares were admitted to trading on the New York Stock Exchange

8.2. Company corporate information

The Company is a U.S. corporation that exists under the laws of Delaware, United States of America with registration number 5492291 and its Legal Entity Identifier (LEI) code is 5493008008WU7K5XC271. The Company's legal and commercial name is Diversified Gas & Oil Corporation. The Company's registered address is C/O the Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, Delaware 19801 United States of America. The Company was incorporated in Delaware, the United States of America on 24 March 2014. The Company's telephone number is +1 205-408-0909 and its website is the website of the Parent, being <https://www.div.energy/>. The content of <https://www.div.energy/> is not incorporated by reference into, nor does it otherwise form part of, this Prospectus.

The Company's stewardship model focuses on acquiring existing long-life, low decline producing wells, and at times their associated midstream assets, and efficiently managing the assets to improve or restore production, optimize operations, increase efficiencies and reduce emissions before permanently retiring at the end of their producing lives.

The Company is unique among U.S. natural gas and oil producers in that we do not actively engage in large-scale, capital-intensive drilling and development programs that seek to capture short-term high production and revenue. These traditional development models typically seek to divest mature, low production assets in order to generate more cash for further development while also avoiding the future retirement obligation.

8.3. Share capital

As at the date of this Prospectus, the Company's share capital is 15,370,491.80 GBP divided into 76,852,459 shares, each with a nominal value of GBP 0.20. All Shares have been created under the Companies Act 2006 and are validly issued and fully paid. The Company has only one class of shares, and all shares have equal rights, including the right to dividend and voting rights.

8.4. Major shareholders

The Company is wholly-owned (100%) by Diversified Energy Company PLC.

The Company is not aware of any other persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

No particular measures are initiated to ensure that control is not abused by large shareholders.

8.5. Board of directors and management

8.5.1. Board of Directors and Management

The names, positions, current term of office of the Board and management as at the date of this Prospectus, is set out in the table below.

Overview of members of the board of directors and management in Diversified Gas & Oil Corporation	
Name	Position
David E. Johnson	Independent Non-Executive Chairman
Martin K. Thomas	Non-Executive Vice Chair

Kathryn Klaber	Independent Non-Executive Director
David J. Turner, Jr.	Independent Non-Executive Director
Randall Wade	Independent Non-Executive Director
Robert Russell "Rusty" Hutson, Jr.	CEO
Bradley Grafton Gray	President and CFO
Benjamin M. Sullivan	Senior Executive Vice President, Chief Legal & Risk Officer

The Company's business address serves as the business addresses for the members of the Board of Directors.

Set out below are brief biographies of the Board.

Set out below are brief biographies of the members of board members and management in Diversified Gas & Oil Corporation.

David E. Johnson (Independent Non-Executive Chair)

Mr. Johnson has served on the Company's board of directors since February 2017 and as the Company's Independent Chairman since April 2019. He has worked at a number of leading investment firms, as both an investment analyst and a manager, and more recently in equity sales and investment management. Mr. Johnson currently serves on the board of Chelverton Equity Partners, an AIM-listed holding company, where he serves as a member of the Remuneration, Audit and Nomination committees. Previously, Mr. Johnson was a consultant at Chelverton Asset Management from August 2016 to February 2019. Prior to that, he worked as a fund manager for the investment department a large insurance company and then as Head of Sales and Head of Equities at a London investment bank. Mr. Johnson earned a Bachelor of Arts in Economics from the University of Reading.

Martin K. Thomas (Non-Executive Vice Chair)

Mr. Thomas has served on the Company's Board of Directors since January 2015. Since January 2022, Mr. Thomas has served as a consultant at the law firm Wedlake Bell LLP, from where he was previously a Partner from January 2018 to December 2021. During his more than 30-year legal career, Mr. Thomas has also served as Partner of Watson Farley & Williams LLP from February 2015 to April 2017 and as consultant of the same firm from May 2017 to May 2018. Mr. Thomas earned a Bachelor of Laws from the University of Reading and completed his Law Society Final Examinations at The College of Law in the UK.

Kathryn Klaber (Independent Non-Executive Director)

Ms. Klaber has served on the Company's Board of Directors since January 2023. Since 2014, Ms. Klaber has served as the Managing Director of The Klaber Group, which provides strategic consulting services to businesses and organizations with a focus on energy development in the United States and abroad. Prior to founding The Klaber Group, Ms. Klaber launched the Marcellus Shale Coalition, serving as its first CEO from 2009 to 2013. Previously in her career, Ms. Klaber also served as the Executive Vice President for Competitiveness at the Allegheny Conference on Community Development, Executive Director of the Pennsylvania Economy League, and consultant at Environmental Resources Management, where she gained significant experience in EHS strategy and compliance. Ms. Klaber received her B.A. in Environmental Science from Bucknell University and her MBA from Carnegie Mellon University.

David J. Turner, Jr. (Independent Non-Executive Director)

Mr. Turner has served on the Company's Board of Directors since May 2019. Mr. Turner has served as Chief Financial Officer of Regions Financial Corporation (NYSE: RF) since 2010 where he leads all finance operations, including mergers and acquisitions, financial systems, investor relations, corporate treasury, corporate tax, management planning and reporting and accounting. Prior to his appointment as Chief Financial Officer, Mr. Turner oversaw the Internal Audit Division for AmSouth Bank (which merged with Regions Financial Corporation in 2006) from April 2005 to March 2010. Before beginning his banking career, Mr. Turner was a certified public accountant and an Audit Partner with Arthur Andersen and KPMG specializing in financial services clients. He earned a Bachelor of Science in Accounting from the University of Alabama.

Randall Wade (Independent Non-Executive Director)

Mr. Wade is a Co-Founder of EIG and a member of its Investment and Executive Committees. He has broad involvement in the firm's various activities including investments, investor relations, operations and strategic initiatives. Since joining EIG in

1996, Mr. Wade has filled various roles including President, Chief Operating Officer, head of the direct lending strategy, investment principal with coverage responsibility for Australia and an analyst for the oil and gas team. Prior to joining EIG, Mr. Wade was a Commercial Lending Officer for First Interstate Bank of Texas, where he was responsible for developing a middle-market loan portfolio. Mr. Wade received his B.A. in Economics and his B.B.A. in Finance from the University of Texas at Austin.

Robert Russell "Rusty" Hutson, Jr. (Co-Founder and CEO)

Born and raised in West Virginia, Rusty Hutson, Jr. is the fourth generation in the Hutson family to immerse himself in the oil and gas industry, with family roots dating back to the early 1900s. Mr. Hutson spent many summers of his youth working with his father in the oil fields of West Virginia. The first in his family to pursue higher education, Mr. Hutson graduated from Fairmont State University (WV) with a degree in accounting. After college, Mr. Hutson spent 13 years steadily progressing into multiple leadership roles within the banking industry at well-known institutions such as Bank One and Compass Bank, prior to concluding his time within banking as CFO of Compass Financial Services.

Building upon his experiences in the oil & gas industry and the financial services sector, Mr. Hutson established Diversified Energy in 2001 as a cash flow model supported by mature, predictable long-life assets. After years of refining this strategy, Mr. Hutson and his team quietly took the company public in 2017 on the AIM growth market of the London Stock Exchange. Since going public, the Group has successfully completed or announced over 25 significant acquisitions totaling in excess of \$5 billion in value. Since its public debut, the rapid growth of DEC's asset portfolio led to a move up to the premium listing on the London Exchange and a FTSE250 inclusion. Mr. Hutson continues to lead his team and expand the Company's footprint throughout the United States while remaining focused on operational excellence, financial discipline and shareholder value creation.

8.5.1. Management

Bradley Gray (President and CFO)

Mr. Gray has served as the Company's President and Chief Financial Officer since September 2023. Mr. Gray has also served as the Company's Executive Vice President, Chief Operating Officer since October 2016 to September 2023. Mr. Gray has also served on the Board of Directors until September 2023. Prior to joining the Group, Mr. Gray served as the Senior Vice President and Chief Financial Officer for Royal Cup, Inc. from August 2014 to October 2016. Prior to that, from 2006 to 2014, Mr. Gray served in various roles at The McPherson Companies, Inc., most recently as Executive Vice President and Chief Financial Officer from September 2006 to December 2013. Mr. Gray previously worked in various financial and operational roles at Saks Incorporated from 1997 to 2006. Mr. Gray has a B.S. degree in Accounting from the University of Alabama and was formerly a licensed CPA (Alabama).

Benjamin M. Sullivan (Senior Executive Vice President and Chief Legal & Risk Officer & Corporate Secretary)

Mr. Sullivan has served as the Group's Senior Executive Vice President, Chief Legal & Risk Officer since September 2023. Prior to that, Mr. Sullivan served as the Group's Executive Vice President, General Counsel from 2019 to September 2023. Mr. Sullivan joined the Company in 2019 with oversight of the company's legal, land/real estate, community engagement, and policy/governmental affairs functions and works with the CEO and board on risk, compliance, and governance matters. Prior to joining Diversified, Mr. Sullivan worked with Greylock Energy (an ArcLight Capital Partners portfolio company with extensive national holdings) and its predecessor (Energy Corporation of America) as Executive Vice President, General Counsel and Corporate Secretary with supervision of many business units. Prior to Mr. Sullivan tenure at Greylock Energy, he worked as counsel for EQT Corporation and in private practice. He is a member of the leadership and Board of Directors of several commerce, legal, and industry groups, and has considerable experience in corporate governance and reporting / sustainability, complex commercial transactions, land/real estate, acquisitions & divestitures, financing, government investigations, and corporate workouts and restructurings. Mr. Sullivan graduated from the University of Kentucky with a B.A degree in History and received a J.D. degree from the West Virginia University College of Law. He holds licenses to practice law in Pennsylvania and West Virginia.

Rick Gideon (Chief Operating Officer)

Mr Gideon joined the Company as Chief Operating Officer in March 2024, following the Company's acquisition of Maverick where Mr. Gideon served as Chief Executive Officer and previously held roles as Chief Operating Officer and Executive Vice President. Prior to joining Maverick, Mr. Gideon served as Chief Executive Officer of Roan Resources, Inc. Mr. Gideon has held numerous leadership roles in public and privately held oil and gas companies, including as Senior Vice President of U.S. Exploration and Production for Devon Energy Corporation as well as senior positions at HighMount E&P, LLC, Linn Energy,

Inc., and Dominion Energy, Inc. He has also advised and consulted with firms such as Blackstone Energy Partners. Mr. Gideon holds a B.S. in Chemical Engineering from the University of Wyoming.

8.6. Conflict of interests

There are no potential conflicts of interest between any duties to the Company or the Guarantor of the members of their respective board of directors or members of their respective management referred to in Sections 8.5.1 *"Board of Directors and Management"*, or by the members of the board of directors or members of any of the Guarantors referred to in Section 5.9 *"The Guarantor"*, and their private interests and/or other duties.

9. ADDITIONAL INFORMATION**9.1. Documents on display**

For a period of 12 months from the date of this Prospectus, copies of the documents listed below will be available at the Company's or the Guarantor's offices (at their respective addresses or websites set out below):

- (a) the Articles of Association of the Company and the Guarantor; and
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at any company within the Group's request any part of which is included or referred to in the Prospectus.

Relevant addresses and websites for the Company and the Guarantor referred to above are as follows:

- Diversified Gas & Oil Corporation (address: C/O the Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, Delaware 19801 United States of America. Its website is the website of the Parent, being <https://www.div.energy/>. The content of <https://www.div.energy/> is not incorporated by reference into, nor does it otherwise form part of, this Prospectus)
- Diversified Energy Company PLC (address: 4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire, United Kingdom, RG1 1NB. Website: www.div.energy)

The content of the website referred to above is not incorporated by reference into, nor does it otherwise form part of, this Prospectus.

10. DEFINITIONS AND GLOSSARY

When used in this Prospectus, the following terms shall have the meanings set out below, unless the context otherwise requires. Words importing the plural shall be construed to include the singular and vice versa.

Definitions and glossary	
Defined terms	Meanings
ABS	Asset-backed securitizations
Articles or Articles of Association	The articles of association of the Company, as amended and restated from time to time
Bonds	Collectively, the senior secured USD 500,000,000 bonds 2025/2029, each a "Bond"
Bond Issue	The bond issue in the amount of USD 300,000,000 on 9 April 2025
Bond Terms	Together, the terms and conditions of the Bonds set out in the original bond terms dated 7 April 2025
Bond Trustee	Nordic Trustee AS
Board Members or Board of Directors	The board of directors of the Company
Company or Issuer	Diversified Gas & Oil Corporation
CDR	Commission Regulation (EC) No 809/2004
Director	Elected or appointed member of the board who jointly oversee the activities of a company or organisation
DOT	PHMSA, U.S. Department of Transportation
DSCR	Debt service coverage ratio
EEA	European Economic Area
EPA	The U.S. Environmental Protection Agency
EU	European Union
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act
EUR	The Euro, the official currency of the European Union.
Group	The Company, and when taken together with the Parent and the Parent's subsidiaries
Guarantee	The Guarantor has granted an unconditional Norwegian law guarantee and indemnity (Norwegian: "selvskyldnerkausjon") issued by the Guarantor in respect of the Secured Obligations
Guarantor	The Parent
IFRS	International Financial Reporting Standards as adopted by EU
Issuer	The Company
Initial Nominal Amount	The nominal amount of each Bond is USD 125,000
ISIN	International securities identification number for the Bonds registered with the Norwegian Registry of Securities (VPS)
Listing	The admission to trading and listing of the Bonds on Oslo Børs
Local GAAP	Generally accepted accounting principles applicable in the country for which the relevant financial statement of the guarantor is prepared.
LTV	Loan-to-value
Manager	ABG Sundal Collier ASA (address: Ruseløkkveien 26, N-0251 Oslo, Norway), which acted as manager to the Company in relation to the Bond Issue.
Management	The members of the senior management of the Group
MarkWest	MarkWest Energy Partners, L.P
Maximum Issue Amount	The maximum issue amount under the Bond Terms of USD 500,000,000
Net Asset Value	Total equity + deferred tax liabilities
Net Interest-Bearing Debt	Interest bearing debt (Bond, nominal value), loans from credit institutions (RCF), cash and cash equivalents and mark-to-market hedge adjustment
NGAAP	Norwegian generally accepted accounting principles together with the Norwegian Accounting Act
NOK	The Norwegian Krone, the official currency of Norway
Norwegian Bondholders	Norwegian tax rules relevant for holders of Bonds that are tax residents in Norway

Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended
Norwegian FSA	The Financial Supervisory Authority of Norway (<i>Nw: Finanstilsynet</i>)
NSAI	Netherland, Sewell & Associates, Inc
Oslo Børs	An exchange (regulated market) operated by Oslo Børs ASA
OPEC	Petroleum Exporting Countries
OPEC+	OPEC and 10 non-OPEC partner countries
OSHA	Occupational Safety and Health Administration PHMSA
Prospectus	This prospectus (together with its appendices) prepared in connection with the listing of the Bonds on Oslo Børs, with the date set out on its cover.
RCF	Revolving credit facility
SGAAP	Together, the Swedish Accounting Act and Swedish generally accepted accounting principles for smaller entities.
TCO	Columbia Gas Transmission Pipeline
U.S or United States	The United States of America
USD	The United States Dollar, the official currency of the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended

APPENDIX 1

Bond Terms

APPENDIX 2

Diversified Energy Company PLC - Audited annual financial statements for 2024

APPENDIX 3

Diversified Energy Company PLC - Audited annual financial statements for 2023

Diversified Gas & Oil Corporation

C/O the Corporation Trust Company, Corporation Trust Center
1209 Orange St., Wilmington, Delaware 19801
United States of America

BOND TERMS

FOR

**Diversified Gas & Oil Corporation 9.75% senior secured USD 500,000,000
bonds 2025/2029**

ISIN NO0013513606

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ATTACHMENT 1 COMPLIANCE CERTIFICATE

ATTACHMENT 2 RELEASE NOTICE – ESCROW ACCOUNT

ATTACHMENT 3 AGREED SECURITY PRINCIPLES

BOND TERMS between	
ISSUER:	Diversified Gas & Oil Corporation , a company existing under the laws of Delaware, United States of America with registration number 5492291 and LEI-code 5493008O08WU7K5XC271; and
BOND TRUSTEE:	Nordic Trustee AS , a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	7 April 2025
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

1. INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

“**ABS Notes**” means one or more existing or future asset-backed securities notes issued for the purpose of financing hydrocarbon assets.

“**Accounting Standard**” means GAAP.

“**Additional Bonds**” means the debt instruments issued under a Tap Issue, including any Temporary Bonds.

“**Adjusted EBITDA**” means, in relation to a Relevant Period, EBITDA for that Relevant Period adjusted by:

- (a) including the operating profit before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of a Group Company (or attributable to a business or assets) acquired during the Relevant Period for that part of the Relevant Period prior to its becoming a Group Company or (as the case may be) prior to the acquisition of the business or assets; and
- (b) excluding the operating profit before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) attributable to any Group Company (or to any business or assets) disposed of during the Relevant Period for that part of the Relevant Period.

“**Affiliate**” means, in relation to any person:

- (a) any person which is a Subsidiary of that person;
- (b) any person with Decisive Influence over that person (directly or indirectly); and

- (c) any person which is a Subsidiary of an entity with Decisive Influence over that person (directly or indirectly).

“Agreed Security Principles” means the security principles set out in Attachment 3 (*Agreed Security Principles*) hereto.

“Annual Financial Statements” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with the Accounting Standard, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors.

“Asset Coverage Ratio” means the ratio calculated by dividing (a) the PV-10 value of the Group’s Proved Reserves, adjusted by the mark-to-market value of the Group’s commodity price hedging, by (b) the Total Net Debt. The value referred to in *litra* (a) above shall be assessed by an Independent Reserves Auditor.

“Asset Specific Loans” means existing and future term loans, bridge loans, office building loans, equipment loans, facility loans, and other miscellaneous loans incurred in the ordinary course of business including real estate or hydrocarbons acquisitions or improvements, capital expenditures, or other business financing needs, and including the Yellowjacket Loan and, up to the first release of funds from the Escrow Account, the Oaktree Loan.

“Attachment” means any schedule, appendix or other attachment to these Bond Terms.

“Bond Currency” means the currency in which the Bonds are denominated, as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Bond Terms” means these terms and conditions, including all Attachments which form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

“Bond Trustee” means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

“Bond Trustee Fee Agreement” means the agreement entered into between the Issuer and the Bond Trustee relating, among other things, to the fees to be paid by the Issuer to the Bond Trustee for the services provided by the Bond Trustee relating to the Bonds.

“Bondholder” means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders’ rights*).

“Bondholders’ Meeting” means a meeting of Bondholders as set out in Clause 15 (*Bondholders’ Decisions*).

“Bonds” means (i) the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.

“Book Equity” means the nominal book value of total equity of the Parent (on a consolidated basis), less any non-controlling interests in any Group Company, as determined in accordance with the applicable Accounting Standard, and adjusted by the mark-to-market value of the Group’s commodity price hedging.

“Business Day” means a day on which both the relevant CSD settlement system and the relevant settlement system for the Bond Currency are open.

“Business Day Convention” means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

“Call Option” has the meaning ascribed to such term in Clause 10.2 (*Voluntary early redemption – Call Option*).

“Call Option Repayment Date” means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), paragraph (d) of Clause 10.3 (*Mandatory repurchase due to a Put Option Event*) or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

“Cash and Cash Equivalents” means, in respect of a person, at any date, the aggregate amount of freely available cash and cash equivalents of that person, over which there is no Security except for Transaction Security or any Permitted Security constituted by a netting or set-off arrangement entered into by any Group Company in the ordinary course of their banking arrangements, in each case reported in accordance with the Accounting Standard, including without limitation:

- (a) cash in hand or on freely available deposit with any bank or financial institution; and
- (b) certificates of deposits or marketable debt securities (included money market funds) with a maturity of 12 months or less after the relevant date of calculation, issued by a financial institution which has a rating for its long term unsecured and non-credit enhanced debt obligations with A or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or A2 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency.

“Change of Control Event” means a person or group of persons acting in concert gaining Decisive Influence over the Parent.

“Compliance Certificate” means a statement substantially in the form as set out in Attachment 1 hereto.

“CSD” means the central securities depository in which the Bonds are registered, being Verdisentralen ASA (VPS).

“Cure Amount” means cash actually received by the Parent (i) in exchange for fully paid shares in the Parent or (ii) as Subordinated Loans.

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

“Default Notice” has the meaning ascribed to such term in Clause 14.2 (*Acceleration of the Bonds*).

“Default Repayment Date” means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

“Distribution” means:

- (a) payment of dividend, charge or fee or other distribution (whether in cash or in kind) on or in respect of share capital;
- (b) repayment or distribution of dividend or share premium reserve;
- (c) redemption, repurchase or repayment of share capital or other restricted equity with repayment to shareholders;
- (d) repayment or service of any Subordinated Loan; or
- (e) other similar distributions or transfers of value to the direct and indirect shareholders of any Group Company or the Affiliates of such direct and indirect shareholders.

“EBITDA” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period as reflected in the relevant Financial Reports;
- (c) excluding any Transaction Costs;
- (d) excluding any Exceptional Items;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which are accounted for on a hedge account basis);
- (f) excluding the charge to profit represented by the expensing of stock options and costs and provisions relating to share incentive schemes of the Group or other long-term management incentive programs;

- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (i) after adding back or deducting, as the case may be, the Group's share of the profits or losses of entities which are not part of the Group;
- (j) after adding back any losses to the extent covered by any insurance;
- (k) after deducting any lease payments made by a Group Company under any lease or hire purchase contract which would, in accordance with the Accounting Standard in force prior to 1 January 2019, have been treated as an operating lease; and
- (l) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purpose of determining operating profits of the Group before taxation.

"Escrow Account" means an account in the name of the Issuer, blocked and pledged on first priority as security for the Issuer's obligations under the Finance Documents.

"Escrow Account Pledge" means the pledge over the Escrow Account, where the bank operating the account has waived any set-off rights.

"Euroclear" means Euroclear Bank SA/NV.

"Event of Default" means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

"Exceptional Items" means any exceptional, one-off, non-recurring or extraordinary items including (without limitation) costs relating to employee termination and severance, business interruption, reorganisation and other restructuring or cost-cutting measures, rebranding, changes or start-up of product lines or sites or businesses and other similar items (however, excluding any related capital expenditure), not exceeding 10 per cent. of Adjusted EBITDA for any Relevant Period.

"Exchange" means:

- (a) Oslo Børs (the Oslo Stock Exchange); or
- (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR) or an equivalent third-country market (including the New York Stock Exchange, Nasdaq and London Stock Exchange).

“Existing Debt” means any Financial Indebtedness incurred under the:

- (a) RBL Facility;
- (b) ABS Notes; and
- (c) Asset Specific Loans.

“Finance Documents” means these Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document, any Security Agent Agreement, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

“Finance Lease” means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Standard, be treated as a balance sheet liability.

“Financial Covenants” means the financial covenants set out in paragraph (a) of Clause 13.20 (*Financial Covenants*).

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed (and debit balances at banks or other financial institutions);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Standard, be capitalised as an asset and booked as a corresponding liability in the balance sheet;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under the Accounting Standard are met);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and, when calculating the value of any derivative transaction, only the mark to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under the Accounting Standard;

- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under the Accounting Standard; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“Financial Reports” means the Annual Financial Statements and the Interim Accounts.

“First Call Date” means the Interest Payment Date falling in April 2027.

“First Call Price” has the meaning ascribed to such term in paragraph (a) (ii) of Clause 10.2 (*Voluntary early redemption – Call Option*)

“Free Cash Flow” means, in respect of any Relevant Period, cash flow provided by operations less capital expenditures for that Relevant Period.

“GAAP” means generally accepted accounting practices and principles in the country in which the Issuer is incorporated including, if applicable, IFRS.

“Group” means the Parent, the Issuer and their respective Subsidiaries from time to time.

“Group Company” means any person which is a member of the Group.

“Guarantee” means the unconditional Norwegian law guarantee and indemnity (Norwegian: *“selvskyldnerkaushjon”*) issued by the Guarantor in respect of the Secured Obligations.

“Guarantor” means the Parent.

“IFRS” means the International Financial Reporting Standards and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof) in force from time to time and to the extent applicable to the relevant financial statement.

“Incurrence Test” has the meaning ascribed to such term in Clause 13.21 (*Incurrence test*).

“Independent Reserves Auditor” means an internationally recognized independent, licensed professional reservoir engineer in compliance with the requirements of the Petroleum Resources Management System (PRMS) or any other generally accepted guidelines, as the Issuer may appoint from time to time to the purpose of reviewing the Group’s hydrocarbon reserves and establishing a reserves report (the fees and expenses of which shall be for the account of the Issuer).

“Initial Bond Issue” means the amount to be issued on the Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Initial Nominal Amount” means the Nominal Amount of each Bond on the Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Insolvent” means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its centre of main interest as such term is understood pursuant to Regulation (EU) 2015/848 on insolvency proceedings (as amended from time to time).

“Intercompany Loans” means any loan or credit granted by a Group Company to any other Group Company provided that no Financial Indebtedness under any cash pooling arrangement shall constitute an Intercompany Loan.

“Interest Payment Date” means the last day of each Interest Period, the first Interest Payment Date being 9 October 2025 and the last Interest Payment Date being the Maturity Date.

“Interest Period” means, subject to adjustment in accordance with the Business Day Convention, the period between 9 April and 9 October each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

“Interest Rate” means 9.75 per cent. per annum.

“Interim Accounts” means the unaudited consolidated quarterly financial statements of the Issuer for the quarterly period ending on 31 March, 30 June and 30 September (for the first time for the financial quarter ending on 31 March 2025) in each year, prepared in accordance with the Accounting Standard.

“ISIN” means International Securities Identification Number.

“Issue Date” means 9 April 2025.

“Issuer” means the company designated as such in the preamble to these Bond Terms.

“Issuer’s Bonds” means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

“Leverage Ratio” means, in respect of any Relevant Period, the ratio of Total Net Debt to Adjusted EBITDA in respect of that Relevant Period.

“Liquidity” means the sum of freely and available (i) any Cash and Cash Equivalents of the Group, and (ii) any undrawn commitments under any RBL Facility, revolving credit or working capital facility which is available for immediate drawing.

“Listing Deadline” means 9 January 2026, being 9 months after the Issue Date.

“Listing Failure Event” means:

- (a) that the Bonds (save for any Temporary Bonds) have not been admitted to listing on Oslo Børs (the Oslo Stock Exchange) within the Listing Deadline;
- (b) in the case of a successful admission to listing, that a period of 6 months has elapsed since the Bonds ceased to be admitted to listing on Oslo Børs (the Oslo Stock Exchange); or
- (c) that the Temporary Bonds have not been admitted to listing on the Exchange where the other Bonds are listed within the later of (i) 6 months following the issue date for such Temporary Bonds and (ii) the Listing Deadline.

“Longstop Date” 8 July 2025, or, at the discretion of the Issuer, at an earlier date specified by the Bond Trustee.

“Longstop Event” means the event that the conditions precedent set out in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have not been fulfilled within the Longstop Date.

“Make Whole Amount” means an amount equal to the sum of the present value on the Repayment Date of:

- (a) the Nominal Amount of the redeemed Bonds at the First Call Price as if such payment originally had taken place on the First Call Date; and
- (b) the remaining interest payments of the redeemed Bonds (less any accrued and unpaid interest on the redeemed Bonds as at the Repayment Date) to the First Call Date,

where the present value shall be calculated by using a discount rate of 4.40 per cent. per annum.

“Manager” means DNB Markets, a part of DNB Bank ASA.

“Mandatory Redemption Repayment Date” means the settlement date for the Longstop Event pursuant to Clause 10.5 (*Mandatory early redemption due to a Longstop Event*).

“Material Adverse Effect” means a material adverse effect on:

- (a) the ability of the Issuer or the Guarantor to perform and comply with its obligations under any Finance Document; or
- (b) the validity or enforceability of any Finance Document.

“Material Intercompany Loan” means any Intercompany Loan (excluding any Financial Indebtedness under any cash pooling arrangement), where (i) the Intercompany Loan is scheduled or expected to be outstanding for at least 12 months and (ii) the principal amount of such Intercompany Loan is at least USD 2,000,000 (or the equivalent in any other currency) and, in the case of any Intercompany Loan granted to the Issuer by the Parent, which is fully subordinated to the Bonds and any repayment of, or cash payment of interest under, any such loan is subject to no event of default having occurred which is continuing.

“Maturity Date” means 9 April 2029, adjusted according to the Business Day Convention.

“Maximum Issue Amount” means the maximum amount that may be issued under these Bond Terms as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Net Proceeds” means the proceeds from the issuance of the Bonds (net of fees and legal cost of the Manager and, if required by the Bond Trustee, the Bond Trustee fee, and any other cost and expenses incurred in connection with the issuance of the Bonds).

“New Parent” has the meaning ascribed to such term in paragraph (d) of Clause 2.5 (*Transaction Security*).

“Nominal Amount” means the nominal value of each Bond at any time. The Nominal Amount may be amended pursuant to paragraph (j) of Clause 16.2 (*The duties and authority of the Bond Trustee*).

“Oaktree Loan” means the credit agreement dated 6 June 2024, between the Issuer and Oaktree Fund Administration, LLC, as administrative agent.

“Obligor” means the Issuer and the Guarantor.

“Outstanding Bonds” means any Bonds not redeemed or otherwise discharged.

“Overdue Amount” means any amount required to be paid by an Obligor under the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

“Parent” means Diversified Energy Company PLC, a company existing under the laws of England and Wales with registration number 09156132.

“Partial Payment” means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

“Paying Agent” means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

“Payment Date” means any Interest Payment Date or any Repayment Date.

“Permitted Distribution” means any Distribution (provided that no Event of Default has occurred and is continuing):

- (a) made by the Parent in a calendar year not exceeding the higher of:
 - (i) 45.00 per cent of the Group’s Free Cash Flow in the previous calendar year, so long as the Parent is in compliance with the Incurrence Test; and
 - (ii) USD 1.16 per ownership interest (“**Share**”) in the Parent (and where the distributable amount per Share shall be adjusted for any Share splits or consolidation of Shares after the date of the Bond Terms); and
- (b) made by a Group Company (other than the Parent):

- (i) to fund a Distribution that will be made by Parent under paragraph (a) above;
- (ii) if such Distribution is made to another Group Company; or
- (iii) if made by a Group Company which is not wholly-owned, that is made pro rata to its shareholders on the basis of their respective ownership at the time, provided that the shareholders not being Group Companies are Third Party Shareholders.

“Permitted Financial Indebtedness” means any Financial Indebtedness:

- (a) arising under the Finance Documents;
- (b) arising under any Existing Debt;
- (c) subject to compliance with the Incurrence Test, arising under any Tap Issue;
- (d) arising under a Permitted Loan or a Permitted Guarantee;
- (e) of any person acquired by a Group Company after the Issue Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of 3 months following the date of acquisition, unless such Financial Indebtedness is allowed under paragraph (b) above;
- (f) arising under Finance Leases;
- (g) arising under any Intercompany Loans or under any Subordinated Loans;
- (h) arising under any obligation under a swap or derivative transaction entered into with one or more hedge counterparties in connection with protection against or benefit from fluctuation in any rate or price, where such exposure arises in respect of payments to be made under the Bond Terms or otherwise in the ordinary course of business (including with respect to capital expenditure, but not in relation to a derivative transaction solely for speculative purposes);
- (i) in respect of any counter-indemnity obligation arising under any guarantee granted by a commercial bank for the obligations of any Group Company;
- (j) arising under supplier credits on normal commercial terms in the ordinary course of business;
- (k) incurred by the Issuer under any advance or deferred purchase agreement towards any of its trading partners in the ordinary course of its trading activities on arm’s length basis and provided the incurrence of any such liabilities would not have a Material Adverse Effect;
- (l) arising under any finance lease liabilities or hire purchase contracts for vehicle and other equipment or assets required for the ordinary business of any Group Company;
- (m) arising as a result of a contemplated refinancing of the Bonds in full provided that (i) a call notice has been served on the Bonds or will be served in connection with the

refinancing (in full and any conditions precedent have been satisfied or waived) and (ii) the proceeds of such debt issuance are held in escrow until full repayment of the Bonds;

- (n) under any pension and tax liabilities incurred in the ordinary course of business;
- (o) in respect of any insurance premium financing arrangements; or
- (p) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed USD 30,000,000 (or its equivalent) in aggregate for the Group at any time

“Permitted Guarantee” means:

- (a) any Guarantee or indemnity granted under the Finance Documents;
- (b) any guarantee or indemnity granted in respect of any Financial Indebtedness permitted under paragraph (a), (b), (c), (e), (i) and (j) of “Permitted Financial Indebtedness”;
- (c) any guarantee or indemnity for the benefit of third parties in the ordinary course of business or guarantees by the Issuer or a Group Company for liabilities of any other Group Company which liabilities are not Financial Indebtedness;
- (d) any guarantee given in respect of netting or set-off arrangements permitted pursuant to paragraph f) of the definition of Permitted Security;
- (e) any guarantees, bonds, or collateral posting for any abandonment or decommissioning liabilities, midstream obligations, or operating obligations, of any Group Company; or
- (f) not otherwise permitted by the preceding paragraphs and in the ordinary course of business so long as the aggregate amount of the guaranteed liabilities does not exceed USD 30,000,000 (or its equivalent in other currencies) at any time.

“Permitted Loan” means:

- (a) any trade credit extended by any Group Company on normal commercial terms and in the ordinary course of trading;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes Permitted Financial Indebtedness; or
- (c) any loan or indebtedness so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed USD 15,000,000 (or its equivalent in other currencies) at any time.

“Permitted Re-Domiciliation” has the meaning ascribed to such term in paragraph (d) of Clause 2.5 (*Transaction Security*).

“Permitted Security” means:

- (a) any Transaction Security;

- (b) any Security granted in respect of any Financial Indebtedness permitted under paragraph (a), (b), (c) and (h) of “Permitted Financial Indebtedness”;
- (c) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any Group Company;
- (d) any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group in the ordinary course of its banking arrangements;
- (e) any payment or close out netting or set-off arrangement pursuant to any treasury transaction or foreign exchange transaction entered into by a Group Company which constitutes Permitted Financial Indebtedness, excluding any Security or quasi-security under a credit support arrangement;
- (f) any easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or minor imperfections in title that could not reasonably be expected to have a Material Adverse Effect;
- (g) any Security over or affecting any asset or company acquired by a Group Company after the Issue Date if the Security was not created in contemplation of the acquisition of that asset or company, the principal amount secured has not been increased in contemplation of or since the acquisition of that asset or company by a Group Company and the Security is removed or discharged within 3 months of the date of acquisition of such asset or company, unless such Security is for Financial Indebtedness which is allowed under paragraph (b) of “Permitted Financial Indebtedness”;
- (h) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of trading and on the supplier’s standard or usual terms and not arising as a result of any default or omission by any Group Company;
- (i) any Security arising as a consequence of any Finance Lease permitted pursuant to the definition of “Permitted Financial Indebtedness”;
- (j) in the form of any cash collateral or any pledge of any bank account for the establishment of any cash collateral or any similar arrangement, in each case, as security for any (i) abandonment or decommissioning liabilities of any Group Company and (ii) liability of a Group Company under acquisitions or transactions not restricted by the terms hereof; or
- (k) any Security (excluding over assets covered by Transaction Security) securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any Group Company other than any permitted under the preceding paragraphs) does not exceed USD 30,000,000 (or its equivalent in other currencies).

“Pre-Disbursement Security” means the Security listed in paragraph (a)(ii) through (a)(vii) of Clause 2.5 (*Transaction Security*).

“Pre-Settlement Security” means the Security listed in paragraph (a)(i) of Clause 2.5 (*Transaction Security*).

“Proved Reserves” means the estimated quantities of hydrocarbons in the Group’s oil and gas fields contained in a report prepared by an Independent Reserves Auditor that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved Reserves are limited to those quantities of hydrocarbons which can be estimated, with reasonable certainty, to be recoverable commercially at current prices and costs, under existing regulatory practices and with existing conventional equipment and operating methods.

“Put Option” has the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

“Put Option Event” means a Change of Control Event or a Share De-Listing Event.

“Put Option Repayment Date” means the settlement date for the Put Option pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

“Quarter Date” means, in each financial year, 31 March, 30 June, 30 September and 31 December.

“RBL Facility” means one or more existing or future reserve-based lending facilities (including, without limitation, any letters of credit facilities) that may be made available to the Issuer or any Group Company by one or more lenders. The Issuer (and any other borrower thereunder) may apply amounts borrowed under the RBL Facility towards general corporate and working capital purposes of the Group, including, but not limited to, capital expenditures, operational costs, and acquisitions.

“Relevant Jurisdiction” means the country in which the Bonds are issued, being Norway.

“Relevant Period” means each period of 12 consecutive calendar months ending on the last day of the preceding financial quarter.

“Relevant Record Date” means the date on which a Bondholder’s ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time; or
- (b) for the purpose of casting a vote with regard to Clause 15 (*Bondholders’ Decisions*), the date falling on the immediate preceding Business Day to the date of that Bondholders’ decision being made, or another date as accepted by the Bond Trustee.

“Repayment Date” means any Call Option Repayment Date, the Default Repayment Date, any Put Option Repayment Date, the Tax Event Repayment Date, the Mandatory Redemption Repayment Date or the Maturity Date.

“Share De-Listing Event” means an event where the common shares in the Parent are de-listed from that Exchange and are not immediately thereafter listed on another Exchange or remain listed on another Exchange.

“Secured Obligations” means all present and future liabilities and obligations of the Issuer to any of the Secured Parties under the Finance Documents.

“Secured Parties” means the Security Agent and the Bond Trustee on behalf of itself and the Bondholders.

“Securities Trading Act” means the Securities Trading Act of 2007 no. 75 of the Relevant Jurisdiction.

“Security” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security Agent” means the Bond Trustee or any successor Security Agent, acting for and on behalf of the Secured Parties in accordance with any Security Agent Agreement or any other Finance Document.

“Security Agent Agreement” means any agreement other than these Bond Terms whereby the Security Agent is appointed to act as such in the interest of the Bond Trustee (on behalf of itself and the Bondholders).

“Security Provider” means the Guarantor and each other person granting Transaction Security.

“Subordinated Loan” means any loan granted to the Issuer from any of its direct or indirect shareholders which is fully subordinated to the Secured Obligations to the satisfaction of the Security Agent and where any servicing of interest or principal of such loan is subject to all present and future obligations and liabilities under the Secured Obligations having been discharged in full.

“Subsidiary” means a person over which another person has Decisive Influence.

“Summons” means the call for a Bondholders’ Meeting or a Written Resolution as the case may be.

“Tap Issue” has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Tap Issue Addendum” has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Tax Event Repayment Date” means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.4 (*Early redemption option due to a tax event*).

“Temporary Bonds” has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Third Party Shareholders” means any third party shareholders of Group Companies that are not wholly-owned, always excluding direct and indirect shareholders of the Issuer.

“Total Net Debt” means, at any time, the aggregate amount of all borrowings of the Group as reflected on the applicable Financial Reports but:

- (a) excluding any such obligations to any other Group Company;
- (b) excluding any such obligations in respect of any Subordinated Loan;
- (c) including, in the case of Finance Leases only, their capitalised value; and
- (d) deducting the aggregate amount of Cash and Cash Equivalents at that time,

and so that no amount shall be included or excluded more than once.

“Transaction Cost” means all fees, costs and expenses, stamp duties, registration and other taxes incurred by the Issuer or any other Group Company in connection with the issuance of the Bonds or any acquisition not restricted by the terms hereof.

“Transaction Security” means the Security created or expressed to be created in favour of the Security Agent (on behalf of the Secured Parties) pursuant to the Transaction Security Documents.

“Transaction Security Documents” means, collectively, the Escrow Account Pledge and all of the documents which shall be executed or delivered pursuant to Clause 2.5 (*Transaction Security*).

“Voting Bonds” means the Outstanding Bonds less the Issuer’s Bonds.

“Written Resolution” means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

“Yellowjacket Loan” means the credit agreement dated 15 August 2024, between DP Yellowjacket HoldCo LLC and KeyBank National Association.

1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;
- (d) references to a time are references to Central European Time unless otherwise stated;
- (e) references to a provision of “**law**” are a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;

- (f) references to a “**regulation**” includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being “**redeemed**” means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;
- (i) references to Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of Bonds*);
- (j) references to persons “**acting in concert**” shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is “**continuing**” if it has not been remedied or waived.

2. THE BONDS

2.1 Amount, denomination and ISIN of the Bonds

- (a) The Issuer has resolved to issue a series of Bonds up to USD 500,000,000 (the “**Maximum Issue Amount**”). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of USD 300,000,000. The Issuer may, provided that the conditions set out in Clause 6.3 (*Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a “**Tap Issue**”) until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a “**Tap Issue Addendum**”).

If the Bonds are listed on an Exchange and there is a requirement for a new prospectus in order for the Additional Bonds to be listed together with the Bonds, the Additional Bonds may be issued under a separate ISIN (such Bonds referred to as the “**Temporary Bonds**”). Upon the approval of the prospectus, the Issuer shall (i) notify the Bond Trustee, the Exchange and the Paying Agent and (ii) ensure that the Temporary Bonds are converted into the ISIN for the Bonds.

- (b) The Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- (c) The Initial Nominal Amount of each Bond is USD 125,000.
- (d) The ISIN of the Bonds is set out on the front page. These Bond Terms apply with identical terms and conditions to (i) all Bonds issued under this ISIN, (ii) any Temporary

Bonds and (iii) any Overdue Amounts issued under one or more separate ISIN in accordance with the regulations of the CSD from time to time.

- (e) Holders of Overdue Amounts related to interest claims will not have any other rights under these Bond Terms than their claim for payment of such interest claim which claim shall be subject to paragraph (b) of Clause 15.1 (*Authority of the Bondholders' Meeting*).

2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

2.3 Use of proceeds

- (a) The Issuer will use the Net Proceeds from the Initial Bond Issue for:
 - (i) repayment of outstanding amounts under the RBL Facility (with no cancellation of corresponding commitment);
 - (ii) repayment of the Oaktree Loan; and
 - (iii) for general corporate purposes of the Group.
- (b) The Issuer will use the Net Proceeds from the issuance of any Additional Bonds for general corporate purposes, if not otherwise stated,

2.4 Status of the Bonds

The Bonds shall constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

2.5 Transaction Security

- (a) As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the following Transaction Security is granted in favour of the Security Agent on behalf of the Secured Parties within the times agreed in Clause 6 (*Conditions for Disbursement*), subject to (i) mandatory limitations under applicable law and (ii) the Agreed Security Principles:

Pre-Settlement Security

- (i) the Escrow Account Pledge; and

Pre-Disbursement Security

- (ii) first priority pledge over all (100 per cent.) of the shares in the Issuer;
- (iii) first priority charges over the bank accounts of the Guarantor;
- (iv) first priority floating charge over the receivables of the Guarantor;
- (v) first priority assignment of any Material Intercompany Loans granted by the Issuer or the Guarantor;

- (vi) share charges over the shares in Diversified Midstream LLC and Diversified Production LLC; and
 - (vii) the Guarantee from the Guarantor.
- (b) The Transaction Security shall be entered into on such terms and conditions as the Security Agent and the Bond Trustee in their discretion deem appropriate in order to create the intended benefit for the Secured Parties under the relevant document, subject to the Agreed Security Principles. The Security Agent shall have the right (acting in its sole discretion) to release the Escrow Account Pledge in connection with the release of funds from the Escrow Account.
 - (c) The Security Agent is irrevocably authorised to release any Guarantees and Transaction Security over (A) assets which are sold or otherwise disposed of (directly or indirectly) in any merger, de-merger, disposal or other transaction permitted by the Finance Documents, or (B) in connection with any enforcement or insolvency.
 - (d) The Parent may conduct a re-domiciliation to the United States (and the Bond Trustee may in relation thereto release the Guarantee and the share pledge in respect of the shares in the Issuer), which may be undertaken through a replacement of the Parent with a new entity (“**New Parent**”) to which substantially all the obligations and assets of the Parent are transferred, which shall then be deemed to be the “Parent” under the Bond Terms, assuming all rights and obligations thereunder (“**Permitted Re-Domiciliation**”), provided that such re-domiciliation of the Parent does not have a Material Adverse Effect and always subject to (i) 20 Business Days prior written notice to the Bond Trustee, (ii) delivery of any confirmation and/or documents (including corporate resolutions, legal opinions and any other conditions precedent documents) in respect of the Permitted Re-Domiciliation, that the Bond Trustee, the Paying Agent and the Security Agent may, in their sole discretion, reasonably require, and (iii) the Guarantee and the share pledge over the Issuer shall be re-established with the New Parent as grantor as soon as possible following such Permitted Re-Domiciliation, and in no event later than 5 Business Days after the Permitted Re-Domiciliation being effective. Nothing to the contrary in any other provision of these Bond Terms shall prevent the Permitted Re-Domiciliation process or trigger any prepayment or put option in respect thereof, (including any Put Option Event which may temporarily occur, 13.3 (*Continuation of business*), 13.13 (*Disposals*), guarantees or any loan or credit which may temporary be granted and exist in respect of the Permitted Re-Domiciliation process).

3. THE BONDHOLDERS

3.1 Bond Terms binding on all Bondholders

- (a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.
- (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

3.2 Limitation of rights of action

- (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures or take other legal action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.
- (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

3.3 Bondholders' rights

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.
- (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

4. ADMISSION TO LISTING

The Issuer shall ensure that:

- (a) the Bonds are listed on the Oslo Stock Exchange (Oslo Børs) within the Listing Deadline and thereafter remain listed on an Exchange until the Bonds have been redeemed in full; and
- (b) any Temporary Bonds are listed on an Exchange where the other Bonds are listed within the later of (i) 6 months of the issue date for such Temporary Bonds and (ii) the Listing Deadline.

5. REGISTRATION OF THE BONDS

5.1 Registration in the CSD

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD. The Bonds will be issued to and registered on Euroclear's custody account with the CSD as nominee. The Bonds will be blocked for further trading in the CSD and will only be available for trading and settlement through Euroclear.

5.2 Obligation to ensure correct registration

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

6. CONDITIONS FOR DISBURSEMENT

6.1 Conditions precedent for disbursement to the Issuer

- (a) Payment of the Net Proceeds from the issuance of the Bonds to the Escrow Account shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee:
 - (i) these Bond Terms duly executed by all parties hereto;
 - (ii) copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;
 - (iii) a copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party;
 - (iv) copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;
 - (v) the Escrow Account Pledge duly executed by all parties thereto and perfected in accordance with applicable law (including all applicable acknowledgements and consents from the account bank);
 - (vi) copies of the Issuer's latest Financial Reports (if any);
 - (vii) confirmation that the applicable prospectus requirements (ref. the EU prospectus regulation ((EU) 2017/1129)) concerning the issuance of the Bonds have been fulfilled;
 - (viii) copies of any necessary governmental approval, consent or waiver (as the case may be) required at such time to issue the Bonds;
 - (ix) confirmation that the Bonds are registered in the CSD (by obtaining an ISIN for the Bonds);
 - (x) confirmation of acceptance from any process agent;

- (xi) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds;
 - (xii) the Bond Trustee Fee Agreement duly executed by all parties thereto; and
 - (xiii) legal opinions or other statements as may be required by the Bond Trustee and the Paying Agent (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents).
- (b) The Net Proceeds from the issuance of the Bonds (on the Escrow Account) will not be disbursed to the Issuer unless the Bond Trustee has received or is satisfied that it will receive in due time (as determined by the Bond Trustee) prior to such disbursement to the Issuer each of the following documents, in form and substance satisfactory to the Bond Trustee:
- (i) a duly executed release notice from the Issuer, as set out in Attachment 2;
 - (ii) unless delivered under paragraph (a) above, as pre-settlement conditions precedent:
 - (A) copies of all necessary corporate resolutions of each Security Provider required to provide the Transaction Security and execute the Finance Documents to which it is a party;
 - (B) a copy of a power of attorney (unless included in the relevant corporate resolutions) from each Security Provider to relevant individuals for their execution of the Finance Documents to which it is a party;
 - (C) copies of the articles of association and a full extract from the relevant company register in respect of each Security Provider evidencing that it is validly existing;
 - (D) the Transaction Security Documents duly executed by all parties thereto and evidence of the establishment and perfection of the Transaction Security in accordance with the Closing Procedure; and
 - (iii) legal opinions or other statements as may be required by the Bond Trustee, including in respect of corporate matters relating to the Obligors and the legality, validity and enforceability of the Finance Documents (unless delivered under paragraph (a) as pre-settlement conditions precedent).
- (c) The Bond Trustee, acting in its sole discretion, may, regarding this Clause 6.1, waive the requirements for documentation or decide that delivery of certain documents shall be made subject to an agreed closing procedure (the “**Closing Procedure**”) between the Bond Trustee and the Issuer where the parties may agree that certain conditions precedent that are to be delivered prior to or in connection with the release of funds from the Escrow Account are delivered as conditions subsequent. Perfection of the Transaction Security (except for the Escrow Account Pledge) shall be established as soon as possible in accordance with the terms of the Closing Procedure subject to the

Agreed Security Principles on or immediately after the release of funds from the Escrow Account, including to allow for certain matters to be handled post disbursement, as customary or required for practical reasons.

- (d) Without limiting the generality of the foregoing, the Issuer and the Bond Trustee may, under the terms of the Closing Procedure, agree that any conditions precedent (including the grant of Transaction Security) which are to be delivered by or in respect of any Guarantor or Security Provider (other than the Issuer) may be delivered as conditions subsequent, however such conditions may in no event be delivered later than 10 Business Days after first release of funds from the Escrow Account.

6.2 Disbursement of the proceeds

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph (c) of Clause 6.1 (*Conditions precedent for disbursement to the Issuer*).

6.3 Tap Issues

- (a) The Issuer may issue Additional Bonds if:
 - (i) the Bond Trustee has received, in form and substance satisfactory to it:
 - (A) a Tap Issue Addendum, duly executed by all parties thereto;
 - (B) copies of corporate resolutions required for the Tap Issue and any power of attorney or other authorisation required for execution of the Tap Issue addendum and any other Finance Documents;
 - (C) evidence that the Issuer meets the Incurrence Test tested pro forma including the new Financial Indebtedness incurred as a result of issuing such Additional Bonds; and
 - (D) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of the Tap Issue addendum and any other Finance Documents (if applicable)); and
 - (ii) the representations and warranties contained in Clause 7 (*Representations and Warranties*) of these Bond Terms are true and correct in all material respects and repeated by the Issuer as at the date of issuance of such Additional Bonds.
- (b) The Bond Trustee may (at its sole discretion and in each case) waive or postpone the delivery of certain conditions precedent, and the Bond Trustee may (on behalf of the Bondholders) agree on a Closing Procedure with the Issuer.

7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7, in respect of itself and in respect of each Group Company to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) on the date of these Bond Terms;
- (b) on the Issue Date;
- (c) on each date of disbursement of proceeds from the Escrow Account; and
- (d) on the date of issuance of any Additional Bonds.

7.1 Status

It is a corporation, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.2 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.3 Valid, binding and enforceable obligations

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.4 Non-conflict with other obligations

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.5 No Event of Default

- (a) No Event of Default exists or is likely to result from the making of any disbursement of proceeds or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.6 Authorisations and consents

All authorisations, consents, approvals, resolutions, licences, exemptions, filings, notarisations or registrations required:

- (a) to enable it to enter into, exercise its rights and comply with its obligations under these Bond Terms or any other Finance Document to which it is a party; and
- (b) to carry on its business as presently conducted and as contemplated by these Bond Terms,

have been obtained or effected and are in full force and effect.

7.7 Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.8 Financial Reports

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with the Accounting Standard, consistently applied.

7.9 No Material Adverse Effect

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.10 No misleading information

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.11 No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under the Finance Documents.

7.12 Pari passu ranking

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4 (*Status of the Bonds*).

7.13 Security

No Security exists over any of the present assets of any Group Company in conflict with these Bond Terms.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Covenant to pay

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD on the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary has been set out for such payment in the relevant Finance Document.

8.2 Default interest

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus 3 percentage points per annum.
- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.
- (c) Upon the occurrence of a Listing Failure Event and for as long as such Listing Failure Event is continuing, the interest on any principal amount outstanding under these Bonds Terms will accrue at the Interest Rate plus 1 percentage point per annum. In the event the Listing Failure Event relates to Temporary Bonds, the Interest Rate will only be increased in respect of such Temporary Bonds.

8.3 Partial Payments

- (a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:

- (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee (and any Security Agent);
 - (ii) secondly, towards accrued interest due but unpaid; and
 - (iii) thirdly, towards any other outstanding amounts due but unpaid under the Finance Documents.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations;
- (i) if the Bond Trustee has served a Default Notice in accordance with Clause 14.2 (*Acceleration of the Bonds*); or
 - (ii) if a resolution according to Clause 15 (*Bondholders' Decisions*) has been made.

8.4 Taxation

- (a) The Issuer shall be responsible for withholding any withholding tax imposed by applicable law on any payments to be made by or on behalf of it in relation to the Finance Documents and shall remit such amounts to the applicable taxing authority. Subject to paragraph (b) below, all such amounts shall be treated as having been paid to the applicable Bondholder.
- (b) If any tax (whether stated to be a tax, assessment, governmental charge or otherwise) is withheld in respect of the Bonds by or on behalf of the Issuer, the Issuer shall:
 - (i) subject to the exceptions and limitations set forth in paragraph (c) below, gross up the amount of the payment due from it (or on behalf of it) up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received by such person if no withholding had been required; and
 - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- (c) Paragraph (b) shall not apply:
 - (i) to any tax imposed by reason of the Bondholder (or the beneficial owner for whose benefit such Bondholder holds one or more Bonds), or a fiduciary, settlor, beneficiary, member or shareholder of the Bondholder if the relevant Bondholder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary Bondholder, being considered as:
 - (A) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

- (B) having a current or former connection with the United States or any other jurisdiction imposing such tax (other than a connection arising solely as a result of the ownership of the Bonds, the receipt of any payment or the enforcement of any rights relating to the Bonds), including being or having been a citizen or resident of the United States or any other jurisdiction imposing such tax (or any political subdivision thereof) or being or having been present in the United States, or being organized under the laws of, or having its principal office or applicable lending office located in, the United States or any other jurisdiction imposing such tax (or any political subdivision thereof);
 - (C) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes, a corporation that has accumulated earnings to avoid U.S. federal income tax, or a foreign tax exempt organisation with respect to the United States;
 - (D) being or having been a “10-percent shareholder” of the Issuer as defined in section 871(h)(3) or 881(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) or any successor provision;
 - (E) being a bank (or treated as a bank for U.S. federal income tax purposes) purchasing the Bonds in the ordinary course of its lending business; or
- (ii) to any tax that is payable otherwise than by withholding by the Issuer from payments made by it, a paying agent or Euroclear to the Bondholders;
 - (iii) to any tax or other withholding obligation imposed under Sections 1471 through 1474 of the Code (commonly referred to as FATCA) (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or
 - (iv) to the extent any tax would not have been imposed but for the failure of the Bondholder or any other person:
 - (A) to provide a properly completed and executed Internal Revenue Service Form W-8BEN, Form W-8BEN-E or Form W-8IMY (and related documentation), as applicable, or any subsequent version thereof or successor thereto, in each case, together with any required attachments and certificates to establish an exemption pursuant to the portfolio interest exception from, or reduction under an applicable tax treaty of, U.S. federal withholding tax with respect to payments in connection with a Bond;
 - (B) to provide a properly completed and executed Internal Revenue Service Form W-9 or Form W-8ECI; or

- (C) upon receiving a reasonable prior written notice, to otherwise comply with any applicable certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Bondholder or beneficial owner of one or more Bonds, if compliance is required by any applicable law, regulation or tax treaty to which the United States is a party as a precondition to partial or complete exemption from such tax; or
 - (v) payments to, or to a third party on behalf of, a Bondholder where no such withholding would have been required to be made if the Bonds, at the time of payment, had been credited to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside the United States; or
 - (vi) payments to the extent such withholding or deduction is payable by or on behalf of a Bondholder who could lawfully mitigate (but has not so mitigated) such withholding by:
 - (A) complying or procuring that any third party complies with any statutory requirements; or
 - (B) by making or procuring that a third party makes a declaration of non-residence; or
 - (C) other similar claim for exemption to any tax authority in the place where the payment is effected; or
 - (vii) to any Bondholder that is not the sole beneficial owner of the Bonds, or a portion of the Bonds, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the Bondholder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
 - (viii) where such withholding is imposed on a payment to or for an individual and is required to be made pursuant to Council Directive 2003/48/EC on the taxation of savings income or any other directive or law implementing or complying with, or introduced in order to conform to, such Directive, the ECOFIN Council meeting of 26-27 November 2000 or any other law implementing or complying with any arrangement entered into between the EU member states and certain third countries and territories in connection with such Directive (including, for the avoidance of doubt, any replacement directive or law); or
 - (ix) to any combinations of paragraph (c) (i)-(viii).
- (d) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

- (e) The Bond Trustee shall not have any responsibility with respect to obtaining information about the Bondholders or any other information relevant for the tax obligations referred to herein or with respect to any tax payable by any party pursuant to these Bond Terms.

8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the Bond Currency. If, however, the Bond Currency differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within 5 Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

8.6 Set-off and counterclaims

No Obligor may apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

9. INTEREST

9.1 Calculation of interest

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Any Additional Bond will accrue interest at the Interest Rate on the Nominal Amount commencing on the first date of the Interest Period in which the Additional Bonds are issued and thereafter in accordance with paragraph (a) above.
- (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each (30/360-days basis), unless:
 - (i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month; or
 - (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month.

9.2 Payment of interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

10. REDEMPTION AND REPURCHASE OF BONDS

10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount.

10.2 Voluntary early redemption - Call Option

- (a) The Issuer may redeem all or part of the Outstanding Bonds (the “**Call Option**”) on any Business Day from and including:
 - (i) the Issue Date to, but excluding, the First Call Date at a price equal to the Make Whole Amount;
 - (ii) the First Call Date to, but excluding, the Interest Payment Date in October 2027 at a price equal to 104.875 per cent. of the Nominal Amount for each redeemed Bond (the “**First Call Price**”);
 - (iii) the Interest Payment Date in October 2027 to, but excluding, the Interest Payment Date in April 2028 at a price equal to 103.656 per cent. of the Nominal Amount for each redeemed Bond;
 - (iv) the Interest Payment Date in April 2028 to, but excluding, the Interest Payment Date in October 2028 at a price equal to 102.437 per cent. of the Nominal Amount for each redeemed Bond; and
 - (v) the Interest Payment Date in October 2028 to, but excluding, the Maturity Date at a price equal to 100.50 per cent. of the Nominal Amount for each redeemed Bond.
- (b) Any redemption of Bonds pursuant to paragraph (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.
- (c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee at least 10 Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date. Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall calculate the Make Whole Amount and provide such calculation by written notice to the Bond Trustee as soon as possible and at the latest within 3 Business Days from the date of the notice.
- (d) Any redemption notice given in respect of the Call Option may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent, in which case the exercise of the Call Option will be automatically cancelled unless such conditions precedent have been satisfied or waived no later than 3 Business Days prior to such Call Option Repayment Date.

- (e) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

10.3 Mandatory repurchase due to a Put Option Event

- (a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the “**Put Option**”) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount.
- (b) The Put Option must be exercised within 15 Business Days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders’ right to exercise the Put Option is irrevocable.
- (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the 5th Business Day after the end of 15 Business Days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date.
- (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 10 Business Days after the Put Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.

10.4 Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100.00 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 60 Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

10.5 Mandatory early redemption due to a Longstop Event

Upon a Longstop Event, the Issuer shall, within 5 Business Days after the Longstop Event, redeem all of the Outstanding Bonds at a price equal to 99.00 per cent. of the Nominal Amount, by *inter alia* applying the funds deposited on (i) the Escrow Account, and (ii) any other account (if applicable), for such redemption.

11. PURCHASE AND TRANSFER OF BONDS

11.1 Issuer’s purchase of Bonds

The Issuer may purchase and hold Bonds and such Bonds may be retained or sold, but not discharged (other than in relation to a process of full redemption of all Outstanding Bonds) in

the Issuer's sole discretion, including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

11.2 Restrictions

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible for ensuring compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

11.3 Trading in the Bonds

The Bonds will be blocked for all trading in the CSD and all trading in the Bonds will be made through Euroclear. All buyers and sellers of Bonds must therefore have, or open, a securities account with Euroclear, or have an agreement with an authorised nominee in Euroclear holding the Bonds on behalf of the subscriber, or become a direct or sponsored member of Euroclear. No other international central securities depository or other nominee can hold the Bonds in the CSD and may therefore not be a substitute to Euroclear.

12. INFORMATION UNDERTAKINGS

12.1 Financial Reports

- (a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 4 months after the end of the financial year.
- (b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 2 months after the end of the relevant interim period.

12.2 Requirements as to Financial Reports

- (a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Financial Reports pursuant to Clause 12.1 (*Financial Reports*), a Compliance Certificate with a copy of the Financial Reports attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Issuer, certifying inter alia that the Financial Reports fairly represent its financial condition as at the date of the relevant Financial Report and setting out (in reasonable detail) computations evidencing compliance with Clause 13.20 (*Financial covenants*) as at such date or, in respect of any event which is subject to the Incurrence Test, calculations and figures in respect of the Incurrence Test (with relevant supporting documentation acceptable to or as required by the Bond Trustee).

- (b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports*) are prepared using the Accounting Standard consistently applied.

12.3 Put Option Event

The Issuer shall promptly inform the Bond Trustee in writing after becoming aware that a Put Option Event has occurred.

12.4 Listing Failure Event

The Issuer shall promptly inform the Bond Trustee in writing if a Listing Failure Event has occurred. However, no Event of Default shall occur if the Issuer fails (i) to list the Bonds in accordance with Clause 4 (*Admission to listing*) or (ii) to inform of such Listing Failure Event, and such failure shall result in the accrual of default interest in accordance with paragraph (c) of Clause 8.2 (*Default interest*) for as long as such Listing Failure Event is continuing.

12.5 Information: Miscellaneous

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;
- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and
- (g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request.

13. GENERAL AND FINANCIAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 13.

13.1 Authorisations

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, licence and consent required for the conduct of its business as carried out from time to time.

13.2 Compliance with laws

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time.

13.3 Continuation of business

The Issuer shall procure that no material change is made to the general nature of the business from that carried on by the Group at the Issue Date.

13.4 Operations

The Issuer shall, and shall ensure that each other Group Company will, ensure that the operations of the Group are conducted in accordance with sound practices related to the oil and gas industry in all material respects.

13.5 Corporate status

The Issuer shall not change its type of organisation or jurisdiction of incorporation.

13.6 Mergers

The Issuer shall not, and shall procure that no other Group Company will, carry out any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Group Company with any other person, if such transaction would have a Material Adverse Effect and provided that in any merger or other business combination or corporate reorganisation involving the Issuer or the Guarantor, the surviving entity shall be the Issuer or the Guarantor (as relevant).

13.7 De-mergers

The Issuer shall not, and shall procure that no other Group Company will, carry out any de-merger or other corporate reorganisation having the same effect as a de-merger if the same would have a Material Adverse Effect or is not carried out on arm's length basis, other than any de-merger or other corporate reorganisation of any Group Company (other than the Issuer or the Parent) into two or more separate companies or entities which are wholly-owned by the Issuer (or, in the case of a Group Company that was not wholly-owned prior to such de-merger, owned with the same ownership percentage as the original Group Company).

13.8 Financial Indebtedness

The Issuer shall not, and shall procure that no other Group Company will, incur or maintain any Financial Indebtedness, other than Permitted Financial Indebtedness.

13.9 Negative pledge

The Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any Security over any of its/their assets (present or future) other than Permitted Security.

13.10 Loans or credit

The Issuer shall not, and shall procure that no other Group Company will, be a creditor in respect of any Financial Indebtedness other than any Permitted Loan or other Permitted Financial Indebtedness.

13.11 No guarantees or indemnities

The Issuer shall not, and shall procure that no other Group Company will, incur or allow to remain outstanding any guarantee in respect of any obligation of any person, other than any Permitted Guarantee.

13.12 Preservation of assets

The Issuer shall, and shall procure that each Group Company will, maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

13.13 Disposals

The Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of all or a substantial part of its assets (including shares or other securities in any person) or operations (other than to a Group Company), unless such sale, transfer or disposal is carried out in the ordinary course of business, on arm's length basis and would not have a Material Adverse Effect.

13.14 Acquisitions

The Issuer shall not, and shall procure that no other Group Company will, acquire any company, shares, securities, business or undertaking (or any interest in any of them), unless the transaction is carried out at fair market value and provided that it does not have a Material Adverse Effect.

13.15 Insurances

The Issuer shall, and shall procure that each Group Company will, maintain customary insurances on or in relation to its business, operations and assets with financially sound and reputable independent insurance companies and underwriters against such liabilities, casualties and other risks and of such types, on such terms and to such extent, in each case, as is usual for prudent companies carrying on the same or substantially similar business or operations in accordance with acknowledged professional and industry standards in the relevant jurisdiction.

13.16 Distributions

The Issuer shall not, and shall procure that no other Group Company will, make any Distribution to the shareholders of the Parent, other than any Permitted Distribution.

13.17 Arm's length transactions

Without limiting Clause 13.2 (*Compliance with laws*), the Issuer shall not, and shall procure that no other Group Company will, enter into any transaction with any Affiliate which is not a Guarantor except on arm's length basis.

13.18 Anti-corruption and sanctions

The Issuer shall, and shall ensure that all other Group Companies will (i) ensure that no proceeds from the issuance of Bonds are used directly or indirectly for any purpose which would breach any applicable acts, regulations or laws on bribery, corruption or similar and (ii) conduct its businesses and maintain policies and procedures in compliance with applicable anti-corruption laws. The Issuer and the Parent shall not, and shall ensure that no Group Company will, engage in any conduct prohibited by any sanctions.

13.19 Group activities

The Issuer shall ensure, and shall ensure that any other Group Company shall ensure, that petroleum activities or related activities of the Group are primarily undertaken on US soil.

13.20 Financial Covenants

- (a) The Issuer shall ensure that:
 - (i) *Leverage Ratio*: of the Group shall in respect of any Relevant Period not exceed 3.50:1.00.
 - (ii) *Asset Coverage Ratio*: of the Group shall in respect of any Relevant Period not be less than 1.20:1.00.
 - (iii) *Book Equity*: shall at any time not be less than USD 500,000,000.
 - (iv) *Liquidity*: of the Parent on a consolidated basis for the Group shall not be less than an amount equalling 25.00 per cent. of the Outstanding Bonds.
- (b) The Issuer undertakes to comply with the above Financial Covenants in respect of the:
 - (i) Liquidity, at all times;
 - (ii) Leverage Ratio and Book Equity on each Quarter Date; and
 - (iii) Asset Coverage Ratio semi-annually on each Quarter Date in December and June each year.
- (c) Compliance (in respect of (i) and (ii) above) to be measured on each Quarter Date. Compliance in respect of (iii) above to be measured on each Quarter Date in December and June of each year, and confirmation of compliance to be given to the Bond Trustee (with relevant supporting documentation) no later than 30 days after the Issuer's receipt of the relevant reserves report from the Independent Reserves Auditor in respect of each relevant period, no later than 30 April and 30 August of each year.
- (d) Calculation of Financial Covenants shall be certified by the Issuer in each relevant Compliance Certificate and to the extent applicable be made using the calculations and calculation adjustments set out in Clause 13.22 (*Calculations and Calculation Adjustments*).

13.21 Incurrence Test

- (a) The Incurrence Test shall be applied in respect of Permitted Distributions made under paragraph (a)(i) of "Permitted Distribution" and Tap Issues.
- (b) The Incurrence Test is met if in respect of any:
 - (i) *Permitted Distribution*, if the Parent's Liquidity on a consolidated basis for the Group is not less than an amount equalling 40.00 per cent. of the Outstanding Bonds calculated on a pro forma basis immediately after such Distribution is made.

- (ii) *Tap Issue*, if the Leverage Ratio: in respect of any Relevant Period is equal to or less than 3.00:1.00.
- (c) Calculation of the Incurrence Test shall be made using the calculations and calculation adjustments set out in Clause 13.22 (*Calculations and calculation adjustments*).

13.22 Calculations and Calculation Adjustments

- (a) The calculation of the Leverage Ratio shall be made as per a testing date determined by the Issuer, falling no earlier than 1 month prior to the event relevant for the application of the Incurrence Test. The calculation of the Liquidity shall be made in connection with a Permitted Distribution.
- (b) Total Net Debt shall be measured on the relevant testing date, but adjusted so that (i) the full amount of the new Financial Indebtedness in respect of which the Incurrence Test is applied shall be added to Total Net Debt and (ii) any cash balance resulting from the incurrence of such new Financial Indebtedness shall not reduce the Total Net Debt. If the Incurrence Test is applied in respect of a Distribution, the cash which will be distributed as a result of such Distribution shall not reduce Total Net Debt.
- (c) Adjusted EBITDA shall be calculated in accordance with the most recent Financial Report for which a Compliance Certificate has been delivered.

13.23 Financial Covenants cure

- (a) If the Issuer fails to comply with any Financial Covenant and the Issuer or the Parent receives or has received any Cure Amount during the period from the last Quarter Date up to the date of delivery to the Bond Trustee of the Compliance Certificate in respect of such period, then (i) the Leverage Ratio shall be recalculated on the basis that the Cure Amount so received shall be deemed to reduce the Total Net Debt for the Relevant Period and (ii) Liquidity shall be recalculated on the basis that the Cure Amount so received shall be deemed to increase the Cash and Cash Equivalents on the relevant testing date.
- (b) If, after the Financial Covenants are recalculated as set out above, the breach has been remedied, the relevant Financial Covenants shall be deemed to have been satisfied on the relevant reporting date.
- (c) The Issuer shall be limited to a maximum of 2 cures of actual failures to satisfy the Financial Covenants during the term of the Bonds, and no consecutive Financial Covenant cures are permitted.

14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

14.1 Events of Default

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

- (a) *Non-payment*

An Obligor fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within 5 Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within 5 Business Days following the original due date.

(b) *Breach of other obligations*

An Obligor does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within 20 Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee.

(c) *Misrepresentation*

Any representation, warranty or statement (including statements in Compliance Certificates) made by any Group Company under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made.

(d) *Cross default and cross-acceleration*

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described), except for any Group Companies that are party to the ABS Notes and/or RBL Facility which shall only be subject to paragraph (ii) above,

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of USD 25,000,000 (or the equivalent thereof in any other currency).

Notwithstanding the foregoing, the exercise of any cash sweep mechanism under any ABS Note shall not trigger a cross-default under the Bond Terms, unless such ABS Note is declared immediately due and payable in its entirety prior to its specified maturity as a result of an event of default.

(e) *Insolvency and insolvency proceedings*

Any Group Company:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation; or
 - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its obligations under these Bond Terms; or
 - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
 - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph (d) (*Cross default*) above; or
 - (E) for paragraphs (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company.

However, this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 Business Days of commencement.

(f) *Creditor's process*

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Group Company having an aggregate value exceeding the threshold amount set out in paragraph (d) (*Cross default*) above and is not discharged within 20 Business Days.

(g) *Unlawfulness*

It is or becomes unlawful for an Obligor to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of such Obligor to perform its obligations under these Bond Terms; or
- (ii) the ability of the Bond Trustee or any Security Agent to exercise any material right or power vested to it under the Finance Documents.

14.2 **Acceleration of the Bonds**

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the

Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice to the Issuer:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (b) exercise (or direct the Security Agent to exercise) any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

14.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

14.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the call prices set out in Clause 10.2 (*Voluntary early redemption – Call Option*), as applicable at the following dates (and regardless of the Default Repayment Date):

- (a) for any Event of Default arising out of a breach of paragraph (a) (*Non-payment*) of Clause 14.1 (*Events of Default*), the claim will be calculated at the call price applicable at the date when such Event of Default occurred; and
- (b) for any other Event of Default, the claim will be calculated at the call price applicable at the date when the Default Notice was served by the Bond Trustee.

However, if the situations described in paragraph (a) or (b) above takes place prior to the First Call Date, the calculation shall be based on the call price applicable on the First Call Date.

15. BONDHOLDERS' DECISIONS

15.1 Authority of the Bondholders' Meeting

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- (c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.
- (e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.
- (g) Save for any amendments or waivers which can be made without resolution pursuant to paragraph (a) section (i) and (ii) of Clause 17.1 (*Procedure for amendments and waivers*), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of these Bond Terms.

15.2 Procedure for arranging a Bondholders' Meeting

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
 - (i) the Issuer;
 - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
 - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
 - (iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within 10 Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the requesting party may call the Bondholders' Meeting itself.
- (c) Summons to a Bondholders' Meeting must be sent no later than 10 Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).
- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders'

Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.

- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt regarding whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.
- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.
- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).

- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

15.3 Voting rules

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 15, a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

15.4 Repeated Bondholders' Meeting

- (a) Even if the necessary quorum set out in paragraph (e) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within 10 Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.
- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (e) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.
- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

15.5 Written Resolutions

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholders' Meeting*), Clause 15.3 (*Voting rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
 - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or
 - (ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5,shall not apply to a Written Resolution.
- (e) The Summons for a Written Resolution shall include:
 - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and
 - (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority, which shall be at least 10 Business Days but not more than 15 Business Days from the date of the Summons (the "**Voting Period**").
- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (f) or (g) of Clause 15.1 (*Authority of Bondholders' Meeting*) has been obtained, based on a quorum of the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution will also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.

- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being obtained.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the time specified in the summons on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (e) to (g) of Clause 15.1 (*Authority of Bondholders' Meeting*).

16. THE BOND TRUSTEE

16.1 Power to represent the Bondholders

- (a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

16.2 The duties and authority of the Bond Trustee

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other Obligor unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.
- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.

- (f) The Bond Trustee shall facilitate that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
 - (i) complying with instructions of the Bondholders; or
 - (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.
- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal value in order to facilitate partial redemptions, write-downs or restructurings of the Bonds or in other situations where such split is deemed necessary.

16.3 Equality and conflicts of interest

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

16.4 Expenses, liability and indemnity

- (a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused

by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.

- (b) The Bond Trustee will not be liable to the Issuer for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss.
- (c) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (d) The Bond Trustee shall not be considered to have acted negligently in:
 - (i) acting in accordance with advice from or opinions of reputable external experts; or
 - (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.
- (e) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.
- (f) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.
- (g) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any Finance Document which the Bond Trustee reasonably believes may constitute or lead to a breach of any Finance Document or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (h) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to any Obligor, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee

or the Security Agent in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Transaction Security, and to set-off and cover any such costs and expenses from those funds.

- (i) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

16.5 Replacement of the Bond Trustee

- (a) The Bond Trustee may be replaced by a majority of 2/3 of Voting Bonds in accordance with the procedures set out in Clause 15 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5, initiated by the retiring Bond Trustee.
- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 16.5. The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.
- (d) The change of Bond Trustee shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.
- (e) Upon change of Bond Trustee, the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

16.6 Security Agent

- (a) The Bond Trustee is appointed to act as Security Agent for the Bonds, unless any other person is appointed. The main functions of the Security Agent may include holding Transaction Security on behalf of the Secured Parties and monitoring compliance by the Issuer and other relevant parties of their respective obligations under the Transaction Security Documents with respect to the Transaction Security on the basis of information made available to it pursuant to the Finance Documents.

- (b) The Bond Trustee shall, when acting as Security Agent for the Bonds, at all times maintain and keep all certificates and other documents received by it, that are bearers of right relating to the Transaction Security in safe custody on behalf of the Bondholders. The Bond Trustee shall not be responsible for or required to insure against any loss incurred in connection with such safe custody.
- (c) Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.
- (d) The functions, rights and obligations of the Security Agent may be determined by a Security Agent Agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require each Obligor and any other party to a Finance Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters, whether or not a separate Security Agent Agreement has been entered into.
- (e) The provisions set out in Clause 16.4 (*Expenses, liability and indemnity*) shall apply *mutatis mutandis* to any expenses and liabilities of the Security Agent in connection with the Finance Documents.

17. AMENDMENTS AND WAIVERS

17.1 Procedure for amendments and waivers

- (a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Bondholders' Decisions*).
- (b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Transaction Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

17.2 Authority with respect to documentation

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be

considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

17.3 Notification of amendments or waivers

- (a) The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17, setting out the date from which the amendment or waiver will be effective, unless such notice according to the Bond Trustee's sole discretion is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.
- (b) Prior to agreeing to an amendment or granting a waiver in accordance with paragraph (a) section (i) of Clause 17.1 (*Procedure for amendments and waivers*), the Bond Trustee may inform the Bondholders of such waiver or amendment at a relevant information platform.

18. MISCELLANEOUS

18.1 Limitation of claims

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

18.2 Access to information

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

18.3 Notices, contact information

- (a) Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.
- (b) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).

- (c) Notwithstanding paragraph (a) above and provided that such written notification does not require the Bondholders to take any action under the Finance Documents, the Issuer's written notifications to the Bondholders may be published by the Bond Trustee on a relevant information platform only.
- (d) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter or e-mail. Any such notice or communication will be deemed to be given or made as follows:
 - (i) if by letter, when delivered at the address of the relevant party;
 - (ii) if by e-mail, when received; and
 - (iii) if by publication on a relevant information platform, when published.
- (e) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone number and contact persons.
- (f) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):
 - (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
 - (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
 - (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

18.4 Defeasance

- (a) Subject to paragraph (b) below and provided that:
 - (i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the relevant Repayment Date (including, to the extent applicable, any premium payable upon exercise of a Call Option), and always subject to paragraph (c) below (the "**Defeasance Amount**") is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the "**Defeasance Account**");
 - (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the "**Defeasance Pledge**"); and
 - (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge,

then;

- (A) the Issuer will be relieved from its obligations under paragraph (a) of Clause 12.2 (*Requirements as to Financial Reports*), Clause 12.3 (*Put Option Event*), Clause 12.5 (*Information: miscellaneous*) and Clause 13 (*General and Financial Undertakings*);
 - (B) any Transaction Security shall be released and the Defeasance Pledge shall be considered replacement of the Transaction Security; and
 - (C) any Obligor shall be released from any Guarantee or other obligation applicable to it under any Finance Document.
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.
- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems necessary.

A defeasance established according to this Clause 18.4 may not be reversed.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

19.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

19.3 Alternative jurisdiction

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

- (a) to commence proceedings against the Issuer or any other Obligor or any of their respective assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

19.4 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, the Issuer:
 - (i) irrevocably appoints Advokatfirmaet Schjødt AS as its agent for service of process in relation to any proceedings in connection with these Bond Terms; and
 - (ii) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Issuer must immediately (and in any event within 10 Business Days of such event taking place) appoint another agent on terms acceptable to the Bond Trustee. Failing this, the Bond Trustee may appoint another agent for this purpose.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

The Issuer: DIVERSIFIED GAS & OIL CORPORATION  By: Benjamin M. Sullivan Position: Authorised signatory	As Bond Trustee and Security Agent: NORDIC TRUSTEE AS By: Vivian Trøsch Position: Authorised signatory (p.p.)

These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

The Issuer: DIVERSIFIED GAS & OIL CORPORATION By: Position:	As Bond Trustee and Security Agent: NORDIC TRUSTEE AS  By: Vivian Trøsch Position: Authorised signatory (p.p.)

**ATTACHMENT 1
COMPLIANCE CERTIFICATE**

[date]

Diversified Gas & Oil Corporation 9.75% bonds 2025/2029 ISIN NO0013513606

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2 (*Requirements as to Financial Reports*) of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Reports to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [•].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*), we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate. Copies of our latest consolidated [Annual Financial Statements] / [Interim Accounts] are enclosed.

[The financial covenants set out in Clause 13.20 (*Financial covenants*) are met, please see the calculations and figures in respect of the ratios attached hereto.]

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

Diversified Gas & Oil Corporation

Name of authorised person

Enclosure: Annual Financial Statements / Interim Accounts; [and any other written documentation]

ATTACHMENT 2
RELEASE NOTICE – ESCROW ACCOUNT

[date]

Dear Sirs,

Diversified Gas & Oil Corporation 9.75% bonds 2025/2029 ISIN NO0013513606

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer.

Capitalised terms used herein will have the same meaning as in the Bond Terms.

We hereby give you notice that we on [date] wish to draw [the amount specified in Enclosure I (*Flow of Funds*)]/[all amounts] from the Escrow Account to be applied pursuant to the purpose set out in the Bond Terms, and request you to instruct the bank to release the above mentioned amount.

We hereby represent and warrant that (i) no Event of Default has occurred and is continuing or is likely to occur as a result of the release from the Escrow Account, and (ii) we confirm that the representations and warranties set out in the Bond Terms are true and accurate in all material respects at the date hereof.

Yours faithfully,

Diversified Gas & Oil Corporation

Name of authorised person

Enclosure I: *Flow of Funds*

ATTACHMENT 3
AGREED SECURITY PRINCIPLES

- (a) Security will be granted by a Group Company, over such types of assets or asset classes as set out under the Transaction Security or to the extent required to grant Security over any shares (ownership interests) in any company becoming a Guarantor or Security Provider.
- (b) General legal, statutory and customary limitations (including, but not limited to financial assistance, anti-trust and other competition authority restrictions, corporate benefit, guarantee limitations, fraudulent preference, equitable subordination, “transfer pricing”, “thin capitalization”, “earnings stripping”, “controlled foreign corporation” and other tax restrictions, “exchange control restrictions”, “capital maintenance” rules and “liquidity impairment” rules, tax restrictions, and retention of title claims and similar principles) may limit the ability of a Group Company to provide Security or guarantee or require that such Security or guarantee include provisions limiting the responsibility for granting full legal valid and perfected Security or guarantee, or require that such Security or guarantee is limited by an amount or otherwise, and if so, such Security or guarantee will be limited accordingly.
- (c) A key factor in determining whether or not a Security or guarantee will be taken (and in respect of the Security, the extent of its perfection and scope) is the applicable cost, work and time of providing such Security or guarantee which (in the Security Agent’s sole discretion, acting reasonably) must be proportionate to the benefit accruing to the Secured Parties.
- (d) Where a class of assets to be secured includes material and immaterial assets, if the cost of granting Security over the immaterial assets is disproportionate to the benefit of such Security, Security will be granted over the material assets only.
- (e) It is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets.
- (f) Group Companies will not be required to give guarantees or enter into security documents if:
 - (i) it would result in any breach of corporate benefit, financial assistance, fraudulent preference or thin capitalisation laws or regulations (or analogous restrictions) of any applicable jurisdiction or is otherwise not within the legal capacity of the relevant Group Company;
 - (ii) it would result in a significant risk to the officers of the relevant Group Company of contravention of their fiduciary duties and/or of civil or criminal liability, or would otherwise contravene any applicable legal or regulatory prohibition or restriction,

unless such guarantees or security documents are legally permissible and accompanied by relevant provisions (limitation language) limiting the potential liability for the relevant Group Company, its management, officers or other employees.

- (g) Security over bank accounts shall exclude (i) accounts in cash pool arrangement which are not, under the terms for those arrangements, bank accounts, (ii) tax deduction accounts (No: *skattetrekkskonti*), escrow or cash collateral accounts constituting Permitted Security and (iii) such accounts which, under the policies of the account bank, cannot or shall not be subject to third party Security. The security over such bank accounts shall be on first priority or on priority behind the account bank's pledge as required under applicable law and/or its general banking terms and conditions.
- (h) Any assets subject to a legal requirement or regulatory constraint (including any agreement with any government or regulatory body) or contract, lease, licence, instrument or other third party arrangements which are pre-existing or otherwise permitted by the Finance Documents or any other contractual restrictions on assignments or absence of necessary regulations, registrations or similar, and which prevent those assets from being charged if so required by paragraph a) above or would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any Group Company in respect of the asset or require the relevant charger to take any action materially adverse to the interests of the Group or any Group Company, in each case will be excluded from any relevant guarantee or security document, but the relevant Guarantor or Security Provider must use its reasonable endeavours (exercised for a specified period of time) to obtain consent to charging any such assets if the relevant asset is material and the Issuer is satisfied (acting reasonably) that such endeavours will not involve a Group Company placing relationships with third parties in jeopardy.
- (i) Security documents shall operate to create Security rather than to impose any new commercial obligations or restrictions on use of the assets in the relevant Group Company's ordinary course of business prior to an event of default (i.e. blocking, transfer of title or similar) and shall, accordingly, not contain additional or duplicate representations or undertakings to those contained in the Finance Documents unless required for the creation, perfection, effectiveness or preservation of the Security.
- (j) Notwithstanding paragraph a) above, guarantees and Security will not be required from or over the assets of any Group Company that is not wholly owned (directly or indirectly) by another Group or any joint venture or similar arrangement or any company in which a Group Company holds a minority interest.
- (k) Perfection of Security will not be required if it would materially and adversely affect the ability of the relevant Group Company to conduct its operations or business in the ordinary course. Where the blocking of the bank account is required by applicable law to perfect the Security, perfection of the bank account pledge will not be required until an Event of Default has occurred which is continuing.
- (l) Security will not be enforceable until an Event of Default has occurred and is continuing and an acceleration notice has been served to the relevant debtors.
- (m) The Security Agent shall only be able to:
 - (i) exercise any powers of attorney (including, but not limited to, in respect of voting rights appertaining to any shares) granted under any security document or have

the right to receive any dividends if an Event of Default has occurred and is continuing and, unless (in the sole opinion of the Security Agent) it could have an adverse effect on the interest of the Secured Parties, the Security Agent has given notice of its intention to exercise such powers of attorney, voting rights or dividend rights (as applicable), upon which such rights may no longer be exercised by the relevant pledgor; and

- (ii) exercise any powers of attorney granted under any security document in relation to actions for perfecting and maintaining Security if and when the relevant Security Provider has failed to comply with a further assurance or perfection obligation within 5 Business Days of receiving prior notice of it.

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We have prepared our financial statements and the notes thereto in accordance with UK-adopted international accounting standards and IFRS as issued by the International Accounting Standards Board. To provide metrics that we believe enhance the comparability of our results to similar companies, throughout this Annual Report, we refer to Alternative Performance Measures ("APMs"). APMs are intended to be used in addition to, and not as an alternative for the financial information contained within the Group Financial Statements, nor as a substitute for IFRS. In [APMs](#) within this Annual Report, we define, provide calculations and reconcile each APM to its nearest IFRS measure. These APMs include "adjusted EBITDA," "net debt," "net debt-to-adjusted EBITDA," "total revenue, inclusive of settled hedges," "adjusted EBITDA margin," "free cash flow," "adjusted operating cost per Mcfe," "employees, administrative costs and professional services," and "PV-10."

Strategic Report

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Overview of Our Business

Diversified Energy Company PLC (the “Parent” or “Company”) and its wholly owned subsidiaries (the “Group,” “DEC,” or “Diversified”) is an independent energy company engaged in the production, transportation and marketing of natural gas, natural gas liquids and crude oil.

Our proven business model creates sustainable value in today's energy markets by investing in producing assets, reducing emissions and improving asset integrity while generating significant, hedge-protected cash flows. We acquire, optimize, produce and transport natural gas, natural gas liquids and oil from existing wells then retire our wells at the end of their life to optimally steward the resource previously developed by our peers, reducing the environmental footprint, while sustaining important jobs and tax revenues for many local communities. While most companies in our sector are built to explore and develop new reserves, we fully exploit existing reserves through our focus on safely and efficiently operating existing wells to maximize their productive lives and economic capabilities, which in turn reduces the industry's footprint on our planet.

A Differentiated Business Model

Our business model is unique among the natural gas and oil industry in that we do not rely on capital-intensive drilling and development. Rather, our stewardship model focuses on acquiring existing long-life, low-decline producing wells and, at times, their associated midstream assets, and then efficiently managing the assets to improve or restore production, reduce unit operating costs, improve operational safety, reduce emissions and generate consistent free cash flow before safely and permanently retiring those assets at the end of their useful lives.

Daily Operating Priorities

Our guiding daily principles underline our commitment to value creation without compromising the safety of employees. These principles - Safety, Production, Efficiency and Enjoyment - drive the success of our business model. Our workforce gives precedence to these principles in their daily work.

Geographic Operating Areas

Appalachian Region

The Appalachian Region spans Pennsylvania, Virginia, West Virginia, Kentucky, Tennessee and Ohio and consists of two productive unconventional shale formations, along with numerous conventional formations. We entered the Appalachian Region in 2001 and currently operate within the Marcellus Shale and the slightly deeper Utica Shale, as well as many conventional formations.

Central Region

Our Central Region includes parts of Texas, Louisiana and Oklahoma, and is home to a number of asset rich natural gas and oil formations. We entered the Central Region in 2021 and currently operate within the Haynesville, Bossier, Cotton Valley, Barnett and Mid Continent plays.

Key Facts for 2024

Net Loss	Total Revenue	Adjusted EBITDA Margin ^(a)	Adjusted EBITDA ^(a)
\$87 million	\$795 million	50%	\$472 million
Production Mix	Production	PV-10 Value of Reserves	Asset Acquisitions
84 % natural gas	244,298 natural gas (MMcf)	\$3.3 billion ^(b)	3 acquisitions
12 % NGLs	5,980 NGLs (MBbls)	4,483,836 MMcfe	\$585 million, gross
4 % oil	1,568 oil (MBbls)		\$388 million, net
Scope 1 Methane Emissions Intensity	No-Leak Rate on Surveyed Assets	Total Recordable Incident Rate	Reportable Spill Intensity
0.7 MT CO ₂ e/MMcfe	98 % Group-wide	0.89 per 200,000 work hours	0.08 oil & water per MBbl

(a) Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

(b) Based on NYMEX strip pricing.

Strategy

Our growth and ability to generate consistent shareholder returns stems from our unique business model and successful execution of low-risk, disciplined and proven operating techniques.

1 Acquire long-life stable assets

We practice a disciplined approach to acquire long-life stable assets by targeting low-decline producing assets that are value accretive, high margin and strategically complementary, while also applying extensive environmental, social, land and legal due diligence.

2024 Achievements

- Completed three acquisitions in our Central Region, including:
 - Oaktree working interest acquisition for gross consideration of \$410 million and net consideration of \$222 million, contributing approximately \$66 million MMcfepd to 2024 revenue.
 - Crescent Pass acquisition for gross consideration of \$106 million and net consideration of \$98 million, contributing approximately \$10 million MMcfepd to 2024 revenue.
 - East Texas II acquisition for gross consideration of \$69 million and net consideration of \$68 million, contributing approximately \$5 million MMcfepd to 2024 revenue.

Targets for 2025

- Successfully merge assets acquired in the recently completed acquisition of Maverick Natural Resources, LLC ("Maverick") to build scale and achieve synergies.
- Effectively integrate acquisitions into our existing operations, ensuring seamless transitions and alignment with our strategic objectives to drive growth and maximize synergies.
- We will continue our disciplined acquisition strategy, targeting assets that meet our strict investment standards.
- We will maintain liquidity rigor, ensuring we are well-positioned to capitalize on market opportunities as they emerge.
- Our growth strategy will prioritize expanding in complementary and synergistic ways, while building strong partnerships with development-focused producers in our key operating regions.

Link to Risks: [1](#) [2](#) [4](#)

Link to KPIs: [1](#) [5](#)

2 Operate our assets in a safe, efficient and responsible manner

Our operational strategy and success is closely aligned with the culture we created with our daily operational priorities. Our team embodies these priorities through our Smarter Asset Management ("SAM") program, working tirelessly to ensure the safe delivery of clean, affordable and reliable energy.

2024 Achievements

- Annual production of 791 MMcfepd.
- Exit rate of 864 MMcfepd.
- Adjusted EBITDA margin of 50%.
- Achieved a 98% no-leak rate on surveyed assets.
- LTIR of 0.38 per 200,000 work hours, a decline of 63% year-over-year.

Targets for 2025

- We will remain committed to our daily operating priorities: Safety, Production, Efficiency, and Enjoyment.
- Our dedication to responsible stewardship remains steadfast. We will focus intently on continuous improvement in all aspects of sustainability, striving to exceed our stakeholders' expectations.
- We will continue to prioritize the SAM program to sustain margins, mitigate natural declines, and leverage expense efficiency opportunities.

Link to Risks: [1](#) [2](#) [4](#) [5](#) [6](#) [7](#)

Link to KPIs: [3](#) [4](#) [5](#) [6](#) [7](#)

3 Generate Reliable Free Cash Flow

Our business model is inherently designed to generate free cash flow. Furthermore, we aspire to make cash flows predictable and reliable so we can consistently generate shareholder return, pay down debt, fund acquisitive growth, and accomplish our sustainability goals and ambitions.

2024 Achievements

- Repaid \$206 million in asset-backed debt securitizations.
- Repurchased 1,638,030 shares, representing \$21 million in shareholder value above and beyond the \$84 million in dividend distributions.
- \$151 million gain on settled derivative instruments.
- Recorded \$8 million in coal mine methane revenues.
- Divested certain non-core undeveloped acreage across our footprint for a total of \$59 million.

Targets for 2025

- We will continue our effective hedging strategy to protect cash flows. Additionally, we will capitalize on accretive market opportunities to elevate our hedge book floor.
- We will continue to apply our Smarter Asset Management program to maintain low decline rates across our producing assets and review opportunities to optimize both core and non-core assets.
- We will remain dedicated to prudent cash flow growth through accretive acquisitions that complement our existing asset base.

Link to Risks: [1](#) [2](#) [3](#) [4](#) [7](#)

Link to KPIs: [1](#) [2](#) [3](#) [4](#) [5](#)

4 Retire assets safely and responsibly

At the end of a well's economic life, our safe and systematic asset retirement program ensures wells are permanently retired and well sites are responsibly restored to their natural condition. Our retirement program underscores our strong commitment to a healthy environment, the surrounding community, our neighbors, and state regulatory authorities.

2024 Achievements

- Expanded our asset retirement operations to 18 teams and 18 rigs.
- Retired 202 DEC-owned wells in the Appalachian Region and a further 13 DEC-owned wells in our Central Region, surpassing our goal to retire 200 wells in 2024 and exceeding our collective state commitments in Appalachia.
- Additionally, we retired 85 third party-owned wells in the Appalachian Region, including 51 state and federal orphan wells and 34 for third party operators, bringing the total wells retired by the Next LVL team to 287 wells.

Targets for 2025

- We will continue to safely retire wells, aiming to exceed state asset retirement program commitments by identifying and retiring wells at the end of their productive lives.
- We will continue to leverage the benefits of vertical integration through our expanded internal asset retirement capacity.
- We will maintain constructive and collaborative dialogue with states and industry associations to innovate and ensure best practices in well retirement.

Link to Risks: [1](#) [2](#) [4](#) [5](#) [6](#)

Link to KPIs: [2](#) [4](#) [5](#) [6](#)

Key Performance Indicators

In assessing our performance, the Directors use key performance indicators ("KPIs") to track our success against our stated strategy. The Directors assess our KPIs on an annual basis and modify them as needed, taking into account current business developments. The following KPIs focus on corporate and environmental responsibility, consistent cash flow generation underpinned by prudent cost management, low leverage and adequate liquidity to protect the sustainability of the business.

Refer to [APMs](#) within this Annual Report for information on how these metrics are calculated and reconciled to IFRS measures.

1 Net Debt-to-Adjusted EBITDA

	2024	2023	2022
Net debt-to-pro forma adjusted EBITDA	3.0x	2.2x	2.4x

During 2024 our leverage ratio increased to 3.0x primarily due to financing the majority of our acquisitions with debt. We actively manage our balance sheet and seek to maintain a long-term leverage ratio of approximately 2.5x.

Link to Strategy: [1](#) [3](#)

Link to Risks: [1](#) [3](#) [4](#) [5](#) [6](#) [7](#)

2 Adjusted EBITDA Margin

	2024	2023	2022
Adjusted EBITDA Margin	50%	52%	49%

Total revenue, inclusive of settled hedges and adjusted EBITDA decreased 10% and 14%, respectively, in 2024, while adjusted EBITDA margin remained relatively consistent at 50%. The decrease in total revenue, inclusive of settled hedges was primarily due to a decrease in the average realized sales price, lower production, a decline in hedge settlement gains, and normal declines. The decrease in adjusted EBITDA was driven by a decrease in commodity pricing and lower production.

Link to Strategy: [3](#) [4](#)

Link to Risks: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#)

3 Adjusted Operating Cost per Mcfe

	2024	2023	2022
Adjusted Operating Cost per Mcfe	\$1.78	\$1.76	\$1.77

Adjusted operating cost per Mcfe for 2024 was \$1.78, an increase of 1% compared with 2023. This increase was primarily due to higher employees, administrative costs and professional services due to investments made in staff and systems and costs related to litigation expense.

Link to Strategy: [2](#) [3](#)

Link to Risks: [1](#) [4](#) [5](#) [6](#)

4 Net Cash Provided by Operating Activities

	2024	2023	2022
Net Cash Provided by Operating Activities (in millions)	\$346	\$410	\$388

Net cash provided by operating activities for 2024 was \$346 million, a decrease of 16% compared with 2023. This decrease was due to the decrease in total revenue resulting from decreases in pricing and production. However, this was partially offset by changes in working capital, which generated \$50 million less in cash outflows compared to 2023.

Link to Strategy: [2](#) [3](#) [4](#)

Link to Risks: [1](#) [2](#) [3](#) [5](#) [6](#) [7](#)

5 Emissions Intensity

	2024	2023	2022
Emissions Intensity (MT CO ₂ e/MMcfe)	0.7	0.8	1.2

Realized a 13% year-over-year reduction in Scope 1 methane emissions intensity, achieved through investments in leak detection technologies, replacing natural gas-driven pneumatics with instrument air or solar solutions, and enhanced aerial emissions surveillance in our Central Region.

Link to Strategy: [1](#) [2](#) [3](#) [4](#)

Link to Risks: [2](#) [5](#)

6 Meet or Exceed State Asset Retirement Goals

	2024	2023	2022
DEC-owned well retirements ^(a)	215	222	214
Wells retired by Next LVL	287	383	262

(a) DEC wells inclusive of 13, 21 and 14 Central Region wells retired during 2024, 2023 and 2022, respectively.

A total of 215 DEC-owned wells, including 13 in the Central Region, were retired across our operating footprint, surpassing our goal to retire 200 wells and exceeding our collective state commitments in Appalachia. Additionally, Next LVL Energy plugged a total of 287 wells in Appalachia, including 202 DEC-owned wells and 85 third party-owned wells consisting of 51 state and federal orphan wells and 34 for third party operators.

Link to Strategy: [4](#)

Link to Risks: [2](#) [4](#) [5](#)

7 Safety Performance

	2024	2023	2022
TRIR (per 200,000 work hours)	0.89	1.28	0.73
LTIR (per 200,000 work hours)	0.38	1.04	0.66
MVA (incidents per million miles)	0.34	0.55	0.69

Our 2024 TRIR was 0.89, a 30% improvement from 2023, driven by a foreman-led safety approach, enhanced good catch/near miss reporting, and a new safety program for short-service field employees. Additionally, our 2024 LTIR was 0.38, reflecting a 63% improvement from 2023, attributable to the same initiatives.

Moreover, our 2024 MVA rate was 0.34, a 38% improvement from 2023. This improvement was primarily due to specific actions taken to enhance performance and accountability, including the implementation of vehicle telemetric monitoring.

Link to Strategy: [2](#)

Link to Risks: [5](#) [6](#)

Our Business

History & Development of the Business

We are an independent energy company focused on natural gas and liquids production, transportation, marketing and well retirement, primarily located within the Appalachian and Central regions of the United States. We were incorporated in 2014 in the United Kingdom, and our predecessor business was co-founded in 2001 by our Chief Executive Officer, Robert Russell ("Rusty") Hutson, Jr., with an initial focus on primarily natural gas and oil production in West Virginia. In recent years, we have grown rapidly by capitalizing on opportunities to acquire and enhance producing assets and by leveraging the operating efficiencies that result from economies of scale. As of December 31, 2024, we have completed 27 acquisitions since 2017 for a combined purchase price of approximately \$3.1 billion. In addition, on March 14, 2025, we completed our previously announced acquisition of Maverick for a gross purchase price of approximately \$1,275 million.

Throughout our history, we have prioritized sustainability and efficiency in our operations. Recognizing the global reliance on natural gas, we emphasize the importance of responsible ownership and environmental stewardship in managing natural gas and crude oil wells and pipelines. Our proven track record of acquiring, integrating and responsibly operating assets reflects this commitment. With our focus on efficient and environmentally sound energy production, we are well-positioned to assist in meeting national and global energy demands.

Other Information

We were incorporated as a public limited company with the legal name Diversified Gas & Oil PLC under the laws of the United Kingdom on July 31, 2014 with the company number 09156132. On May 6, 2021, we changed our company name to Diversified Energy Company PLC.

Our registered office is located at 4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire United Kingdom, RG1 1NB. In February 2017, our shares were admitted to trading on the AIM Market of the London Stock Exchange ("AIM") under the ticker "DGOC." In May 2020, our shares were admitted to the premium listing of the Official List of the Financial Conduct Authority and to trading on the Main Market of the LSE. With the change in corporate name in 2021, our shares listed on the LSE began trading under the new ticker "DEC." In December 2023, the Group's shares were admitted to trading on the New York Stock Exchange ("NYSE") under the ticker "DEC." Following the changes to the UK Listing Rules on July 29, 2024, the Company continues to remain listed on the new equity shares (commercial companies) category of the Official List of the Financial Conduct Authority. As of December 31, 2024, the principal trading market for the Group's ordinary shares was the LSE.

Our principal executive offices are located at 1600 Corporate Drive, Birmingham, Alabama 35242, and our telephone number at that location is +1 205 408 0909. Our website address is www.div.energy. The information contained on, or that can be accessed from, our website does not form part of this Annual Report. We have included our website address solely as an inactive textual reference.

Business Overview

Our Business Model

- **Acquire** - We maintain a disciplined approach to evaluating opportunities to ensure that we only pursue those properties that possess a consistent asset profile. We target existing long-life, stable assets with synergistic opportunities that produce predictable and stable cash flows, are value accretive, margin enhancing and strategically complementary.
- **Optimize** - The primarily mature nature of the assets we acquire provides us with a portfolio of low-cost optimization opportunities. These optimization activities, applied through our internally developed SAM program, are strategically important as they aid in offsetting natural production declines, creating expense efficiency and reducing emissions.
- **Produce** - Our culture makes the difference as our team of industry veterans strive to efficiently produce as many units as possible in a safe and environmentally responsible manner, aligning safety, environmental and financial best interests.
- **Transport** - We seek to acquire midstream systems into which we are a large producer and more fully integrate those assets into our upstream portfolio to provide immediate and long-term synergies.
- **Retire** - We embrace our commitment to be a responsible operator of existing assets. With safety and environmental stewardship as top priorities, we design our asset retirement program to permanently retire wells that have reached the end of their producing lives. Between 2022 and 2024, we made investments that allowed us to expand our asset retirement capabilities through a series of acquisitions.

Our Strengths

- Low-risk and low-cost portfolio of assets
- Long-life and low-decline production
- High margin assets that leverage significant scale, supported by owned midstream and asset retirement infrastructure, along with an internal product marketing team
- A management and operational team with extensive experience
- Proven history of successfully consolidating and integrating acquired assets

Outlook

Looking ahead, we will continue to prudently manage our long-life, low-decline asset portfolio and the consistent cash flows they generate. We plan to maintain our hedging strategy to safeguard cash flow. Our goal is to retain our strategic advantages through purposeful growth, employing a disciplined acquisition strategy that secures low-cost financing to support acquisitive growth while maintaining low leverage and prudent liquidity. Additionally, we intend to stay proactive in our sustainability efforts by continuing to allocate capital to future sustainability initiatives.

Sustainability Review

We are committed to addressing key environmental issues from our operations, as well as relevant social issues for the people across our operations, while upholding the values and principles upon which we were founded. We adhere to high operating standards with a strong focus on environmental protection, employee health and safety, and positive community engagement.

We proudly accept the responsibility and privilege of being part of the solution to the significant challenges of our nation's energy, environment, and economic security. By providing a reliable supply of abundant domestic energy from assets with a smaller environmental footprint than newly drilled wells, we support our nation's energy security. We invest in and implement measures to reduce emissions at our facilities, produce differentiated natural gas through industry-recognized emissions detection, measurement, and mitigation processes, and retire orphan wells for several states, contributing to environmental best practices. Additionally, we provide affordable and sustainable domestic energy, direct and indirect employment, mineral royalties, and support tax revenues for the communities where we operate, contributing to economic prosperity, opportunity, and security.

We invite you to explore our annual Sustainability Report, typically released in the second calendar quarter, to gain insights into our actions aimed at identifying, improving, and monitoring our sustainability efforts focused on planet, people, and principles. Our Sustainability Reports are available on our website at www.div.energy.

Our Approach to Sustainability

Our sustainability strategy is anchored on the pillars of prudent risk management, asset integrity, employee safety, environmental protection, and emissions reduction. We integrate sustainability and safety into our operational strategy across our upstream, midstream, and well retirement activities by implementing data-driven practices and programs to drive collaboration and innovation, inform decision-making, and optimize our daily actions. This approach is rooted in our differentiated stewardship model, which prioritizes a comprehensive, life-cycle approach to managing our assets, coupled with a commitment to sustainability leadership and transparent reporting of our actions. Our leadership and transparency have been recognized through various accolades, including:

- **OGMP 2.0:** Achieved the Gold Standard Pathway designation for the third consecutive year.
- **ESG Awards:** Received shortlist honors for our 2023 Sustainability Report in two categories - ESG Report of the Year and Carbon Footprint ESG Performance of the Year.
- **MSCI:** Awarded a AA-rating for our actions and disclosures for the second consecutive year.

An important aspect of our approach is consistent engagement with our stakeholders, seeking their input and keeping them apprised of progress against our sustainability ambitions. One key component of that engagement is our periodic stakeholder materiality assessment, last updated in 2023 and inclusive of input from a broad range of internal and external stakeholders. Through this assessment and ongoing engagement throughout the year, we gain a better understanding of the issues that matter most to our stakeholders and, therefore, where we should continue to direct our sustainability and stewardship strategies and efforts. Recognizing the relevance to stakeholders of our sustainability activities, we intentionally link certain environmental and safety commitments to our debt capital financings and executive compensation strategies, as described in [Sustainability-Linked Borrowings](#) and [Remuneration Policy](#), respectively, within this Annual Report.

Protecting Our Environment

We carried the momentum of our previous years' Scope 1 methane intensity reductions into 2024, where we further reduced methane emissions through several key initiatives:

- **Investing in Technology:** We deployed fit-for-purpose leak detection and quantification technologies for ongoing voluntary leak detection and repair ("LDAR") inspections.
- **Innovative and Collaborative Efforts:** We replaced natural gas-driven pneumatics with site-specific instrument air or solar solutions.
- **Expanding Surveillance:** We broadened aerial emissions surveillance across our Central Region asset locations.

Additionally, we significantly expanded our application of the Xplorobot direct measurement quantification technology, focusing on obtaining actual emission measurements to replace the use of theoretical emission factors. These collective actions resulted in a year-end Scope 1 methane intensity of 0.7 MT CO₂e per MMcf, representing a 13% reduction from the prior year end.

We remain vigilant in monitoring the evolving regulatory landscape for emissions reporting, particularly in the U.S., where new and forthcoming federal and state regulations may alter emissions accounting methods and introduce new categories of reported emissions. These new categories could potentially increase our future reported emissions despite our ongoing reduction efforts.

As we adapt to these regulatory updates, we continue to explore opportunities to expand our lower carbon projects, such as coal mine methane capture. The evolving landscape of lower carbon projects not only helps reduce emissions but also presents opportunities for generating and selling alternative energy credits.

In 2024, our environmental stewardship efforts also focused on knowledge sharing, best practices, innovative solutions, and technological advancements in water consumption, waste management, spill prevention, and biodiversity initiatives.

For more details on our emissions reduction activities and to explore the Group's climate-related risks and opportunities, refer to the [Climate Report](#) within this Annual Report. Alternatively, you can review our standalone Sustainability Report on our website at www.div.energy (expected to be published in the second quarter of 2025).

Supporting Our Employees

Safety - No Compromises is our utmost daily priority. We increased our efforts in 2024 to advance several safety improvement initiatives. A key step was the creation of a multi-departmental and geographically diverse Safety Strategy Task Force. Through the actions of this task force, we:

1. Developed a monthly foreman-led safety approach focused on meaningful team interactions and improved the quality and quantity of good catch amnesty reporting.
2. Improved accountability through vehicle telemetric monitoring.
3. Enhanced recognition programs emphasizing strong safety leadership.

4. Collaboratively created a new safety expectations program for short-service field employees.

The success of these efforts is best measured by the improvements in our personal and driver safety KPIs. Our TRIR, LTIR, and MVA recorded across-the-board improvements compared to year-end 2023 and outperformed our current year's compensation-based stretch targets.

We are dedicated to creating a workplace that attracts and retains a talented staff by offering competitive salaries and meaningful benefits. We strive to foster a unified company culture, provide equitable growth and development opportunities, and create a collaborative and enjoyable work environment where all employees feel valued and supported. Our OneDEC approach drives a culture of operational excellence by integrating people and standardizing processes and systems. This approach supports and encourages company-wide initiatives by ensuring alignment of our corporate and sustainability goals with individual or collaborative actions, backed by financial investment and well-understood principles and policies.

Workforce Composition

As of December 31, 2024, the majority of our workforce consisted of production employees, including those in upstream, midstream, and asset retirement field roles. All other positions, such as back office, administrative, and executive roles, are classified as production support roles. Our entire workforce is based in the United States, in alignment with our U.S.-based assets.

	December 31, 2024		December 31, 2023	
	#	%	#	%
Female	19	2 %	16	1 %
Male	1,168	98 %	1,198	99 %
Production employees	1,187		1,214	
Female	182	45 %	167	43 %
Male	220	55 %	222	57 %
Production support employees	402		389	
Total employees	1,589		1,603	

As of December 31, 2024, our Senior Management team, comprising the executive committee and their direct reports (excluding the Executive Director), consisted of 92 employees. This group included 36 females (39%) and 56 males (61%).

Serving Our Communities

We play a vital role in supporting communities across our 10-state operational footprint. By providing employment opportunities with competitive salaries and excellent benefits, as well as contributing state and local tax revenues, royalty payments, and other direct and indirect investments, we significantly impact the economies of these states and positively affect the communities where we operate.

We believe that with the privilege and social license to operate comes the responsibility to support the communities in which we live and work. Central to our community engagement efforts is a focus on driving volunteerism and corporate philanthropy through our 1,589 employees, who intimately understand the challenges faced by their local communities. To facilitate these efforts, we have established a dedicated, employee-led Community Relations Committee aimed at fostering thriving environments in our communities.

In 2024, through numerous community outreach efforts and other corporate initiatives, we directly contributed approximately \$2.1 million to support community enrichment, STEM-based education, student athlete related ventures and opportunities, workforce development, and environmental initiatives. Additionally, in the last year alone, we have supported our communities and operational areas through the more than \$1 billion in contributions to the U.S. GDP when considering both the direct and ancillary impacts of our operations.

Climate Risk and Resilience Report ("Climate Report")

Climate Relevance at Diversified

As a responsible steward of the environment, Diversified firmly believes that it is possible to simultaneously support both climate and energy security for our nation and the globe, via lower-carbon, reliable, and affordable energy that is inclusive of natural gas and oil production. To achieve this position and thus sustain an economy that can continue to thrive and compete on the global stage, we support a balanced mix of cleaner hydrocarbons and other energy sources which collectively advance a lower carbon footprint.

Our ongoing Smarter Asset Management initiatives continue to evolve, intentionally prioritizing methane reduction due to its greater potential for atmospheric warming. In 2021, the Group launched several specific initiatives aimed at reducing methane emissions intensity. Since then, we have achieved a reduction of over 50% in our Scope 1 methane intensity (vs. 2020 baseline), and we continue to actively collaborate both internally and with technology partners to further decrease these emissions.

We are seeing the intended results of our dedicated emission reduction efforts, driven by our long-standing business model that has valued optimizing the operational and environmental performance of our asset portfolio. We recognize, however, the longevity of this cleaner energy, climate-focused journey. Thus, while we have no current plans to amend our business model, we remain committed to reviewing and evolving, as may be warranted, our future climate strategies, supported by actions which advance our underlying climate objectives while continuing to deliver long-term value for our stakeholders.

Disclosures and Assurance

This Climate Report is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") (former), with the exception of Scope 3 emissions, and in line with the Financial Conduct Authority's Listing Rule 6.6.6. This report also reflects the guidance provided in the TCFD Annex, Section C, "Guidance for All Sectors" and Section E, "Supplemental Guidance for Non-Financial Groups", related to the Energy sector.

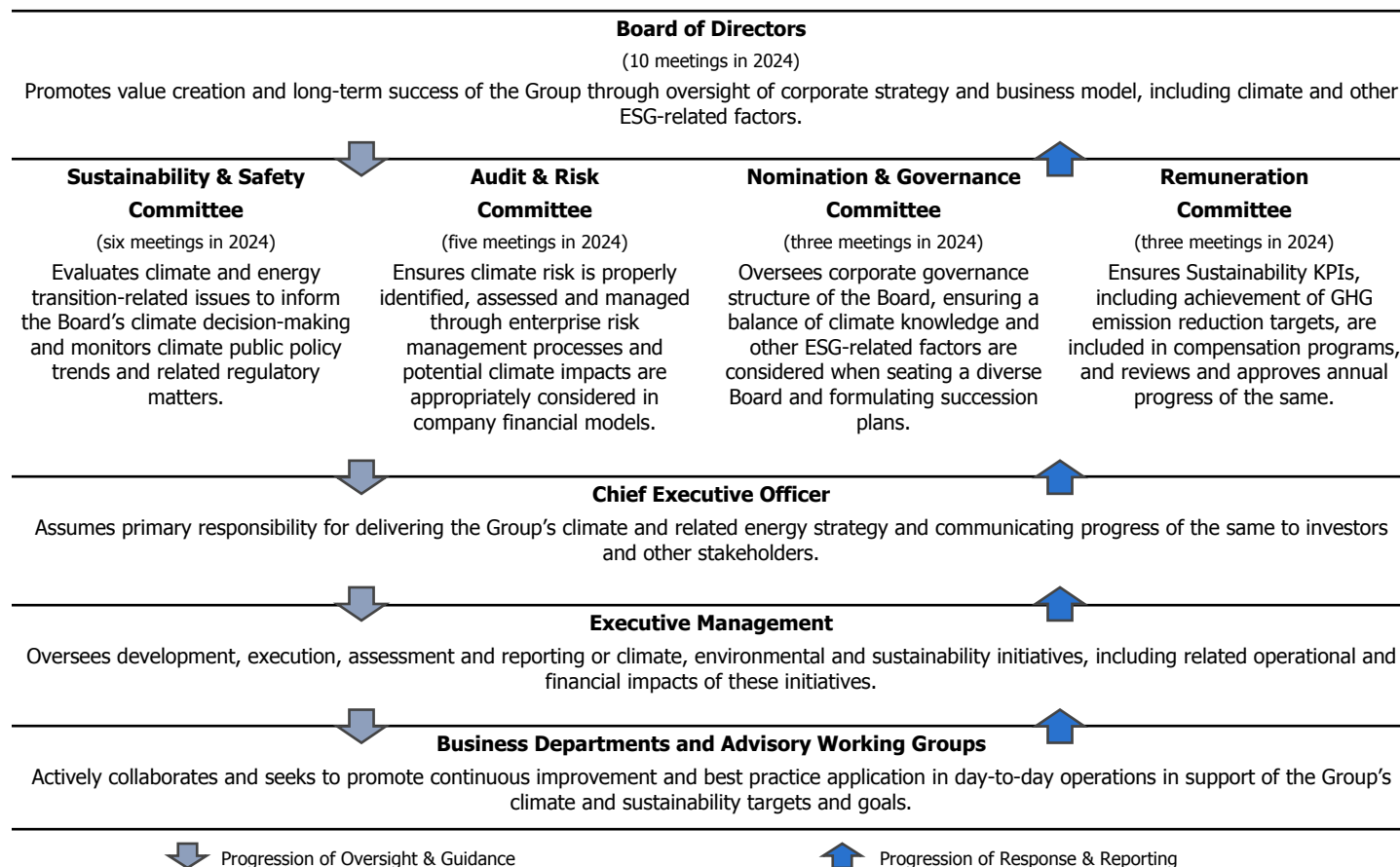
This Climate Report and Annual Report should be read in conjunction with our separately published 2024 Sustainability Report, where both such reports will be available on our website at www.div.energy. Together, these year-end reports provide a transparent, complementary review of Diversified's strategy, business model and results on material ESG and broader sustainability issues.

Scope 1 and 2 greenhouse gas ("GHG") emissions data for calendar year 2024 as reported herein are being assured by ISOS Group Inc. ("ISOS"), who is providing moderate Level II (limited) assurance in accordance with the AccountAbility 1000 Assurance Standard v3. When completed, refer to ISOS' independent assurance letter as presented in the Appendix of our 2024 Sustainability Report for more information on the scope and findings of the assurance.

Governance - From the Wellhead to the Boardroom

By employing both top-down and bottom-up strategies, our robust governance framework integrates a focus on sustainability and climate across the entire organization. This includes engagement, ownership and accountability at every level.

Climate-related Governance Framework



Board Oversight

As a whole and through its independent committees, the Board oversees the long-term success, viability and value creation of our business through its oversight of our strategy, business model and risk profile, which includes, in part, climate-specific risk management and mitigation, climate goal setting and progress, and new climate-related commercial opportunities as they may arise. The Board recognizes that the world's approach to climate and decarbonization can represent both operational and financial risks to the Group. Thus, climate-related topics are often addressed at Board meetings, and we have established corporate-level KPIs related to sustainability and climate. Further during 2024, the Board received targeted climate training from outside counsel that included updates on final, currently proposed and potentially forthcoming US and UK climate-related regulations with respect to GHG emissions reporting; environmental risks, financial impacts, and materiality; carbon credit generation and trading mechanisms; and general governance perspectives.

During 2024, the Board convened 10 times where climate-related topics were brought before the Board by executive management and the chair of each Board committee, as applicable. Our current climate-related risk appetite and associated opportunity set directly impacted Board-level climate discussions during the year, including decisions on acquisitive growth and strategy, emissions reduction and management practices, technology innovation, executive compensation linked to climate objectives, risk management and mitigation, and regulatory and legislative risk.

The Board's knowledge of climate and its impact on business is informed, in part, by the following experiences of one or more of its members:

- Chair of ESG or EHS board committees for third-party companies;
- Advisor and/or assurance provider regarding climate risk management, emissions monitoring, sustainability strategies, leak detection and repair, and clean air and climate regulation;
- Author of guiding principles on climate for a US independent federal government agency;
- Annual climate and sustainability training through U.S. National Association of Corporate Directors;
- Stakeholder engagement inclusive of investors, financial institutions, and legal and public relations experts;
- Executive advisor and lead resource in production and publication of corporate ESG and sustainability reports;

- Lead resource to plan and deliver corporate seminars covering the energy transition, climate, ESG activism and related disclosure;
- Legal advisor to corporates in oil & gas, renewable energy, natural resources and mining, and early-stage technology;
- Corporate board- and management-level engagement regarding climate risk and mitigation in line with the company's risk management framework; and
- Service on the Disclosure Review Committee, including climate disclosures using the TCFD framework.

For more information on Board composition and its members' skills and qualifications, refer to [Board of Directors](#) within this Annual Report.

All committees of the Board have a unique role to play in our sustainability and climate journey. The full Board takes the work of these fully independent committees into account in considering and providing guidance on sustainability and climate strategy and objectives for the short-, medium- and long-term.

Each committee's charter includes appropriate climate-related risk and opportunity responsibilities in its respective duties, as can be found in the committees' respective charters on our website at www.div.energy. On an annual basis, the Board reviews each of these committee charters and approves our corporate sustainability and climate policy positions and commitments, all of which are posted on our website and in climate disclosures included within this Annual Report.

The Sustainability & Safety Committee ("Sustainability Committee") has an active oversight of the Group's approach to evaluation of all issues relating to climate risk, including (i) operational climate mitigation and adaptation plans and actions, (ii) changes in policy and regulation, and (iii) other global, macro-level developments relating to the energy transition. Importantly, our Board chair serves as a member of this Sustainability Committee.

For more information on the climate-related activities of the Sustainability Committee in 2024, refer to the [Sustainability & Safety Committee's Report](#) within this Annual Report.

Management Oversight

Management remains abreast of climate-related issues through (i) its knowledge of our industry, business environment and ongoing operating activities, (ii) frequent interactions with both internal and external stakeholders, including senior leaders in the Group, state and national regulators and investors, and (iii) engagement with vendors, industry associations and benchmarking groups where current trends and best practice operating standards and emissions reductions solutions are shared.

Climate-related responsibilities are assigned to management-level positions according to each individual's area of responsibility and contribution to our overall corporate strategy. The Group has appointed a Senior Vice President of Sustainability who, alongside the Executive Vice President of Operations and the Senior Vice President of EHS, regularly attends the Committee's meetings to address current and emerging risks and opportunities within the areas of sustainability and climate. Leadership employees and certain of their direct reports also have climate-linked objectives within their remuneration packages.

For more information on executive remuneration linked to climate, refer to the [Remuneration Committee's Report](#) within this Annual Report.

The Chief Executive Officer assumes ultimate responsibility for the delivery of the Group's climate and energy strategy, as approved by the Board and inclusive of addressing identified climate-related risks and opportunities. With the support of executive and senior management teams, this responsibility includes asset portfolio reviews (such as opportunities for expansion or alternative uses of the portfolio), capital investments and allocations, regulatory and policy considerations, and approach to a lower carbon climate including emission reduction targets and goals. Specific actions and outcomes related to these responsibilities were brought before the Board and its committees, accordingly, during the year.

The President and Chief Financial Officer ensures our corporate approach and response to climate is integrated into respective capital and operating programs and stakeholder communications. This responsibility is addressed and undertaken through the relative actions of the remaining Executive Management team whose unique roles support our climate goals and performance.

The Senior Vice President of Sustainability plays a key role in advising the Board and management on various climate-related matters such as climate regulation and disclosure, supporting corporate GHG emission reduction initiatives, and liaising with both internal and external stakeholder groups about climate-related commitments and actions.

Collaborative Team Oversight

Environmental management and energy transition topics are deeply embedded into our company's culture and collaborative daily actions, as climate impact is recognized as a key strategic consideration across multiple business functions and departments. For example, we have trained and equipped 100% of our well tenders to become LDAR technicians. Since our company's inception, finding and repairing leaks has been a priority for Diversified as we seek to support our customers' energy needs while simultaneously positively impacting our climate in delivering a lower-carbon energy solution to the market. Furthermore, at an operational level, we seek to maintain optimized well tender routes to increase efficiency and reduce driving time, thus reducing vehicle emissions.

See the Climate-Focused Sustainability table below for a broader view of the roles that individual departments play in ensuring climate considerations remain at the forefront of our daily actions, inclusive of transparent reporting of corporate climate risk and resilience.

CLIMATE-FOCUSED SUSTAINABILITY

Executive Oversight	Area of Operation	Areas of Responsibility and Action
President & Chief Financial Officer	Accounting, Treasury & Finance	Climate budget and impact modelling; climate risk and awareness in corporate ERM process; asset retirement obligation accounting and reporting; risk insurance and sustainability-linked financings
	Information Technology	Accessible dashboards to monitor LDAR efforts; real-time monitoring of potential environmental/climate impacts
	Investor Relations	Stakeholder transparency on climate targets and progress
	Internal Audit	Oversight and tracking of climate risk mitigation actions
Chief Legal & Risk Officer	Land & Legal	National, state and local climate public policy monitoring and engagement; land management opportunities for energy transition development
Executive Vice President-Operations	Upstream ^(a)	Emissions detection, repair and reduction; wellhead optimization; equipment and efficiency upgrades
	Midstream ^(a)	Emissions detection, repair and reduction; compression conversion or elimination; measurement and monitoring of production flows
	Asset Retirement ^(a)	End of life (Group) and orphan/abandon (third-party) well plugging and site restoration
	Environmental, Health & Safety	Marginal Abatement Cost Curve ("MACC")-driven emission reduction project management; emerging technology field testing and trials; ESG- and climate-minded contractor selection and management; emissions tracking
	Gas Control	24/7 monitoring for early detection of potential climate impacting circumstances
Chief Human Resource Officer	Human Resources	Sustainability-linked compensation
	Facilities Management	Fleet management and efficiencies; waste management and recycling
Executive Vice President-Marketing	Marketing	Sale of environmentally differentiated produced natural gas; delivery point sales management
Executive Vice President-Business Development	Business Development	Climate and water consumption due diligence at time of acquisition consideration

(a) Direct field operations; all other Areas of Operations reflected above represent back-office or administrative support.

We do not have a single internal sub-committee or department dedicated to advancing sustainability and climate initiatives. Rather, these initiatives are driven by the collaborative daily efforts of our teams. We have also created unique, cross-functional advisory focus groups to address specific climate initiatives such as pneumatics conversions, business development due diligence, or spill prevention. These focus groups engage regularly and are comprised of geographically and departmentally diverse employees across the organization that support our sustainability and climate actions and drive daily progress against related targets and goals. The executive or senior level advisors of these focus groups are the same individuals who participate in Board and/or Sustainability & Safety Committee meetings, thus ensuring the work of these groups is progressed to the Board level.

Strategy - Maintaining Progress

In support of both climate and business resiliency, we remain focused on reducing near-term methane emissions while advancing other low carbon initiatives.

Decarbonization strategies and programs

Our climate strategy centers on reducing methane emissions as a key part of our practical approach to decarbonizing our operations. In 2023 and seven years ahead of schedule, we achieved our 2030 target to reduce Scope 1 methane intensity by 50% (versus a 2020 baseline). In 2024, we continued to progress our decarbonization strategy and methane reductions through multiple avenues, including but not limited to:

- Ongoing voluntary leak detection and quantification programs;
- Fit-for-purpose replacement, or ultimate retirement, of natural gas-driven pneumatic devices;
- Expanded use of actual emission measurements as compared to default emission factors;
- Field testing and adoption of new or emerging technologies and applications; and
- Internally-developed, innovative methane reduction projects as part of our proven Smarter Asset Management program.

Tackling methane slip and methane leak quantification remained key goals in 2024 as we advanced our efforts toward achieving Level 5 of OGMP 2.0 recognition. We partnered with several specialized technology companies as we continued to identify and apply new technologies that can help quantify and reduce methane slip. Equally, we expanded the use of Xplorobot, and other complementary technologies, for completing highly efficient leak surveys and quantification of emissions.

We also continued to explore new opportunities that allow us to leverage our asset portfolio, skills, and expertise in ways that extend beyond our traditional business model, such as our expansion into the adjacent market of Coal Mine Methane capture. Capturing coal mine methane delivers multiple benefits for both the environment and shareholders, as we eliminate the release of methane into the atmosphere while generating cash flows through additional gas sales and the associated sale of Alternative Energy Credits generated through this capture program.

In 2025 and beyond, continued advancement of these and other programs and opportunities could be significantly enhanced by securing federal grants, which the Group has actively sought. One such grant is a \$5 million U.S. Department of Energy and U.S. Environmental Protection Agency award recently given to Pioneer Energy Partners ("Pioneer") and Diversified to adapt Pioneer's existing Emission Control Treater™ technology to eliminate inefficient venting at marginal conventional wells, which we expect to test in our East Texas operations. This work will allow us to demonstrate how

more efficient, high-performance solutions provide the opportunity for Diversified to continue as a leader with our stewardship approach to managing mature producing assets. While the recent U.S. presidential election and related changes in government administration may alter the expected timing or quantum of these funds, this project is just one example of how we are consistently pursuing new technology to reduce emissions while improving efficiencies per our Smarter Asset Management approach to operations.

Climate-Related Risks & Opportunities

We continue to evolve and refine our approach to climate-related risks and opportunities ("CRROs"). As in prior years, and with the support and input of an independent global consultancy, we identified these CRROs through workshops with Diversified executive and senior leadership and through research of both U.S. peer and international energy companies. We subsequently high-graded our CRROs based on the likelihood of their occurrence and the potential financial impact, as measured by net asset value ("NAV") and free cash flow, they might have on our business in the short-, medium- and long-term.

The tables below show our most significant transition risks, physical risks, and transition opportunities, as defined by the greatest likelihood of occurrence and/or highest financial impact. Refer also to [Scenario Analysis](#) below within this Climate Report for consideration of the Group's portfolio resilience to multiple future climate scenarios.

Timeframe: **S** Short-term (2025-2027) **M** Medium-term (2028-2031) **L** Long-term (2032 and beyond)

KPIs: As defined in [Key Performance Indicators](#) within in this Annual Report.

Transition Risks

We have linked our highest-rated transition risks to our key performance indicators ("KPIs") and assessed our business readiness for each CRRO. Additionally, we have conducted climate scenario modeling to test the resilience of our portfolio against climate-related transition risks. The results of this scenario analysis are presented in a subsequent section.

RISK CATEGORY ➤	MARKET		TECHNOLOGY	POLICY & LEGAL
Risk	Consumer Sentiment	Capital Access	Alternative Energies	Regulation/Cost of Carbon
Timeframe	M L	S M L	M L	M L
Description	The risk of a reduction in customer demand for fossil fuel products arises from changes in consumer preferences.	Global transition actions or expectations drive US market actions at a faster rate or different path than the Group's expectation, impeding access to capital or increase the cost of capital to finance corporate growth.	Faster than expected adoption or lower cost of alternative energies outside the Group's preferred opportunity set increase direct competition with fossil fuels.	Evolving regulatory environment and associated carbon pricing or fee mechanisms lead to increased operational costs.
KPI Relevance/ Impact	1 2 4	1 2 4	1 4 5	1 2 3 4 5
Potential Impact on Business and Strategy	Reduced revenue resulting from lower demand or sustained decrease in price for products could create stressed assets. In turn, this could impact cash flows, the remaining producing lives and value of our portfolio, and our ability to deliver competitive shareholder returns.	The Group may face increased cost of capital, and reduced or more conditional access to capital, if it is unable to meet evolving investor, societal and regulatory expectations. As a result, the Group may not have sufficient funds to reinvest in its existing assets or to fund growth through capital investments and M&A as outlined in our strategy.	Rapid or low-cost advancements in renewable and other lower carbon substitutes can redirect stakeholder interest and reduce available capital, leading to faster-than-expected declines in the use of fossil fuels. The Group must remain diligent to explore and advance potential alternative energies or solutions that support the use, in some way, of fossil fuels.	The Group may face more demanding regulatory requirements, increased cost of doing business as a fossil fuel-focused company, or reduced competitiveness versus other forms of energy.

RISK CATEGORY ➤	MARKET		TECHNOLOGY	POLICY & LEGAL
Current Mitigating Actions	- Demonstrated methane intensity improvement delivered through effective emission reduction actions - Scenario analysis of portfolio resiliency provides strategic direction, and natural gas-weighted portfolio projected to remain resilient through the energy transition - Low-cost production offers resilience in lower commodity price environment - Consistent market engagement	- Robust hedging strategy provides financial protection against commodity price volatility, thus offering cash flow availability for reinvestment ~80% of portfolio currently in fixed rate debt with amortizing payments, offering significant protection in the short/mid-term - ABS financing mechanisms remain readily available, with certain borrowings offering improved rates and financing capacity when sustainability-aligned	- Demonstrated investment in leading edge technologies for emissions reduction, equipment conversion - Active technology collaboration, partnerships and leadership - Scenario analysis shows that natural gas plays an important role throughout the energy transition, even in a net zero scenario	- Proactively engage in multiple voluntary emissions measurement and reduction initiatives to reduce carbon footprint - Carbon footprint analysis undertaken in M&A process and investment decisions - Participate in field tests and small-scale pilot projects to optimize the prioritization of carbon reduction projects - Actively monitor global and domestic policy and legal developments
Business Readiness	Current corporate practices for planning and engagement support key tenet of business model in low-cost production	Hedging and ABS financing are strategic pillars of business model	Expanding track record of advancing leading edge solutions supported through scenario analysis	Remain proactive in identifying, prioritizing and engaging in carbon reduction initiatives to minimize carbon-related fees

Physical Risks

Leveraging the analysis we completed in 2023 (which can be referenced in our 2023 Sustainability Report as found on our website at www.div.energy), we re-examined our exposure to four key physical risks with the most potential to impact our operations - extreme rainfall, hurricanes, water stress and heat stress. Our relative exposure to these physical risks was measured as a function of the percent of Diversified's projected 2040 operated production in high or extremely high-risk areas as identified in our analysis.

Physical Risk		% of Projected 2040 Operated Production in High or Extreme Risk Areas
Acute Risk	Extreme Rainfall	77 %
	Hurricanes	8 %
Chronic Risk	Water Stress	28 %
	Heat Stress	42 %

Our 2024 assessment showed that extreme rainfall, water stress and heat stress continue to present a moderate to high impact risk potential to our operated portfolio. Given our understanding of the physical risks to which our assets are exposed, we do not expect any one individual risk identified below to be material to the business in the short, medium or long-term, largely as a function of the geographic dispersion of our asset base.

We maintain a strong, proactive culture of emergency preparedness to support a prompt and effective response in the event of an emergency. This preparedness includes localized operational response plans as well as corporate business continuity and crisis communication plans that take effect, as and when warranted, based on the nature and severity of the climate event. Our emergency preparedness is a direct reflection of a corporate culture that supports prioritizing the safety and protection of both personnel and assets.

RISK CATEGORY ➤	ACUTE		CHRONIC
Risk	Extreme Rainfall	Water Stress	Heat Stress
Geography Potentially at Risk	79% of total operated proved reserves (risk applicable to asset portfolio, except in Oklahoma and Alabama where extreme rainfall was categorized as less than high)	28% of total operated proved reserves (risk applicable to asset portfolio, except in Virginia, West Virginia, Kentucky, Tennessee, Alabama, and Louisiana where water stress was categorized as less than high)	38% of total operated proved reserves (risk applicable to asset portfolio, except in Pennsylvania, Alabama, and Louisiana where heat stress was categorized as less than high)
Timeframe	S M L	M L	M L
Description	Excessive rainfall and the associated risk of flooding represent the highest risk to our assets in the Appalachia Basin in 2040, especially in Kentucky, Ohio and West Virginia, where our exposure is characterized as extreme.	Water stress is a moderate chronic physical risk for our overall portfolio in 2040, though a high risk in particular for our assets in Texas and Oklahoma	Heat stress, considered from the perspectives of personnel and infrastructure, is likely to have a moderate-to-high impact on our portfolio, with the highest exposure in Oklahoma, Kentucky, West Virginia and Virginia.
KPI Relevance/ Impact	1 2 3 4	1 2 3 4 6	1 2 3 4 7

RISK CATEGORY ➤	ACUTE	CHRONIC
Potential Impact on Business and Strategy	- Decreased production or damaged infrastructure resulting in lost revenue - Inability of third parties (i.e., processing, gathering & transportation) to receive sales production - Increase in emergency response or capital costs - Supply chain and logistics disruptions and/or cost increases - Decreased portfolio value - Decreased workforce productivity	- Increased operating costs and/or change in water-reliant maintenance procedures - Decreased production - Decreased ability to retire assets - Risks to the health and safety of personnel - Increased operating costs - Decreased workforce productivity
Current Mitigating Actions	24/7 monitoring centers, with faster response to weather-related disruptions - Equipment maintenance or redundancy - Production re-routing capabilities on expansive owned midstream system - Expansive and diverse supplier network	- A business strategy focused on acquisitions rather than water-intensive drilling and development - Seek to minimize freshwater consumption while increasing produced water recycling programs - Maintain appropriate levels of insurance to mitigate losses - Effectuating operating procedures to protect against harsh environments - Inspection and maintenance of safety critical equipment and control systems - Dedicated programs through EHS and Human Resources to support physical well-being and safety - Effectuating operating procedures to protect against harsh environments - Inspection and maintenance of safety critical equipment and control systems

Climate-Related Opportunities

We believe that efforts to mitigate and adapt to climate change also produce opportunities for growth or changes in business strategies as we seek to improve our carbon footprint and achieve our climate-related goals. In a similar manner as to climate-related risks, we high-graded the identified climate-related opportunities based on their relevance to our climate strategy, the likelihood of our participation, and the greatest impact on our short- to medium-term business model. The table below outlines those high-graded climate-related opportunities.

OPPORTUNITY CATEGORY ➤	RESOURCE EFFICIENCY		ENERGY USE/ PRODUCTS & SERVICES	MARKETS	
Opportunity	Emissions Detection	Equipment	Technology	Differentiated Gas Sales	Incentives
Timeframe	S M L	S M L	S M L	S M L	S M
Description	Advanced, proactive detection supports emission reduction goals while advancing environmental stewardship.	Equipment upgrades may include replacements of natural gas-driven pneumatics with alternative energy sources and right-sizing or conversion of compression equipment.	Pursuit of low-carbon technology collaboration and partnerships in coal mine methane, alternative energy credit generation, waste heat recovery, hydrogen generation, solid oxide fuel cells, and geothermal or other non-fossil methane pilot projects.	Differentiated gas includes OGMP Gold Standard or other differentiated gas recognitions which support our efforts to market natural gas with demonstrably lower methane emissions.	Use of public sector or government incentives provides additional capital resources to support actions focused on climate-related risks and opportunities.
KPI Relevance	2 3 4 5	2 3 4 5	2 3 4 5	2 4	1 5

OPPORTUNITY CATEGORY ➤	RESOURCE EFFICIENCY		ENERGY USE/ PRODUCTS & SERVICES	MARKETS	
Potential Impact on Business and Strategy	Reduced emissions related to improved efficiencies contribute to increased products available for sales. When coupled with efficiency-driven reductions in fuel and operating costs, this would directly and positively impact revenues and cash flows and therefore opportunities for reinvestment to drive to additional shareholder value.	Replacement or upgrades of inefficient, redundant or excess equipment supports financial position and corporate value through increased revenue and/or decreased operating costs and satisfies increasing regulatory requirements for reduction of natural gas-driven devices.	Application of new, diverse and more efficient technologies supports lower carbon energy pathways and provides enhanced revenue opportunities through the generation of voluntary and regulated carbon credits for own use or sales to third parties. Such technologies also provide opportunities for reduced operating costs and reduced exposure to carbon costs.	Differentiated gas offerings to market can generate increased revenue from customers seeking increased levels of transparency on product and emissions actions while also supporting targeted risk management of those assets best suited for continuous monitoring.	Public sector incentives provide ability to accelerate advancement of lower carbon opportunities, particularly in proven or evolving technologies such as fuel cells and waste heat recovery. Such funding carries with it increased levels of transparency on product and emission reduction actions and allows for better response to risks and increased business continuity.
Contributory Actions	- Continued investment in improved leak detection and aerial surveillance - Utilize asset management system to monitor equipment lifecycles and identify focus programs - Utilize emissions intelligence digitization and automation, supporting both emissions reporting and project prioritization	- Expanded collaboration and innovation to drive solutions - Continued investment in equipment replacement - Utilize 24/7 Integrated Operations Centers ("IOC") to identify and respond to potential abnormal events related to equipment	- Consistent, proactive monitoring and application (as appropriate) of new, more efficient technologies - Revisiting capital allocation strategies as warranted	- Active and expanding use of continuous monitoring devices - Dedicated marketing efforts to expand customer base and/or market engagements	- Active monitoring of grant application processes, leveraging jurisdictional/geographical diversity for access to funding - Sector engagement and industry collaboration promote awareness of funding opportunities
Business Readiness	Current practices coupled with ongoing evaluation for expanded applications	IOC detection and response delivering results; consistently seeking innovative solutions	Announced coal mine methane project and actively pursuing, including with collaborative partners, and prioritizing projects accordingly	Achieved third consecutive year of OGMP Gold Standard Pathway and consistently evaluating additional differentiation opportunities	Actively pursuing as standalone recipient or as part of a collaborative cohort

Portfolio Resilience

We used climate scenario modeling to test the resilience of our portfolio, in line with the TCFD / IFRS S2 guidance. These scenarios incorporate different assumptions regarding the progression of the global energy transition, including variations in commodity prices and demand.

Scenario Analysis

We selected three scenarios to test our portfolio climate resilience:

- International Energy Agency's ("IEA") Stated Policies Scenario ("STEPS")
- IEA Announced Pledges Scenario ("APS")
- Wood Mackenzie's ("WM") Accelerated Energy Transition 1.5-degree pathway ("AET 1.5"), a global net zero by 2050 scenario

We summarized key assumptions of each scenario in the table below.

Key Scenario Assumptions ^(a)	IEA STEPS		IEA APS		WM AET 1.5	
Global temperature outcome in 2100 (°C)	2.4°		1.8°		1.5°	
	2030 Outcome	2025-2050 CAGR	2030 Outcome	2025-2050 CAGR	2030 Outcome	2025-2050 CAGR
Oil demand (TJ ^(b))	195,141,000	0%	178,410,000	(2)%	176,796,071	(5)%
Gas demand (TJ)	144,673,000	0%	130,208,000	(2)%	140,630,753	(2)%
Coal demand (TJ)	151,602,000	(2)%	134,024,000	(5)%	149,421,127	(7)%
Nuclear (TJ)	35,845,000	2%	38,587,000	3%	37,122,199	4%
Renewables (TJ)	120,062,000	5%	139,519,000	6%	71,486,029	6%
Bioenergy (TJ)	14,585,000	1%	6,425,000	2%	57,955,725	1%
Oil price (\$/Bbl)	\$ 81.05	0%	\$ 73.87	(1)%	\$ 53.00	(3)%
Natural gas price (\$/Mcf)	\$ 3.86	1%	\$ 3.16	0%	\$ 3.66	1%
CO ₂ emissions (MT)	36,170	(1)%	32,056	(4)%	32,867	Net zero

(a) IEA data for the Stated Policies and Announced Pledges scenarios based on the IEA (2024) World Energy Outlook, www.iea.org/weo, rebased to real 2024 pricing

(b) Total Primary Energy Demand, in Terra Joules (TJ)

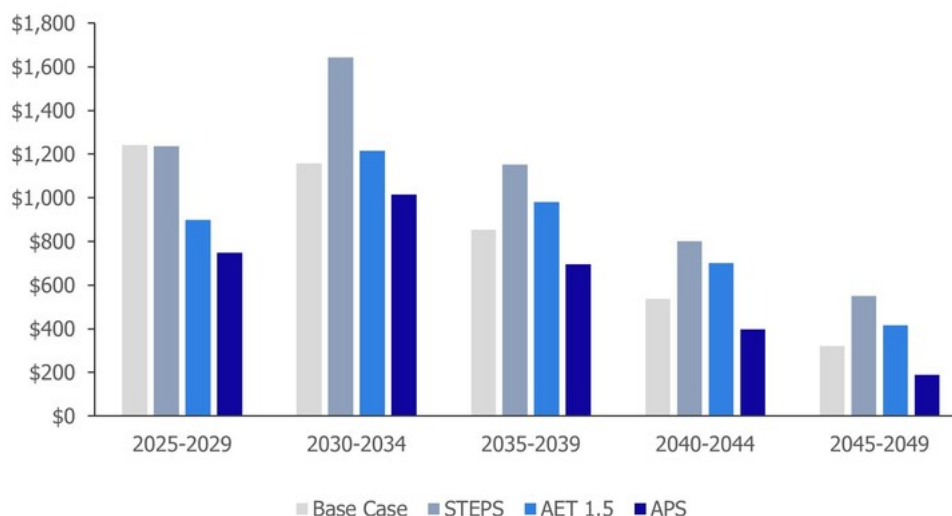
Portfolio Impact

We have assessed the potential impact of each scenario on our current portfolio, in terms of NAV change in percent versus our Base Case financial model. No account is taken of the impact that future acquisitions or divestitures may have on our forward business value and cashflows. The results of the modeling are shown in the table below, represented by a net change in portfolio value as measured by the net present value of cashflows discounted at a 10 percent rate ("NPV10").

Scenario	Portfolio Value Impact (NPV10)
IEA STEPS	13 %
IEA APS	(15)%
WM AET 1.5	(5)%

The 2024 results showed a potential upside to our NAV under the IEA STEPS scenario. This upside is underpinned by robust U.S. gas prices out to 2050, including \$4.31/MMBtu in 2050. We also continue to demonstrate a conservative approach to financial planning, with our Henry Hub price forecast assuming forward strip prices through 2030, while staying flat thereafter near \$3.60/MMBtu post-2030.

The higher positive NAV change under the STEPS scenario can be attributed to much higher Henry Hub prices than in our Base Case, which when coupled with Diversified's front-loaded production outlook, significantly increases the value of assets. A summary of the unlevered free cashflows under each pricing scenario is presented as follows (in millions):



Production volumes between 2025 and 2034 account for over 55% of the total production during 2025-2049. During this timeframe, natural gas prices are higher in the STEPS scenario, averaging ~\$3.75/MMBtu versus an average of ~\$3.70/MMBtu under WM AET 1.5. Conversely, WTI prices between 2025 and 2034 average ~\$81.50/bbl and ~\$54.25/bbl in the STEPS and WM AET 1.5 scenarios, respectively.

Wood Mackenzie's strong outlook for Henry Hub natural gas prices in the AET 1.5 scenario is underpinned by the dynamics of oil and gas fundamentals in the US, where lower oil prices support natural gas to the upside out to the middle of the next decade.

Given the market dynamics and our status as a low-cost producer, we are well positioned to sustain profitable operations throughout our portfolio until 2050. Our analysis indicates that even in the most carbon-constrained AET 1.5 scenario, our portfolio would remain resilient and profitable, with free cash flow remaining positive in the short-, medium- and long term, as shown above.

Unless there are significant changes in the regulatory environment in the near future, we do not expect to see a significant financial impact of climate-related risks on our near-term cash flows. Post-2030, our conservative commodity price assumptions, used for Diversified's financial planning and opportunity screening, position us well to cope with the potential introduction of carbon taxes in the U.S. or falling commodity prices.

Carbon Pricing Considerations

We apply carbon pricing in our business primarily in relation to portfolio investments and project planning in our field-based emission reduction efforts and in our acquisition target screening. We maintain a database of current and proposed methane reduction projects as part of our MACC to help inform investments and next steps in our de-methanization efforts.

Carbon pricing for acquisitions is most visible through the metric of carbon and methane intensity. Acquisition targets are pre-screened to determine if they are accretive or dilutive to Diversified's current methane intensity. We consider known emission reduction methods as may be applied to the target assets through our Smarter Asset Management program to determine a pro-forma reduction profile. We then apply cost factors from recent reduction projects and current market data to attain the forecasted reductions and an expected emission reduction price in U.S. dollars per metric ton of carbon dioxide equivalent (\$/MT CO₂e).

Risk Management - A Comprehensive Approach

Effective risk identification and control is a key component to the successful execution of our business strategy and objectives.

Our company-wide Enterprise Risk Management ("ERM") program - developed to improve resilience to anticipated risks, minimize unexpected risks, support the achievement of strategic objectives, and create sustainable value for our stakeholders - incorporates climate risk, for which our Board-approved corporate Climate Policy addresses our commitment to lowering the carbon intensity of our produced energy through emission reductions and other actions. At the same time, we acknowledge that qualifying and quantifying risks is a difficult and evolving exercise due to the uncertainty surrounding climate impacts and the rapidly and frequently changing regulatory and policy environment.

Risk Management Process

Step 1 - Risk Identification	Step 2 - Risk Assessment	Step 3 - Risk Response	Step 4 - Risk Reporting
- Confirm risk appetite - Consider key business objectives - Affirm risk universe & identify principal risks	- Assess likelihood, impact and velocity - Identify key controls - Consider legal, reputation and business exposure	- Accept or remediate current risk & control environment - Determine corrective action, if needed	- Senior leadership - Executive management - Board of Directors

Risk Identification

Our risk management framework is designed around our risk appetite, as determined by our Board, which seeks to determine the nature and extent of the risks that the Group is willing to take, or consciously accept, to achieve its strategic objectives. To identify both risks and opportunities, we rely on a number of avenues, foremost including discussions with business unit leaders and internal subject matter experts across our organization as well as the experience and expertise of our Board. We actively engage with peers, industry associations and third-party experts with knowledge of current and emerging industry- or company-specific risks or opportunities.

We also have the opportunity to identify issues with the greatest impact on our business, whether risks or opportunities, through ongoing stakeholder engagement and our periodic corporate materiality assessment with both internal and external stakeholders. As part of our most recent formal materiality assessment conducted in 2023, climate and the management thereof was identified by our stakeholders as a top 25 issue for the Group.

As a result of this stakeholder view, in 2024 we updated our register of unique climate-related risks and opportunities that could impact our business (across all business functions and operating regions) during a series of workshops hosted by the Sustainability group and inclusive of executive and senior management leadership representing business areas such as upstream and midstream operations, asset retirement, business development, emissions, policy and regulation, and risk management.

Further, we continuously monitor sustainability performance tracking based on analyses from ESG rating agencies such as MSCI, where these agencies serve as valuable resources for identifying new risks and related opportunities for improvement in our current risk policies, controls or mitigation actions. We also consider engagement with and information provided by industry bodies such as the OGMP and the Natural Gas Sustainability Initiative to help ensure that our approach to climate risk, particularly the decarbonization of our operations, follows best practice.

Risk Assessment

In alignment with the stakeholder views in our 2023 materiality assessment and partially as a function of its potential to also influence several other Principal Risks, we have delineated Climate as a Strategic Risk within Diversified's total risk universe.

We recognize that the transition to a lower-carbon future, inclusive of both physical and transition risks, could have significant implications for our corporate strategy and could negatively impact our financial results due to lower demand and/or lower prices for natural gas and oil. As such, our corporate finance team provides an assessment of the financial impact of certain climate-related risks on the Group's financial position and liquidity, as more fully discussed within the Notes to the Group Financial Statements within this Annual Report. The size and scope of market-related climate risks are also assessed, quantified and planned for through scenario analysis as detailed in the [Strategy](#) section of this Climate Report.

Equally, we recognize that physical risks related to climate variability, such as extreme rainfall, water stress, and heat stress, could impact our operations. Therefore, the [Strategy](#) section also includes more information on the impact of specific acute and chronic physical risks on our portfolio, including mitigation and adaptation actions.

Risk Response

As described in part in the [Governance](#) section of this Climate Report and depicted below, Climate Risk management begins with the Board's responsibility to ensure that Climate Risk is ultimately addressed and mitigated through the Group's corporate strategy and business model and within the Board's risk appetite. Assuming oversight responsibility of Climate Risk on behalf of the Board, the Sustainability & Safety Committee monitors company performance on operational climate mitigation activities and energy transition adaptation plans by actively engaging with executive and senior management on these topics. Under the direct oversight of an Executive Risk Owner, a designated Principal Risk Owner is primarily responsible for identifying and implementing mitigating controls and action plans for managed risks in order to remove or minimize the likelihood and impact of the risk before it occurs.

Climate Risk Management



As a company, we monitor emerging energy transition trends and shifting conditions in the energy industry – ranging from new climate-related regulatory requirements to global climate impacts – so that we are prepared to respond accordingly. Such a response may include policy or procedural changes, or additional resources or training to mitigate the emerging risks.

Our risk management framework includes a system of internal control whereby our Internal Audit group is responsible for annually engaging all Principal Risk Owners to assess the effectiveness of the risk management and mitigation plans that were developed and deployed.

Risk Reporting

Each Principal Risk is assigned to a Principal Risk Owner, a member of senior management who identifies and develops mitigating controls and future opportunities for mitigation as part of the risk scorecard process. Throughout the year, the Principal Risk Owner responsible for actively monitoring and managing the risk is likewise responsible for periodically updating the risk scorecard.

As part of our ERM program, the role of Principal Risk Owner for Climate Risk is assigned to the Senior Vice President-Sustainability. This Risk Owner, other senior management team members, the Executive Risk Owner, and the CEO regularly engage in risk discussions across all areas of our operations, ensuring climate-related risks are integrated into the Group's overall and ongoing risk management considerations, processes and actions. This healthy dialogue regarding risk creates a culture that highly regards risk mitigation as a way to preserve and create value for our stakeholders. As a standing invited guest to the Sustainability & Safety Committee meetings of the Board, the Climate Risk Owner also regularly shares with the Committee the Group's actions and mitigating activities regarding Climate Risk.

Refer to [Risk Management Framework](#) within this Annual Report for additional information.

Metrics & Targets - Identify, Monitor, Improve

We utilize quantifiable measures as a roadmap to align our strategic objectives and decision-making with intentional actions that drive our success.

We remain focused on near-term efforts to reduce the methane intensity of our operations. As shared in the [Strategy](#) section of this Climate Report, we are partnering our daily Smarter Asset Management operational actions with the adoption of technology and the ingenuity and creativity of our teams to foster cost-effective, innovative solutions to emissions measurement and reduction. While we remain steadfast in our daily operational and environmental improvement actions, we do so through the lens of an ever-evolving regulatory reporting environment which has the potential in future periods to increase reported emissions through the addition of new requirements and new source categories not previously reportable. As such, we continue to monitor those regulations alongside advancing other lower carbon initiatives and evolving technologies, which collectively serve as guideposts to next steps in our emissions reduction journey.

Climate-Related Metrics and Targets

As reflected below and in more detail within our annual Sustainability Report, we use a variety of metrics to assess the Group's exposure to climate-related risks and opportunities as well as the impact of our activities on external stakeholders, society and the planet. In line with certain Sustainability Accounting Standards Board ("SASB") reporting guidelines and with proposed disclosures under the IFRS S2 requirements subject to public consultation prior to potential adoption by the UK government, two primary areas we monitor for climate impacts include GHG emissions and water management.

GHG Emissions

A focus on reducing GHG emissions associated with our operations has long been a part of our Smarter Asset Management operating philosophy and is directly impacted by the climate-related market and technology transition risks and transition opportunities noted in the [Strategy](#) discussion within this Climate Report. Given their business impact and stakeholder relevance of our emissions profile, our reported Scope 1 and 2 emissions are being assured again this year (with expected completion in 2Q2025) by independent third-party ISOS Group Inc. The moderate Level II (limited) assurance utilizes the AccountAbility 1000 Assurance Standard (v3).

Our GHG emissions calculations embed the following assumptions:

- All calculations are as of December 31, 2024;
- All emissions are presented as gross;
- All emissions represent operational control (as if operated for the entire calendar year);

- Scope 1 emissions are reported as per the U.S. EPA Greenhouse Gas Reporting Program ("GHGRP"), excluding certain Scope 1 fuels which are not covered by 40 CFR Part 98 Subpart W ("Subpart W") reporting;
- Scope 2 emissions (location-based) are reported as per the IPCC Guidelines for National Greenhouse Gas Inventories (AR5) as GHGRP does not contemplate Scope 2 reporting; and
- 2024 emissions include the impact of changes in calculation methodology for pneumatic devices, pneumatic pumps and storage tanks to align with Subpart W. These changes were not retroactively applied to prior years' reported emissions.

Excluding the impact of acquisitions during the year, we reduced our year-over-year Scope 1 methane emissions by 20% to 336 thousand metric tons ("MT") of carbon dioxide equivalent ("CO₂e") and total Scope 1 GHG emissions by 7% to 1,454 thousand MT CO₂e. These reductions were largely a function of the maturity and significance of our comprehensive voluntary LDAR programs, where we maintained a 98% no-leak rate, but were also influenced by changes in calculation methodology for fugitive emissions and storage tanks to align with Subpart W reporting requirements.

Total Scope 1 GHG emissions increased 2% year over year to 1,593 thousand MT CO₂e when including the impact of 2024 acquisitions. While total Scope 1 methane emissions experienced an incremental increase from 336 thousand MT CO₂e to 364 thousand MT CO₂e as a result of acquisitions, significant efforts toward methane reduction still drove a 13% annual decline in methane intensity to 0.7 MT CO₂e/MMcfe natural gas.

As compared to our original 2020 baseline Scope 1 methane intensity of 1.6 MT CO₂e/MMcfe, the compounding effect of our actions to reduce our methane emissions has delivered a 56% decrease in methane intensity to year end 2024. During this four-year period of time, we've also strategically grown the Group through ten separate acquisitions that included our entry into a new operating region in Central, which drove a more than 30% increase in average daily net production and now represents 50% of year-end 2024 total production. In the last four years alone, we have cumulatively eliminated more methane emissions than we took on through acquisitions, demonstrating our commitment and actions toward environmental stewardship.

Scope 2 emissions remained relatively flat year-over-year at 53 thousand MT CO₂e. The strength of our emission reduction efforts helped offset the addition of emissions from acquisitions in the period where total Scope 1 and 2 GHG emissions increased just 1% year over year to 1,646 thousand MT CO₂e.

We are continuing to assess and adapt to the changing US regulatory emission reporting environment, which now also includes a recent change in US government administration that has created additional regulatory uncertainty. We will consider these emissions inventory reporting changes along with operational changes such as acquisitions and divestitures, the availability and applicability of new emissions detection and quantification technologies, and stakeholder priorities when determining any updated interim targets for emissions reductions.

	Unit	2024	2023	2022
GHG Emissions				
Scope 1 Emissions:^(a)	thousand MT CO₂e	1,593	1,561	1,820
Carbon Dioxide	thousand MT CO ₂	1,228	1,140	1,130
Methane ^(a)	thousand MT CO ₂ e	364	420	686
Nitrous Oxide	thousand MT CO ₂ e	1	1	4
% Methane	%	23	27	38
Scope 1 Methane Intensity	MT CO₂e/MMcfe	0.7	0.8	1.2
Scope 1 Methane Intensity - NGSI ^(b)	%	0.10	0.11	0.21
Scope 1 Emissions Attributable to:^(c)				
Flared Hydrocarbons	thousand MT CO ₂ e	0.8	0.0	0.0
Other Combustion	thousand MT CO ₂ e	1,253	1,178	1,173
Process Emissions	thousand MT CO ₂ e	76	92	67
Other Vented Emissions	thousand MT CO ₂ e	140	63	182
Fugitive Emissions	thousand MT CO ₂ e	123	228	399
Scope 2 Emissions^(a)	thousand MT CO₂e	53	61	59
Energy consumption	million kWh	130	134	128
Total Scope 1 and Scope 2^(a)	thousand MT CO₂e	1,646	1,622	1,879
Scope 1 and Scope 2 GHG Emissions Intensity ^(a)	MT CO ₂ e/MMcfe	3.2	3.1	3.4
Air Quality^(d)				
Nitrogen Oxide (NO _x , excluding N ₂ O)	metric tons	22,736	21,520	21,546
Carbon Monoxide (CO)	metric tons	19,457	18,448	18,530
Sulfur Oxide (SO _x)	metric tons	53	61	108
Volatile Organic Compounds (VOC)	metric tons	2,366	3,108	4,421
Particulate Matter (PM Total)	metric tons	145	137	140

Totals may not sum due to rounding.

(a) Based on a 100-year global warming potential of 28 for methane, in line with IPCC's Fifth Assessment Report (AR5).

- (b) Using the Natural Gas Sustainability Initiative (“NGSI”) 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.
- (c) Reflects Sustainability Accounting Standards Board categories for reporting Scope 1 GHG emissions (EM-EP-110a.2) in line with the Oil & Gas – Exploration & Production Sustainability Accounting Standard (October 2018).
- (d) 2022 was recast from previous disclosures to mirror like computations in 2023 and 2024, inclusive of updated calculation assumptions and new approved reporting protocols, thus improving year-over-year comparability.

Disclaimer: GHG emissions were calculated per IPCC/GHGRP reporting guidance, which permits best engineering estimates for certain emissions categories, and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The source data used in these calculations were accurate and complete, to the best of our knowledge, at the time they were gathered and compiled. If new data or corrections to existing data are discovered, the Group may update emissions calculations as permitted and in accordance with industry standards and expectations. Such updates will be included in future reporting and posted to our website where such posts may take place without notice.

Water Management

Water can be a significant input for many companies within the energy sector, particularly those companies engaged in significant drilling and hydraulic stimulation activities. In contrast, our strategic focus on acquisitions limits our overall water consumption. Beyond domestic use, we use water in well maintenance, asset retirement and, as noted below, limited hydraulic stimulation activities. We source this water from multiple outlets, including freshwater outlets, municipalities, or recycled produced water.

We actively monitor our water consumption and management practices across our operational footprint. Similar to 2022, in 2024, we participated as contract operator on 14 new drilled natural gas wells, though we own an ~10% working interest in just five of those wells. As operator of record, we included all of the water consumed in the hydraulic stimulation of these 14 wells in our water consumption activities for the year. In addition to water consumption, our water management practices include the disposition of wastewater produced from the geologic reservoirs in which we are active.

Diversified’s operated assets are dispersed across nine different states within the US. When considering water stress as a climate-related physical risk as noted above, it is relevant to note that 99% of our 2024 production is located in U.S. counties classified as Low Overall Water Risk areas, as per the World Resources Institute’s Aqueduct Water Risk Atlas (accessed in September 2024 and assuming the oil and gas industry-specific weighting scheme which is most relevant for our business).

We track the following water management metrics as part of our sustainability and climate-related actions:

	Unit	2024	2023	2022
% of reserves in baseline water stress areas ^(a)	%	0.6 %	2.8 %	4.7 %
Total water consumed	MBbls	3,327	879	2,817
Volume of produced water and flowback generated and disposed	MBbls	27,758	30,444	22,742
Quantity of produced water and flowback (i) discharged, (ii) injected, (iii) recycled	%	(i) 0.02 (ii) 98.56 (iii) 1.42	(i) 0.05 (ii) 98.74 (iii) 1.21	(i) 0.06 (ii) 97.65 (iii) 2.29
Total water consumed intensity	Bbl per Boe gross production	0.039	0.010	0.031
Fresh water consumed intensity	Bbl per Boe gross production	0.038	0.008	0.029

(a) Represents high or extremely high baseline water stress areas, as per the World Resource Institute’s Aqueduct Water Risk Atlas, as percent of year-end total proved reserves, measured at the county level.

Incentivizing Performance

Our commitment to climate and business resiliency is reflected, in part, in our compensation plans for executives and senior leaders. Depending on their respective roles in the Group, these leaders have a proportion of their variable pay each year tied to the delivery of sustainability and climate-related targets.

The Board and its Remuneration Committee annually review the appropriateness of the measures incorporated into the Executive Director’s annual bonus plan and have consistently increased the non-financial sustainability-related component within the plan. For the year ended 2024, this component represented 30% of the total eligible bonus, including a 15% environmental component directly related to methane intensity reductions and pneumatic valve replacements. This plan and its results are audited annually.

Since 2022, 20% of the Executive Director’s long-term incentive plan (“LTIP”) also has been tied to non-financial climate targets. Audited annually, the LTIP contains a three-year vesting period with 20% of the incentive specifically tied to tactical methods to achieve additional methane intensity reductions in our climate journey.

For the Executive Director in the 2025 calendar year, the annual bonus and LTIP percentages tied to non-financial sustainability-related performance remain at 25% and 20%, respectively.

Similar short- and long-term climate-related incentive compensation metrics are also applicable to members of senior leadership who play an active role in executing the Group’s tactical emission reduction plans as well as executing other operational and environmental stewardship initiatives.

For more information on the performance conditions attached to executive remuneration incentive arrangements, refer to the [Remuneration Committee’s Report](#) within this Annual Report.

Section 172 Companies Act Statement

In compliance with sections 172 ("Section 172") and 414CZA of the UK Companies Act, the Board makes the following statement in relation to the year ended December 31, 2024:

Our stakeholders are the many individuals and organizations that are affected by or interact with our operations and with whom we therefore seek to proactively and positively engage. We strive to maintain productive, mutually beneficial relationships with each stakeholder group by treating all stakeholders with fairness and respect and by providing timely and effective information and responses.

We maintain several communication methods that afford two-way engagement with our stakeholder groups, including interactions via face-to-face, telephone, or email exchange; published company reports, press releases, and investor presentations; industry or conference participation; and other company engagement.

As the owner and operator of long-life assets, we aim to make decisions that consider both the long-term success of Diversified and value creation for our stakeholders. Engaging with our stakeholders informs our decision-making, including consideration of our long-term strategic objectives and the activities that support these aims, such as merger and acquisition diligence and the management of climate risk.

The following information provides a summary of stakeholder engagements from 2024.

Employees

We know our employees are essential to our success and growth. We recognize the need for a skilled and committed workforce, with a diverse range of experience and perspectives, and we value the contribution it affords.

Key Areas of Focus

- Incident management
- Employee, driver and process safety
- Employee development
- Workplace culture

Action and Engagement

Our CEO and other executive management periodically conduct town hall meetings and field visits to personally and directly engage with employees and to provide opportunities for employees to have direct management engagement. Our Board's Non-Executive Director Employee Representative, Sandra M. Stash, also periodically engages with the workforce to receive employee feedback on our business strategy, corporate culture and remuneration policies, and shares this feedback with the Board. The valuable feedback from these meetings, along with that resulting from a periodic corporate-wide Employee Experience Survey, when applicable, is used to strengthen future employee engagement and initiatives. We also regularly conduct new hire surveys regarding the onboarding process and exit interviews, both important tools to further improve employee experiences.

In 2024, our CEO, accompanied by members of the executive and senior management teams, visited several locations across our operating footprint, conducting town hall meetings with some 60% of total employees and presenting updates on strategic operational and financial company initiatives. To better support our employees, we expanded our family-focused programs to include an Employee Adoption Program, which provides financial assistance and maternal or paternal leave for the adoption process, and further continued our focus on mental and physical well-being through health and fitness challenges and educational webinars.

Communities

We actively support sustainable socio-economic development in the communities in which we live and work and aim to minimize any potential negative impacts from our operations. Community engagement includes developing and maintaining trusted relationships with our land and mineral owners with the recognition that these relationships are key to our acquisitive business strategy and ability to achieve our operational goals. From personal and socio-economic investment to strategic academic and educational support, our employees engage and serve their local communities through effective partnerships that make a real difference.

Key Areas of Focus

- Incident management
- Effective grievance mechanisms
- Environmental protection
- Royalty payments
- Socio-economic investment and outreach
- Local hiring

Action and Engagement

Through our formalized Community Giving and Engagement Program and other corporate initiatives throughout our operating footprint, in 2024 we provided approximately \$2.1 million in financial support to numerous organizations, including adult and children's health and well-being programs, local food banks, secondary and higher educational programs and initiatives, student athlete-related ventures and engagements, and municipal services. We were especially pleased to support children's initiatives which included, for the fourth consecutive year, distributing \$205,000 worth of winter coats to more than 2,700 children in nine schools through Operation Warm. We also supported 12 different foster care organizations and provided meals for the associated families and workers within these organizations.

Our employees responded to more than 33,000 inquiries from our royalty and surface owners through our corporate call center. We also distributed approximately \$167 million in royalty payments to more than 84,000 royalty owners in 2024.

Equity and Debt Investors

We actively engage with our capital market partners, financial institutions and rating agencies to support a full understanding of our business and progress against our strategic priorities.

Key Areas of Focus

- Emissions reductions
- Climate risk and energy transition
- Incident management
- Risk management
- Corporate Governance
- Financial stability
- Access to funding

Action and Engagement

We regularly provide financial, operational and other sustainability performance updates to our equity and debt investors. These updates may be in the form of investor relations presentations, press releases, website updates, or direct calls and meetings, inclusive of the CEO, CFO, SVP-Investor Relations, SVP-Sustainability, SVP-EHS and/or Board Chairman, as applicable. The Annual General Meeting ("AGM") also provides an opportunity for shareholders to engage with the Board and Executive Management.

Our increasing participation in energy conferences, industry events and non-deal roadshows has provided added opportunities for discussions with current and potential Credit Facility lenders and ABS investors particularly interested in our sustainability and emissions reductions strategies, activities and results. Reflective of that interest by ABS investors and our commitment to climate and operating targets, certain of our ABS transactions, as well as our sustainability-linked Credit Facility, have included interest rate impacts tied to certain of these sustainability targets.

Governments

We seek to develop and maintain positive relationships and regular dialogue with various stakeholder groups within our federal, state and local governments.

Key Areas of Focus

- Legal compliance
- Tax payments to governments
- Safe and efficient asset retirement
- Emissions reductions
- Risk management
- Environmental protection

Action and Engagement

Executive and operational management engage with federal, state and local regulators to address legislative, regulatory and operational matters important to our company and our industry. With risk identification and protection of the local environment and biodiversity in mind, we proactively engage applicable regulatory agencies before commencing a project to foster transparent dialogue during the completion and approval of applicable environmental assessments and related actions.

We seek to keep regulatory agencies apprised of our operational and well retirement activities and to provide objective and measurable progress indicators. Our Next LVL Energy well retirement subsidiary supports company efforts to exceed annual state plugging requirements and well retirement needs of other oil and gas operators in the Appalachia Region as well as the individual states in their respective federal orphan well retirement programs.

Customers

We believe hydrocarbon production is, and will continue to be, essential to supporting modern human life. Therefore, we work hard to deliver environmentally-focused, responsibly produced natural gas, NGLs and oil that satisfy regulatory requirements and meet the energy demands of our local communities and customers while supporting our climate goals.

Key Areas of Focus

- Incident management
- Process safety
- Access to funding

Action and Engagement

We delivered 791 MMcfepd in 2024 with no cited process and pipeline safety events or associated civil penalties. We continue to use our pipeline awareness programs to provide relevant information and education to those who interact with our assets or employees.

Business Partners

We aim to establish mutually beneficial relationships with our business partners. As operator, we work on behalf of our joint operating partners to safely and efficiently manage the assets and deliver our products. Further, we strive to develop strong relationships with our contractors and suppliers that are built on trust, transparency and quality products and services.

Key Areas of Focus

- Access to funding
- Risk management
- Employee and process safety
- Accident prevention
- Procurement management

Action and Engagement

We fulfill our responsibility as operator by responsibly managing the wells, ensuring payment of related expenses, and distributing to our joint interest partners the applicable revenues and royalties from the wells' commodity sales.

We use local contractors and suppliers in each of the states in which we conduct our operations. We engage the expertise and capability of a leading supply chain risk management firm to continuously screen and monitor contractor safety performance and compliance through stringent operating guidelines. With a network of approximately 700 contractors, this real-time monitoring helps to ensure our contractors are providing us with the necessary product and service quality to meet the expectations of our stakeholders and supports ongoing agreements with those contractors who satisfy our safety thresholds.

Non-Financial & Sustainability Information Statement

This section of the Strategic Report constitutes our Non-Financial & Sustainability Information Statement, produced to comply with the Non-Financial & Sustainability Reporting Directive requirements from sections 414CA and 414CB of the UK Companies Act 2006.

The table below sets out where relevant information can be found within this Annual Report. Additional information will be available in our Sustainability Reports or on our website at www.div.energy. Our policies can be found on our website at www.div.energy/about-us/corporate-governance.

Reporting Requirement	Policies	Reference within this Annual Report	Page
Environmental Matters	Code of Business Conduct & Ethics	Retire	3
	EHS	Our Approach to Sustainability	6
	Climate	Protecting Our Environment	6
	Business Partners	Serving Our Communities	7
	Biodiversity	Climate Report	7
		Corporate Governance Policies	46
Employees	Employee Relations	Supporting Our Employees	6
	Anti-Bribery & Corruption	Corporate Governance Policies	46
	Whistleblowing		
	Code of Business Conduct & Ethics		
	Human Rights		
	Securities Dealing		
Human Rights	Code of Business Conduct & Ethics	Supporting Our Employees	6
	Human Rights	Corporate Governance Policies	46
	Modern Slavery		
	Business Partners		
Social Matters	Code of Business Conduct & Ethics	Our Strategy Supports Sustainability	6
	EHS	Supporting Our Employees	6
	Human Rights	Serving Our Communities	7
	Tax	Climate Report	7
	Socio-Economic	Corporate Governance Policies	46
Anti-Corruption & Anti-Bribery	Anti-Bribery & Corruption	Corporate Governance Policies	46
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Business Model	Code of Business Conduct & Ethics	Business Model	2
		Strategy	2
		Corporate Governance Policies	46
Principal Risks and Uncertainties	Whistleblowing	Risk Management Framework	32
		Corporate Governance Policies	46
Non-Financial KPIs	Code of Business Conduct & Ethics	Key Performance Indicators	3
	EHS	Corporate Governance Policies	46
	Climate		

Reporting Requirement	Reference within this Annual Report	Page
Board oversight of climate-related risks and opportunities.	Climate Report: Governance	8
Identifying, assessing and managing climate-related risks and opportunities.	Climate Report: Climate-Related Risks & Opportunities	8
How processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process.	Climate Report: Climate-Related Risks & Opportunities	8
Principal climate-related risk and opportunities arising in connection with operations.	Climate Report: Climate-Related Risks & Opportunities	8
Time periods by reference to which risks and opportunities are assessed.	Climate Report: Climate-Related Risks and Opportunities	11
Actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy.	Climate Report: Climate-Related Risks and Opportunities	11
Analysis of the resilience of the business model and strategy, taking into consideration different climate-related scenarios.	Climate Report: Climate-Related Risks and Opportunities	11
Targets used by the organization to manage climate-related risks and to realize climate-related opportunities and of performance against those targets.	Climate Report: Metrics & Targets	19
KPIs used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities and of the calculations on which those KPIs are based.	Climate Report: Metrics & Targets	19

Financial Review

Results of Operations

Refer to [APMs](#) within this Annual Report for information on how certain of the metrics below are calculated and reconciled to IFRS measures. Discussion related to prior period results can be found in the Results of Operations section of our 2023 Annual Report on our website at www.div.energy.

	Year Ended			
	December 31, 2024	December 31, 2023	Change	% Change
Net production				
Natural gas (MMcf)	244,298	256,378	(12,080)	(5%)
NGLs (MBbls)	5,980	5,832	148	3%
Oil (MBbls)	1,568	1,377	191	14%
Total production (MMcfe)	289,586	299,632	(10,046)	(3%)
Average daily production (MMcfepd)	791	821	(30)	(4%)
% Natural gas (Mcf basis)	84%	86%		
Average realized sales price (excluding impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 1.90	\$ 2.17	\$ (0.27)	(12%)
NGLs (Bbls)	25.17	24.23	0.94	4%
Oil (Bbls)	74.71	75.46	(0.75)	(1%)
Total (Mcf)	\$ 2.53	\$ 2.68	\$ (0.15)	(6%)
Average realized sales price (including impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 2.57	\$ 2.86	\$ (0.29)	(10%)
NGLs (Bbls)	24.32	26.05	(1.73)	(7%)
Oil (Bbls)	69.54	68.44	1.10	2%
Total (Mcf)	\$ 3.05	\$ 3.27	\$ (0.22)	(7%)
Revenue (in thousands)				
Natural gas	\$ 464,600	\$ 557,167	\$ (92,567)	(17%)
NGLs	150,513	141,321	9,192	7%
Oil	117,146	103,911	13,235	13%
Total commodity revenue	\$ 732,259	\$ 802,399	\$ (70,140)	(9%)
Midstream revenue	32,535	30,565	1,970	6%

	Year Ended			
	December 31, 2024	December 31, 2023	Change	% Change
Other revenue	30,047	35,299	(5,252)	(15%)
Total revenue	\$ 794,841	\$ 868,263	\$ (73,422)	(8%)
Gain (loss) on derivative settlements (in thousands)				
Natural gas	\$ 164,452	\$ 177,139	\$ (12,687)	(7%)
NGLs	(5,055)	10,594	(15,649)	(148%)
Oil	(8,108)	(9,669)	1,561	(16%)
Net gain (loss) on commodity derivative settlements^(a)	\$ 151,289	\$ 178,064	\$ (26,775)	(15%)
Total revenue, inclusive of settled hedges	\$ 946,130	\$ 1,046,327	\$ (100,197)	(10%)
Per Mcfe Metrics				
Average realized sales price (including impact of derivatives settled in cash)	\$ 3.05	\$ 3.27	\$ (0.22)	(7%)
Midstream and other revenue	0.22	0.22	—	—%
LOE	(0.80)	(0.71)	(0.09)	13%
Midstream operating expense	(0.24)	(0.23)	(0.01)	4%
Employees, administrative costs and professional services	(0.30)	(0.26)	(0.04)	15%
Recurring allowance for credit losses	—	(0.03)	0.03	(100%)
Production taxes	(0.12)	(0.21)	0.09	(43%)
Transportation expense	(0.31)	(0.32)	0.01	(3%)
Proceeds received from leasehold sales ^(b)	0.14	0.09	0.05	56%
Adjusted EBITDA per Mcfe	\$ 1.64	\$ 1.82	\$ (0.18)	(10%)
Adjusted EBITDA margin	50%	52%		
Other financial metrics (in thousands)				
Operating profit (loss)	\$ (43,026)	\$ 1,161,051	\$ (1,204,077)	(104%)
Net income (loss)	\$ (87,001)	\$ 759,701	\$ (846,702)	(111%)
Adjusted EBITDA	\$ 472,309	\$ 546,788	\$ (74,479)	(14%)

(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.

(b) Proceeds received from leasehold sales consists of \$27 million, \$24 million and \$2 million in cash proceeds received for leasehold sales during the years ended December 31, 2024, 2023 and 2022, respectively, less \$14 million and \$4 million of basis in leasehold sales for the years ended December 31, 2024 and 2023, respectively.

Forward-Looking Statements

This Annual Report contains forward-looking statements that can be identified by the following terminology, including the terms “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible,” or the negative of these terms or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial positions, liquidity, prospects, growth, strategies and the natural gas and oil industry. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

Forward-looking statements are not guarantees of future performance and the actual results of our operations, financial position and liquidity, and the development of the markets and the industry in which we operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, the behavior of other market participants, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, our ability to recover our reserves, our ability to successfully integrate acquisitions, our ability to obtain financing to meet liquidity needs, changes in our business strategy, political and economic uncertainty.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report speak only as of the date of this Annual Report, reflect our current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. Investors should specifically consider the factors identified in this Annual Report which could cause actual results to differ before making an investment decision. Subject to the requirements of

the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules or applicable law, we explicitly disclaim any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Annual Report that may occur due to any change in our expectations or to reflect events or circumstances after the date of this Annual Report.

Production, Revenue & Hedging

Total revenue in the year ended December 31, 2024 of \$795 million decreased 8% from \$868 million reported for the year ended December 31, 2023, primarily due to a 6% decrease in the average realized sales price, excluding the impact of derivatives settled in cash, and 3% lower production which was primarily related to the sale of equity interest in DP Lion Equity Holdco in December 2023 along with normal declines. This decrease was partially offset by increased production as a result of the Oaktree, Crescent Pass, and East Texas II acquisitions in 2024. Including commodity hedge settlement gains of \$151 million and \$178 million in 2024 and 2023, respectively, total revenue, inclusive of settled hedges, decreased by 10% to \$946 million in 2024 from \$1,046 million in 2023.

The following table summarizes average commodity prices for the periods presented with Henry Hub on a per Mcf basis and Mont Belvieu and WTI on a per Bbl basis:

	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Henry Hub	\$ 2.27	\$ 2.74	\$ (0.47)	(17%)
Mont Belvieu	38.16	34.11	4.05	12%
WTI	75.72	77.62	(1.90)	(2%)

Commodity Revenue

The following table reconciles the change in commodity revenue (excluding the impact of hedges settled in cash) by reflecting the effect of changes in volume and in the underlying prices:

(In thousands)	Natural Gas		NGLs		Oil		Total
Commodity revenue for the year ended December 31, 2022	\$	1,544,658	\$	188,733	\$	139,620	\$ 1,873,011
Volume increase (decrease)		4,717		22,935		(15,903)	11,749
Price increase (decrease)		(992,208)		(70,347)		(19,806)	(1,082,361)
Net increase (decrease)		(987,491)		(47,412)		(35,709)	(1,070,612)
Commodity revenue for the year ended December 31, 2023	\$	557,167	\$	141,321	\$	103,911	\$ 802,399
Volume increase (decrease)		(26,214)		3,586		14,413	(8,215)
Price increase (decrease)		(66,353)		5,606		(1,178)	(61,925)
Net increase (decrease)		(92,567)		9,192		13,235	(70,140)
Commodity revenue for the year ended December 31, 2024	\$	464,600	\$	150,513	\$	117,146	\$ 732,259

To manage our cash flows in a volatile commodity price environment and as required by our SPV-level asset-backed securities, we utilize derivative hedging contracts that allow us to fix the per unit sales prices for our production. As of December 31, 2024, approximately 86% of our production was fixed through derivative hedging contracts over the next twelve months. The tables below set forth the commodity hedge impact on commodity revenue, excluding and including cash received for commodity hedge settlements:

(In thousands, except per unit data)	Year Ended December 31, 2024							
	Natural Gas		NGLs		Oil		Total Commodity	
	Realized \$		Realized \$		Realized \$		Realized \$	
	Revenue	per Mcf	Revenue	per Bbl	Revenue	per Bbl	Revenue	per Mcfe
Excluding hedge impact	\$ 464,600	\$ 1.90	\$ 150,513	\$ 25.17	\$ 117,146	\$ 74.71	\$ 732,259	\$ 2.53
Commodity hedge impact	164,452	0.67	(5,055)	(0.85)	(8,108)	(5.17)	151,289	0.52
Including hedge impact	\$ 629,052	\$ 2.57	\$ 145,458	\$ 24.32	\$ 109,038	\$ 69.54	\$ 883,548	\$ 3.05

(In thousands, except per unit data)	Year Ended December 31, 2023							
	Natural Gas		NGLs		Oil		Total Commodity	
	Realized \$		Realized \$		Realized \$		Realized \$	
	Revenue	per Mcf	Revenue	per Bbl	Revenue	per Bbl	Revenue	per Mcfe
Excluding hedge impact	\$ 557,167	\$ 2.17	\$ 141,321	\$ 24.23	\$ 103,911	\$ 75.46	\$ 802,399	\$ 2.68
Commodity hedge impact	177,139	0.69	10,594	1.82	(9,669)	(7.02)	178,064	0.59
Including hedge impact	\$ 734,306	\$ 2.86	\$ 151,915	\$ 26.05	\$ 94,242	\$ 68.44	\$ 980,463	\$ 3.27

Refer to Note 13 in the Notes to the Group Financial Statements for additional information regarding derivative financial instruments.

Expenses

(In thousands, except per unit data)	Year Ended							
	December		December		Total Change		Per Mcfe Change	
	31, 2024	Per Mcfe	31, 2023	Per Mcfe	\$	%	\$	%
LOE ^(a)	\$ 231,651	\$ 0.80	\$ 213,078	\$ 0.71	\$ 18,573	9%	\$ 0.09	13%
Production taxes ^(b)	36,043	0.12	61,474	0.21	(25,431)	(41%)	(0.09)	(43%)
Midstream operating expenses ^(c)	70,747	0.24	69,792	0.23	955	1%	0.01	4%
Transportation expenses ^(d)	90,461	0.31	96,218	0.32	(5,757)	(6%)	(0.01)	(3%)
Total operating expenses	\$ 428,902	\$ 1.47	\$ 440,562	\$ 1.47	\$ (11,660)	(3%)	\$ —	—%
Employees, administrative costs and professional services ^(e)	86,885	0.30	78,659	0.26	8,226	10%	0.04	15%
Costs associated with acquisitions ^(f)	11,573	0.04	16,775	0.06	(5,202)	(31%)	(0.02)	(33%)
Other adjusting costs ^(g)	22,375	0.08	17,794	0.06	4,581	26%	0.02	33%
Non-cash equity compensation ^(h)	8,286	0.03	6,494	0.02	1,792	28%	0.01	50%
Total operating and G&A expenses	\$ 558,021	\$ 1.92	\$ 560,284	\$ 1.87	\$ (2,263)	—%	\$ 0.05	3%
Depreciation, depletion and amortization	256,484	0.89	224,546	0.75	31,938	14%	0.14	19%
Allowance for credit losses ⁽ⁱ⁾	101	—	8,478	0.03	(8,377)	(99%)	(0.03)	(100%)
Total expenses	\$ 814,606	\$ 2.81	\$ 793,308	\$ 2.65	\$ 21,298	3%	\$ 0.16	6%

(a) LOE encompasses costs incurred to maintain producing properties. These costs include direct and contract labor, repairs and maintenance, emissions reduction initiatives, water hauling, compression, automobile, insurance, and materials and supplies expenses.

(b) Production taxes consist of severance and property taxes. Severance taxes are typically paid on produced natural gas, NGLs and oil at fixed rates set by federal, state or local taxing authorities. Property taxes are generally based on the valuation of the Group's natural gas and oil properties and midstream assets by the taxing jurisdictions.

(c) Midstream operating expenses are the daily costs of operating the Group's owned midstream assets, including employee and benefit expenses.

(d) Transportation expenses are the daily costs incurred from third-party systems to gather, process, and transport the Group's natural gas, NGLs and oil.

(e) Employees, administrative costs and professional services include payroll and benefits for our administrative and corporate staff, costs of maintaining administrative and corporate offices, managing our production operations, franchise taxes, public company costs, fees for audit and other professional services, and legal compliance.

(f) Costs associated with acquisitions are related to the integration of acquisitions, which vary for each acquisition. For acquisitions classified as business combinations, these costs include transaction costs directly associated with a successful acquisition. They also encompass costs related to transition service arrangements, where the Group pays the seller of the acquired entity a fee to manage G&A functions until full integration of the assets. Additionally, these costs include costs to cover expenses for integrating IT systems, consulting, and internal workforce efforts directly related to incorporating acquisitions into the Group's systems.

(g) Other adjusting costs include items that affect the comparability of results or are not indicative of ongoing business trends. These costs consist of one-time projects, contemplated transactions or financing arrangements, contract terminations, deal breakage and/or sourcing costs for acquisitions, and unused firm transportation.

(h) Non-cash equity compensation represents the expense recognition for share-based compensation provided to key members of the management team. Refer to Note 17 in the Notes to the Group Financial Statements for additional details on non-cash share-based compensation.

(i) Allowance for credit losses consists of the recognition and reversal of credit losses. Refer to Note 14 in the Notes to the Group Financial Statements for additional information regarding credit losses.

Operating Expenses

Per unit operating expense remained flat year-over-year, resulting from:

- Higher per unit LOE that increased 13%, or \$0.09 per Mcfe, which is reflective of the Oaktree, Crescent Pass, and East Texas II acquisitions in 2024.
- Lower per unit production taxes that declined 43%, or \$0.09 per Mcfe were primarily attributable to a decrease in severance and property taxes as a result of a decrease in revenue due to lower production and commodity prices, as well as lower valuations for property taxes experienced during the year;
- Higher per unit midstream operating expense that increased 4%, or \$0.01 per Mcfe were primarily attributable to the growth in our midstream operations due to Central region expansion; and
- Lower per unit transportation expenses that declined 3%, or \$0.01 per Mcfe, were primarily related to decreases in commodity price-linked components of third-party midstream rates and costs.

General and Administrative Expense

G&A expense increased primarily due to:

- Higher employees, administrative costs and professional services resulting in additional cost to support our ongoing growth through acquisitions. On a per Mcfe basis, these costs increased 15%, or \$0.04 per Mcfe;
- Lower costs associated with acquisitions primarily related to a reduction in legal and consulting services incurred in 2024 as compared to 2023. On a per Mcfe basis, these costs decreased 33% or \$0.02 per Mcfe;

- Higher other adjusting costs primarily related to increased costs associated with litigation expense. These costs were partially offset by decreases in costs related to unused firm transportation and employee severance costs. On a per Mcfe basis, these costs increased 33%, or \$0.02 per Mcfe; and
- Higher non-cash equity compensation due to an increase in the number of participants in the long-term incentive plan in 2024. On a per Mcfe basis, these costs increased 50%, or \$0.01 per Mcfe.

Other Expenses

Depreciation, depletion and amortization ("DD&A") increased due to:

- Higher depletion expense as a result of an increase in our DD&A rate, which was partially offset by a 3% decrease in production over the period. The increase in our DD&A rate was due to the decrease in our estimated proved reserves relative to our depreciable base, driven primarily by changes in commodity prices year-over-year as well as the sale of equity interest in DP Lion Equity Holdco LLC in December 2023. The proved reserves decrease was partially offset by the acquisition of the Oaktree, Crescent Pass, and East Texas II assets in 2024.

Allowance for credit losses decreased due to:

- The impact on anticipated credit losses on joint interest owner receivables has a direct relationship with pricing and distributions to individual owners. As the pricing environment declined in 2023, the underlying well economics did as well, and as a result, in 2023, we increased our reserve by \$8 million. In 2024, with pricing more stable, no such adjustment to the reserve was deemed necessary.

Refer to Notes 5, 10, 11 and 13 in the Notes to the Group Financial Statements for additional information regarding acquisitions, natural gas and oil properties, property, plant and equipment and derivative financial instruments, respectively.

Derivative Financial Instruments

We recorded the following gain (loss) on derivative financial instruments in the Consolidated Statement of Comprehensive Income for the periods presented:

(In thousands)	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Net gain (loss) on commodity derivatives settlements ^(a)	\$ 151,289	\$ 178,064	\$ (26,775)	(15%)
Net gain (loss) on interest rate swap ^(a)	190	(2,722)	2,912	(107%)
Gain (loss) on foreign currency hedges ^(a)	—	(521)	521	(100%)
Total gain (loss) on settled derivative instruments	\$ 151,479	\$ 174,821	\$ (23,342)	(13%)
Gain (loss) on fair value adjustments of unsettled financial instruments ^(b)	(189,030)	905,695	(1,094,725)	(121%)
Total gain (loss) on derivative financial instruments	\$ (37,551)	\$ 1,080,516	\$ (1,118,067)	(103%)

(a) Represents the cash settlement of hedges that settled during the period.

(b) Represents the change in fair value of financial instruments net of removing the carrying value of hedges that settled during the period.

For the year ended December 31, 2024, we recognized a loss on derivative financial instruments of \$38 million compared to a gain of \$1,081 million in 2023. Adjusting our unsettled derivative contracts to their fair values drove a loss of \$189 million in 2024, as compared to a gain of \$906 million in 2023, which is reflective of higher commodity prices on the forward curve.

For the year ended December 31, 2024, we recognized a gain on settled derivative instruments of \$151 million as compared to a gain of \$175 million in 2023. The gain on settled derivative instruments relates to lower commodity market prices than those we secured through our derivative contracts. With consistent reliable cash flows central to our strategy, we routinely hedge at levels that, based on our operating and overhead costs, provide a significant adjusted EBITDA margin even if it means forgoing potential price upside.

Refer to Note 13 in the Notes to the Group Financial Statements for additional information regarding derivative financial instruments.

Finance Costs

(In thousands)	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Interest expense, net of capitalized and income amounts ^(a)	\$ 120,773	\$ 117,808	\$ 2,965	3%
Amortization of discount and deferred finance costs	16,870	16,358	512	3%
Total finance costs	\$ 137,643	\$ 134,166	\$ 3,477	3%

(a) Includes payments related to borrowings and leases.

For the year ended December 31, 2024, interest expense of \$121 million increased by \$3 million compared to \$118 million in 2023, primarily related to interest on the new ABS IX Notes, Oaktree Seller's Note, and Term Loan II. These increases were partially offset by lower outstanding balances on our existing ABS structures.

As of December 31, 2024 and 2023, total borrowings were \$1,736 million and \$1,325 million, respectively. For the period ended December 31, 2024, the weighted average interest rate on borrowings was 7.37% as compared to 6.03% as of December 31, 2023. As of December 31, 2024, 83% of our borrowings reside in fixed-rate, hedge-protected, amortizing structures compared to 87% as of December 31, 2023.

Refer to Notes 5, 20, and 21 in the Notes to the Group Financial Statements for additional information regarding acquisitions, leases and borrowings, respectively.

Taxation

The effective tax rate is calculated on the face of the Statement of Comprehensive Income by dividing the amount of recorded income tax benefit (expense) by the income (loss) before taxation as follows:

(In thousands)	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Income (loss) before taxation	\$ (223,952)	\$ 1,000,344	\$ (1,224,296)	(122%)
Income tax benefit (expenses)	136,951	(240,643)	377,594	(157%)
Effective tax rate	61.2%	24.1%		

The differences between the statutory U.S. federal income tax rate and the effective tax rates are summarized as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Expected tax at statutory U.S. federal income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	3.7%	3.1%	1.2%
Federal credits	41.3%	—%	—%
Other, net	(4.8%)	—%	0.2%
Effective tax rate	61.2%	24.1%	22.4%

For the year ended December 31, 2024, we reported a tax benefit of \$137 million, a change of \$378 million, compared to expense of \$241 million in 2023 which was a result of the change in the loss before taxation and a change in the amount of tax credits generated relative to the pre-tax loss. The resulting effective tax rates for the years ended December 31, 2024 and 2023 were 61.2% and 24.1%, respectively. The effective tax rate can be materially impacted by the recognition of the marginal well tax credit available to qualified producers as noted in our 2024 effective tax rate. A marginal well tax credit was not available for the 2023 tax year. The federal government provides these credits to encourage companies to continue operating lower-volume wells during periods of low prices to maintain production and the underlying jobs they create and the state and local tax revenues they generate for communities to support schools, social programs, law enforcement and other similar public services.

Refer to Note 8 in the Notes to the Group Financial Statements for additional information regarding taxation.

Operating Profit, Net Income, Adjusted EBITDA & EPS

(In thousands, except per unit data)	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Operating profit (loss)	\$ (43,026)	\$ 1,161,051	\$ (1,204,077)	(104%)
Net income (loss) attributable to Owners of Diversified Energy Company PLC	(88,272)	758,018	(846,290)	(112%)
Adjusted EBITDA	472,309	546,788	(74,479)	(14%)
Earnings (loss) per share - basic	\$ (1.84)	\$ 16.07	\$ (17.91)	(111%)
Earnings (loss) per share - diluted	\$ (1.84)	\$ 15.95	\$ (17.79)	(112%)

For the year ended December 31, 2024, we reported a net loss of \$88 million and basic and diluted loss per share of \$1.84 compared to net income of \$758 million and basic EPS of \$16.07 (\$15.95 diluted EPS) in 2023, a decrease of 112%. We also reported an operating loss of \$43 million compared with an operating profit of \$1,161 million for the years ended December 31, 2024 and 2023, respectively. This year-over-year decrease in net income was primarily attributable to a \$1,118 million decrease in gains on derivatives due to changes in commodity prices on the forward curve, a \$24 million decrease in gains on sale of assets, a decrease in gross profit of \$94 million, a \$3 million increase in finance costs, partially offset by a \$378 million swing in income tax expense to a benefit as compared to 2023, as a result of marginal well credits.

Excluding the mark-to-market loss on long-dated derivative valuations, as well as other customary adjustments, we reported adjusted EBITDA of \$472 million for the year ended December 31, 2024 compared to \$547 million for the year ended December 31, 2023, representing a decrease of 14% driven by a decrease in commodity pricing and production from prior year, primarily as a result of our sale of equity interest in DP Lion Equity Holdco in December 2023, in addition to normal declines. These decreases were partially offset by adjusted EBITDA growth through the Oaktree, Crescent Pass, and East Texas II acquisitions in 2024.

Liquidity & Capital Resources

Overview

Our principal sources of liquidity are cash generated from operations and available borrowings under our Credit Facility. To minimize interest expense, we use our excess cash flow to reduce borrowings on our Credit Facility. Consequently, we have historically maintained low cash balances on our Consolidated Statement of Financial Position, as evidenced by the \$6 million and \$4 million in cash and cash equivalents as of December 31, 2024 and 2023, respectively.

When we acquire assets for growth, we complement our Credit Facility with long-term, fixed rate, fully-amortizing, asset-backed debt secured by certain natural gas and oil assets. This financing strategy aligns with the long-life nature of our assets, offering us lower borrowing rates and a clear path to reduce leverage through scheduled principal payments. For larger, value-adding acquisitions, and to maintain an appropriate leverage profile for the assets we acquire, we also periodically raise funds through secondary equity offerings.

We closely monitor our working capital to ensure it remains sufficient for business operations, using any excess liquidity primarily to repay debt. Alongside managing working capital, we take a disciplined approach to controlling operating costs and allocating capital resources. This approach ensures that capital investments generate returns that support our strategic initiatives.

Capital expenditures were \$52 million for the year ended December 31, 2024, compared to \$74 million for the year ended December 31, 2023. This decrease was primarily driven by the completion of wells in 2023 that were under development at the time of the March 2023 Tanos II acquisition. Although we completed additional wells in 2024, the capital expenditures required for their development were less significant than those in 2023. Additionally, we made improvements at our Black Bear facility in the Central Region in 2024, which contributed to the overall capital expenditure. We expect to meet our capital expenditure needs for the foreseeable future from our operating cash flows and our existing cash and cash equivalents. Our future capital requirements will depend on several factors, including our growth rate, commodity prices and future acquisitions.

With respect to our other known current obligations, we believe that our sources of liquidity and capital resources will be sufficient to meet our existing business needs for at least the next 12 months. However, our ability to satisfy our working capital requirements, debt service obligations and planned capital expenditures will depend upon our future operating performance, which will be affected by prevailing economic conditions in the natural gas and oil industry and other financial and business factors, some of which are beyond our control.

Refer to Note 21 in the Notes to the Group Financial Statements for additional information regarding our current debt obligations.

Liquidity

The table below represents our liquidity position as of December 31, 2024 and 2023.

(In thousands)	As of	
	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 5,990	\$ 3,753
Available borrowings under the Credit Facility ^(a)	86,690	134,817
Liquidity	\$ 92,680	\$ 138,570

(a) Represents available borrowings under the Credit Facility of \$101 million as of December 31, 2024 less outstanding letters of credit of \$14 million as of such date. Represents available borrowings under the Credit Facility of \$146 million as of December 31, 2023 less outstanding letters of credit of \$11 million as of such date.

Debt

Our net borrowings consisted of the following as of the reporting date:

(In thousands)	As of	
	December 31, 2024	December 31, 2023
Total debt	\$ 1,693,242	\$ 1,276,627
LESS: Cash	5,990	3,753
LESS: Restricted cash ^(a)	46,269	36,252
Net debt	\$ 1,640,983	\$ 1,236,622

(a) The increase of restricted cash as of December 31, 2024, is due to the addition of \$21 million and \$3 million in restricted cash for the ABS VIII Notes and ABS IX Notes, respectively, offset by \$7 million and \$9 million for the retirement of the ABS III Notes and ABS V Notes, respectively.

Asset Retirement Obligations

We remain proactive and innovative in our approach to asset retirement. Following our LSE IPO in 2017, we initiated meetings with state officials to develop a long-term plan for retiring our expanding portfolio of long-life wells. By collaborating with state regulators, we have designed our retirement activities to be equitable for all stakeholders, with a strong emphasis on environmental responsibility.

Asset retirements for the year ended December 31, 2024 were as follows:

DEC-owned Appalachian well retirements	202
3rd party-owned Appalachian well retirements ^(a)	85
Total Appalachian wells retired by Next LVL	287
DEC-owned Central Region well retirements	13
Total wells retired	300

(a) Includes 51 state and federal orphan wells and 34 wells for other operators.

We expanded asset retirement operations from 17 rigs at December 31, 2023 to 18 rigs by December 31, 2024. Our continued growth in capacity enhances our ability to integrate asset retirement operations and achieve cost efficiencies across a broader footprint. Additionally, it enables us to generate third-party revenues by offering a suite of services to other production companies and state orphan well programs, which can help fund our own asset retirement program. Consequently, we aim to achieve a prudent mix of cost reduction and third-party revenues to maximize the benefits of our internal asset retirement program.

Our asset retirement program demonstrates our strong commitment to a healthy environment and the surrounding communities. We anticipate continued investment and innovation in this area. In 2025, we will focus on realizing the benefits of vertical integration by expanding our internal asset retirement capacity. This will help us reduce reliance on third-party contractors, mitigate outsource risks, improve process quality and responsiveness, and enhance control over environmental remediation and costs.

The composition of the provision for asset retirement obligations at the reporting date was as follows for the periods presented:

(In thousands)	Year Ended	
	December 31, 2024	December 31, 2023
Balance at beginning of period	\$ 506,648	\$ 457,083
Additions ^(a)	111,265	3,250
Accretion	30,868	26,926
Asset retirement costs	(6,724)	(5,961)
Disposals ^(b)	—	(17,300)
Revisions to estimate ^(c)	6,521	42,650
Balance at end of period	\$ 648,578	\$ 506,648
Less: Current asset retirement obligations	6,436	5,402
Non-current asset retirement obligations	\$ 642,142	\$ 501,246

(a) Refer to Note 5 in the Notes to the Group Financial Statements for additional information regarding acquisitions and divestitures.

(b) Associated with the divestiture of natural gas and oil properties. Refer to Note 5 in the Notes to the Group Financial Statements for additional information.

(c) As of December 31, 2024, we performed normal revisions to our asset retirement obligations, which resulted in a \$7 million increase in the liability. This increase was comprised of increases of \$95 million for cost revisions, which was partially offset by an \$89 million decrease attributable to a higher discount rate as a result of an increase in bond yield volatility during the year. As of December 31, 2023, we performed normal revisions to our asset retirement obligations, which resulted in a \$43 million increase in the liability. This increase was comprised of a \$28 million increase attributable to a lower discount rate as a result of slightly decreased bond yields as compared to 2022 as inflation began to increase at a lower rate and \$16 million in cost revisions. Partially offsetting these decreases was a \$1 million change attributed to timing.

The anticipated future cash outflows for our asset retirement obligations on an undiscounted and discounted basis are set forth in the tables below as of December 31, 2024 and 2023. When discounting the obligation, we apply annual inflationary cost increases to our current cost expectations and then discount the resulting cash flows using a credit adjusted risk free discount rate resulting in a net discount rate of 3.7% and 3.4% for the periods indicated, respectively. While the rate is comparatively small to the commonly utilized PV-10 metric in our industry, the impact is significant due to the long-life low-decline nature of our portfolio. Although productive life varies within our well portfolio, presently we expect all of our existing wells to have reached the end of their productive lives and be retired by approximately 2098.

When evaluating our ability to meet our asset retirement obligations we review reserves models which utilize the income approach to determine the expected discounted future net cash flows from estimated reserve quantities. These models determine future revenues associated with production using forward pricing then consider the costs to produce and develop reserves, as well as the cost of asset retirement at the end of a well's life. These future net cash flows are discounted using a weighted average cost of capital of 10% to produce the PV-10 of our reserves. After considering the asset retirement costs in these models, our PV-10 was approximately \$3.3 billion, \$3.2 billion and \$6.1 billion as of December 31, 2024, 2023 and 2022, respectively, illustrating residual cash flows well beyond our retirement obligations.

As of December 31, 2024:

(In thousands)	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
Undiscounted	\$ 6,436	\$ 27,913	\$ 2,432,934	\$ 2,467,283
Discounted	6,436	24,450	617,692	648,578

As of December 31, 2023:

(In thousands)	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
Undiscounted	\$ 5,402	\$ 20,365	\$ 1,778,876	\$ 1,804,643
Discounted	5,402	17,975	483,271	506,648

Cash Flows

Our principal sources of liquidity have historically been cash generated from operating activities. To minimize financing costs, we apply our excess cash flow to reduce borrowings on our Credit Facility.

We monitor our working capital to ensure that the levels remain adequate to operate the business with excess cash primarily being utilized for the repayment of debt or shareholder distributions. In addition to working capital management, we have a disciplined approach to managing operating costs and allocating capital resources, ensuring that we are generating returns on our capital investments to support the strategic initiatives in our business operations.

(In thousands)	Year Ended			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Net cash provided by operating activities	\$ 345,663	\$ 410,132	\$ (64,469)	(16%)
Net cash used in investing activities	(272,916)	(239,369)	(33,547)	14%
Net cash used in financing activities	(70,510)	(174,339)	103,829	(60%)
Net change in cash and cash equivalents	\$ 2,237	\$ (3,576)	\$ 5,813	(163%)

Net Cash Provided by Operating Activities

For the year ended December 31, 2024, net cash provided by operating activities of \$346 million decreased by \$64 million, or 16%, when compared to \$410 million in 2023. The change in net cash provided by operating activities was predominantly attributable to the following:

- A decrease in net income of \$847 million, driven by a decrease in the fair value adjustments of unsettled derivative financial instruments of \$1,095 million, and a decrease of \$378 million in income tax expense as a result of marginal well credits; and
- Changes in working capital generated reduced cash outflows of \$50 million compared to 2023.

Production, realized prices, operating expenses, and G&A are discussed above.

Net Cash Used in Investing Activities

For the year ended December 31, 2024, net cash used in investing activities of \$273 million increased by \$34 million, or 14%, from outflows of \$239 million in 2023. The change in net cash used in investing activities was primarily attributable to the following:

- A net increase in cash outflows of \$58 million for acquisition, divestiture and disposal activity. Net cash outflows associated with acquisitions, divestitures and disposals was \$220 million during the year ended December 31, 2024 when compared to \$162 million for the year ended December 31, 2023. Refer to Note 5 and Note 11 in the Notes to the Group Financial Statements for additional information regarding acquisitions, divestitures and disposals; and
- A decrease in cash outflows of \$22 million for capital expenditures. Capital expenditures were \$52 million for the year ended December 31, 2024 compared to \$74 million for the year ended December 31, 2023. This decrease was primarily driven by the completion of wells in 2023 that were under development at the time of the March 2023 Tanos II acquisition. Although we completed additional wells in 2024, the capital expenditures required for their development were less significant than those in 2023. Additionally, we made improvements at our Black Bear facility in the Central Region in 2024, which contributed to the overall capital expenditure.

Net Cash Used in Financing Activities

For the year ended December 31, 2024, net cash used in financing activities of \$71 million decreased by \$103 million, or 59%, as compared to \$174 million in 2023. This change in net cash used in financing activities was primarily attributable to the following:

- An increase in cash inflows of \$202 million related to debt activity. Debt activity resulted in proceeds, or a net cash inflow of \$191 million (including \$805 million in repayments of amortizing debt, inclusive of the retirement of ABS III and V Notes and the ABS Warehouse Facility) in 2024 versus payments, or a net cash outflow, of \$11 million in 2023, with much of the change attributable to the issuance of the ABS VIII and IX Notes and the Term Loan II during 2024, which was partially offset by the retirement of the ABS III and V Notes;
- A decrease of \$84 million due to a reduction in dividends paid in 2024 as compared to 2023;
- A decrease of \$6 million due to reduced hedge modifications associated with ABS notes in 2024 as compared to 2023;
- An increase of \$9 million due to proceeds received as a result of a lease modification for our fleet that was executed in 2024;
- A decrease of \$157 million in proceeds from the equity issuance in 2023 that did not occur in 2024;
- An increase of \$29 million due to increased finance costs and restricted cash requirements, primarily attributable to the ABS VIII and IX Notes, and the Oaktree Seller's Note issued in 2024, partially offset by the retirement of the ABS III and V Notes; and
- An increase of \$10 million due to an increase in share repurchases in 2024.

Refer to Notes 16, 18 and 21 in the Notes to the Group Financial Statements for additional information regarding share capital, dividends and borrowings, respectively.

Contractual Obligations & Contingent Liabilities & Commitments

We have various contractual obligations in the normal course of our operations and financing activities. Significant contractual obligations as of December 31, 2024 were as follows:

(In thousands)	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
Recorded contractual obligations				
Trade and other payables	\$ 35,013	\$ —	\$ —	\$ 35,013
Borrowings	209,463	940,780	585,330	1,735,573
Leases	13,776	30,733	91	44,600
Asset retirement obligation ^(a)	6,436	27,913	2,432,934	2,467,283
Other liabilities ^(b)	161,467	5,384	—	166,851
Off-Balance Sheet contractual obligations				
Firm Transportation ^(c)	51,795	106,324	—	158,119
Total	\$ 477,950	\$ 1,111,134	\$ 3,018,355	\$ 4,607,439

(a) Represents our asset retirement obligation on an undiscounted basis. On a discounted basis the liability is \$649 million as of December 31, 2024 as presented in the Consolidated Statement of Financial Position.

(b) Represents accrued expenses and net revenue clearing. Excludes asset retirement obligations and revenue to be distributed. Refer to Note 23 in the Notes to the Group Financial Statements for information.

(c) Represents reserved capacity to transport gas from production locations through pipelines to the ultimate sales meters.

We believe that our operational cash flows and existing liquidity will be sufficient to meet our contractual obligations and commitments over the next twelve months, even in a stressed scenario, as demonstrated by our [Viability and Going Concern](#) assessment. Cash flows from operations were \$346 million for the year ended December 31, 2024, which includes partial-year contributions from the Oaktree, Crescent Pass and East Texas II acquisitions in 2024. Cash flows from operations were \$410 million for the year ended December 31, 2023, which similarly included partial-year contributions from the Tanos II acquisition in 2023. As of December 31, 2024 and 2023, we had current assets of \$304 million and \$305 million, respectively, and available borrowings on our Credit Facility of \$101 million and \$146 million, respectively, (excluding \$14 million and \$11 million in outstanding letters of credit, respectively), which could also be used to service our contractual obligations and commitments over the next twelve months.

Risk Management Framework

Our Enterprise Risk Management ("ERM") program underscores the significance of risk awareness and mitigation throughout the organization. We proactively identify, assess, prioritize, monitor, and mitigate risks, enabling us to achieve the strategic objectives outlined in our business model. The Board conducts thorough assessments of our principal and emerging risks regularly. Principal risks are actively managed due to their potential to jeopardize our business model, future performance, or financial stability. Emerging risks are new, uncertain, or evolving threats that require ongoing monitoring, as they may escalate to principal risks over time.

Our ERM program relies on systematic processes to continuously evaluate and enhance based on experience and industry best practices. As directed by the Audit & Risk Committee, our Senior Leadership Team regularly engages in risk discussions across all operational areas. This proactive dialogue fosters a culture that highly values risk mitigation, thereby preserving and creating value for our stakeholders. We consider risk management a collective responsibility and empower all employees to enhance our processes and procedures to mitigate risks effectively. Our ERM program offers reasonable assurance, not absolute certainty, that our risks are being effectively managed.

Risk Identification

In the risk identification phase of our ERM program, we capture potential and emerging risks arising from changes in circumstances or new developments. To strengthen our risk identification, we undertake the following activities:

- Continuous monitoring of the risk universe for new or emerging risks;
- Re-evaluating the risk universe at least annually;
- Enhancing our risk awareness culture and identifying risk ownership;
- Interviewing risk owners about current mitigation activities; and
- Designing and implementing a risk mitigation control framework.

Risk Assessment

We assess business risks using a scorecard approach that evaluates (i) likelihood, (ii) potential impact, and (iii) speed of impact. Our assessment includes both financial and non-financial exposures. For each identified principal risk, we develop a list of mitigating activities and potential opportunities to offset or minimize the risk.

Risk Response

Risk management begins with the Board, responsible for ensuring that risks are addressed and mitigated through our corporate strategy, business model, and within the Board's risk appetite. The Board actively monitors company performance on mitigation activities by engaging with executive and senior management.

Principal Risks and Uncertainties

By leveraging our comprehensive risk management framework, we ensure a proactive approach to mitigating potential threats, which is crucial for maintaining our stability and achieving our strategic goals. Below, we outline our principal risks and corresponding risk responses.

Strategic Risks

1 Corporate Strategy & Acquisition Risk

Our future growth depends heavily on successfully completing acquisitions that align with our strategic goals. The process of executing and seamlessly integrating acquisitions could place significant demands on our managerial, operational, and financial resources. If we fail to properly assess, execute, and integrate acquisitions, it could negatively affect our business operations, financial performance, and overall prospects.

Link to Strategy: [1](#) [2](#) [3](#) [4](#)

Link to KPIs: [1](#) [2](#) [3](#) [4](#)

Response/Mitigation

- Maintaining a disciplined commitment to our core strategy is essential. By focusing on acquiring low-cost, long-life, and relatively low-decline producing assets, along with complementary and synergistic midstream assets, we can ensure sustainable growth and stability. This approach helps us maximize value and efficiency while minimizing risks.
- Our Commercial Development, Land, Reserves, Strategic Planning, and Financial Planning & Analysis teams collaborate closely to identify and evaluate potential acquisition opportunities that align with our strategic objectives. This teamwork ensures that all potential acquisitions are thoroughly vetted to meet our criteria.
- Our organization leverages its extensive experience and knowledge to identify and recognize potential opportunities.
- We conduct thorough risk assessments and a comprehensive due diligence process for all potential new acquisitions. This process ensures we understand the full scope of risks and opportunities associated with each acquisitions, aligning with our commitment to sustainability and strategic growth.
- We incorporate feedback and evaluations from external experts during the due diligence process. This feedback ensures that we benefit from specialized knowledge and objective insights, enhancing the thoroughness and accuracy of our assessments.
- We strive to maintain a strong balance sheet with significant liquidity, enabling us to fund growth through acquisitions effectively. This financial strength ensures we can seize opportunities as they arise, supporting our strategic objectives and long-term success.

2 Climate Risk

Climate-related matters remain central to numerous global corporate discussions and decisions. While opportunities related to climate continue to arise in this swiftly changing landscape, we acknowledge that these issues may pose risks for DEC. Environmental regulations, climate change concerns, and investor-driven changes may lead to (i) increased business costs, (ii) challenges in executing our strategy, and (iii) restricted access to specific markets or investors.

Link to Strategy: [1](#) [2](#) [3](#) [4](#)

Link to KPIs: [2](#) [5](#) [6](#)

Response/Mitigation

- Our Board oversees the development of our climate risk strategy which aims to position us at the heart of the energy transition based on responsible stewardship of existing natural gas and oil assets. The Board's decision-making is informed by regular climate subject matter updates from each of our key Board committees.
- Through our annual TCFD reporting process, we identify and assess climate-related risks for consideration of appropriate risk mitigation actions.
- Our core business strategy aligns with numerous sustainability initiatives. We acquire reliable, long-life, producing wells that often have not reached their full potential under their former owners. This stewardship model allows us to avoid the high cost and sometimes sizeable environmental impact often associated with exploration and drilling, which is the intended target of many sustainability initiatives.
- Alongside our zero-tolerance operating principle for fugitive emissions, we invest capital funds towards emission reduction technologies and projects and regularly deploy SAM optimization techniques that allow us to eliminate or reduce our carbon footprint.
- Our core KPI of methane intensity reduction is central to our corporate goals to reduce both methane and GHG emissions.
- We again expanded our asset retirement capabilities, managed through our Next LVL subsidiary, that will permit us to exceed our long-term Appalachian asset retirement agreements, reflective of our core KPI to meet or exceed state asset retirement goals.

Financial Risks

3 Commodity Price Volatility Risk

Changes in commodity prices may affect the value of our natural gas and oil reserves, operating cash flows and adjusted EBITDA, regardless of our operating performance.

Link to Strategy: [3](#)

Link to KPIs: [1](#) [2](#) [4](#)

Response/Mitigation

- Our Senior Leadership Team monitors commodity markets on a daily basis and internal models are routinely updated to evaluate market changes. This monitoring process includes reviewing realized pricing, forward pricing curves, and basis differentials. This active monitoring is critical to risk mitigation and the successful execution of our hedge strategy.
- Our hedging policy continues to be guided by our goal to generate reliable free cash flow in any commodity pricing environment and secure our debt and dividend payments. Our hedge strategy of proactively layering on appropriately structured hedge contracts at advantageous prices and tenors allows us to capitalize on beneficial price movements in a constantly changing, forward natural gas price market.
- External specialists are consulted on a regular basis to assist in the execution of our hedging strategy.

4 Financial Strength & Flexibility Risk

Liquidity and access to capital risks arise from our inability to generate cash flows from operations to fund our business requirements or our inability to access external sources of funding. These risks can result in difficulty in meeting our financial obligations as they become due.

Link to Strategy: [1](#) [2](#) [3](#) [4](#)

Link to KPIs: [1](#) [2](#) [3](#) [6](#)

Response/Mitigation

- Our Senior Leadership Team actively monitors debt levels and available borrowing capacity on our Credit Facility.
- Our Senior Leadership Team updates the Board at least quarterly on our debt and liquidity position.
- Our business model of stable production contributes to predictable cash flows, which facilitates an efficient forecasting ability.
- Strong access to bank capital as our borrowing base in the Fall 2024 redetermination was reaffirmed unanimously by our 12-bank group syndicate.
- Maintain access to multiple avenues of funding beyond our Credit Facility: equity issuance, asset-backed securitizations, and bond issuance.
- Proactive hedge program to protect against commodity price volatility and stabilize operating cash flows.
- Continuous management review of funding and financing alternatives.

Legal, Regulatory and Reputational Risks

5 Regulatory & Political Risk

Our operations are governed by regulations in every jurisdictions where we operate. We cannot predict the impact of potential future laws or regulations, including whether they could negatively affect our operations. We cannot guarantee that any new legislation, if enacted, will not require us to incur substantial costs, make significant investments, or reduce production.

Link to Strategy: [2](#) [4](#)

Link to KPIs: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#)

Response/Mitigation

- Operate to the highest industry standards with regulators and monitor compliance with our contracts, asset retirement program and taxation requirements.
- External specialists utilized on legal, regulatory, and tax issues as required.
- Foster strong relationships with local, state, and federal authorities, as well as other government bodies and key stakeholders.
- Continuous monitoring of the political and regulatory environments in which we operate.
- Working responsibly and community/stakeholder engagement and outreach is an important factor in maintaining positive relationships in the communities in which we operate.
- We encourage our employees to become actively involved in their communities through industry associations in their respective operating areas. By leading, participating in and championing a variety of these organizations, we believe that our support of the energy industry's associations adds value to our business through the sharing of operating best practices, technical knowledge and legislation updates, ultimately to the benefit of all our stakeholders.

6 Health & Safety Risk

Potential impacts from a lack of adherence to health and safety policies may result in fines and penalties, serious injury or death, environmental impacts, statutory liability for environmental redemption and other financial and reputational consequences that could be significant.

Link to Strategy: [2](#) [4](#)

Link to KPIs: [1](#) [2](#) [3](#) [4](#) [7](#)

Response/Mitigation

- Effectively managing Health and Safety Risk exposure is the first priority for the Board and Senior Leadership Team. The Sustainability & Safety Committee of the Board regularly reviews health and safety programs and mitigations.
- Health and safety training is included as part of all staff and contractor inductions.
- Detailed training on our field manual procedures has been provided to key stakeholders to ensure processes and procedures are embedded throughout the organization and all operations.
- Establishing processes for continually assessing our overall operating and EHS capabilities, including evaluations to determine the level of oversight required.
- Effective execution of the field operating manual in operations.
- Crisis and emergency response procedures and equipment are maintained and regularly tested to ensure we are able to respond to an emergency quickly, safely and effectively.
- Leading and lagging indicators and targets developed in line with industry guidelines and benchmarks.
- Findings from 'lessons learned' reviews are implemented on future operations.
- All employees maintain work stoppage ability.

Operational Risk

7 Cybersecurity Risk

Cybersecurity risks for companies have increased significantly in recent years due to the mounting threat and sophistication of cybercrime. A cybersecurity breach, incident, or failure of our IT systems could disrupt our businesses, put employees at risk, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposure for DEC.

Our network is designed using a Zero Trust Approach ("ZTA") and is segmented to provide additional layers of security. We have established several layers of security, including least privilege access, conditional access policies, and multi-factor authentication ("MFA"). Our ZTA extends beyond our

network to encompass identity, endpoints, infrastructure, data, and applications. This integrated ecosystem enables enhanced visibility, intelligence, and automation for our security team. Due to our 100% cloud environment, we focus on continuous testing of our security posture from both trusted and untrusted sources—both external and internal to our networks—rather than relying on a one-time penetration testing approach. Additionally, we collaborate with third-party managed security service providers and utilize internal resources for round-the-clock incident monitoring.

Link to Strategy: [2](#) [3](#)

Link to KPIs: [1](#) [2](#) [4](#)

Response/Mitigation

- Employees are our first line of defense against cyberattacks, and we promote secure behaviors to help mitigate this growing risk. We focus on practical rules through robust mandatory annual training and e-learning sessions delivered by our digital security team. One of these rules addresses phishing and reminds staff to 'think before they click'.
- We engage with key technology partners and suppliers to ensure potentially vulnerable systems are identified and secured.
- We test our cybersecurity crisis management and business continuity plans, recognizing the evolving nature and pace of the threat landscape.
- We continuously implement and monitor our IT Security Policy, which includes measures to protect against cyberattacks.
- Advanced network security detection with regular threat testing.
- Control and protection of confidential information.
- Our Information Security Management Team, which includes certain members of the Senior Leadership Team including the Chief Financial Officer, Chief Information Officer, Chief Information Security Officer and General Counsel, meets at least once a quarter to discuss cybersecurity issues, risks and strategies. The Information Security Management Team regularly briefs the Board of Directors on information security matters, including assessing risks, efforts to improve our network security systems and enhanced employee trainings. The membership of this committee is adequately trained and educated to provide proper governance, risk management, and control of the cybersecurity program utilizing the National Institute of Standards and Technology framework.

There were no cybersecurity incidents during the year ended December 31, 2024, that resulted in an interruption to our operations, known losses of any critical data, or otherwise had a material impact on our strategy, financial condition, or results of operations. However, the scope and impact of any future incident cannot be predicted.

Viability and Going Concern

In accordance with Provision 31 section 4 of the UK Corporate Governance Code, and taking into account our current financial position and principal risks for a period longer than the 12 months required by the going concern statement, the Senior Leadership Team prepared a viability analysis which was assessed by the Board for approval.

Assessment Process and Key Assumptions

Our financial outlook is assessed primarily through a detailed annual business planning process and a more general multi-year forecast. The Senior Leadership Team provides the Board with a detailed overview as part of its annual budget approval while providing regular updates at each Board meeting throughout the year. The Board uses this information, along with any other detail it requests, to assess our current performance and longer-term outlook.

The outputs from the business planning process include a set of key performance objectives, an assessment of our primary risks, the anticipated operational outlook and a set of financial forecasts that consider the sources of funding available to DEC (the "Base Plan").

Key assumptions, which underpin the annual business planning process, include the forward price strip for each commodity (natural gas, NGLs and oil), forecasted operating cost and capital expenditure levels, production profiles, and the availability of liquidity or additional financing. We regularly produce cash flow projections, which we sensitize for different scenarios including, but not limited to, changes in commodity prices and production rates from our wells. The Directors and Senior Leadership Team closely monitor these forecast assumptions and projections and seek to mitigate our operating and liquidity risks.

Based on our financial scenario planning process, the Directors and Senior Leadership Team believe that stress testing forecast results over the Base Plan for a two-year period through March 2027 forms a reasonable expectation of our viability. At least annually, we perform our two-year Base Plan forecast for our medium-term strategic planning period. The Directors and Senior Leadership Team are confident that they appropriately monitor and manage operational risks effectively within the two-year Base Plan, and our scenario planning is focused primarily on plausible changes in external factors, providing a reasonable degree of confidence.

Viability

The principal risks and uncertainties that affect the Directors' assessment of our viability in this period are:

- The effect of volatile natural gas prices on the business;
- Operational production performance of the producing assets; and
- Operating cost levels and our ability to control costs.

The Base Plan incorporates key assumptions that reflect these principal risks as follows:

- Projected operating cash flows are calculated using a production profile which is consistent with current operating results and decline rates;
- Assumes commodity prices are in line with the current forward curve which considers basis differentials;
- Operating cost levels stay consistent with historical trends which have been recently elevated due to the inflationary environment;
- The financial impact of our current hedging contracts in place, being approximately 86% and 82%, of total production volumes hedged for the years ending December 31, 2025 and 2026, respectively; and
- The scenario also includes the scheduled principal and interest payments on our current debt arrangements.

To assess our viability, the Directors and Senior Leadership Team considered various scenarios around the Base Plan that primarily reflect a more severe, but plausible, downside impact of the principal risks, both individually and in the aggregate, as well as the additional capital requirements that downside scenarios could place on us. Conservatively, our viability statement considered the combined impact of all three listed scenarios in:

Scenario 1: Cyclically low gas prices for a year (Henry Hub prices of \$2.00 per MMBtu before returning to strip pricing), which have been historically observed in the market.

Scenario 2: Considered the impact of climate change by assuming a two-week period of lost production in our East Texas/Louisiana region, which is susceptible to hurricanes, due to a natural disaster (assumed to occur once in each year of the assessment period).

Scenario 3: Considered the impact of climate change by assuming a two-week period of lost production in our Appalachia region (assumption of lost production in 25% of the total region), which is susceptible to flooding, due to a natural disaster (assumed to occur once in each year of the assessment period).

The Directors and Senior Leadership Team considered the impact that these principal risks could, in certain circumstances, have on our prospects within the assessment period, and accordingly appraised the opportunities to actively mitigate the risk of these severe, but plausible, downside scenarios. Based on their evaluation, the Directors and Senior Leadership Team have a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due during the assessment period.

Going Concern

In assessing our going concern status, we have taken account of our financial position, anticipated future trading performance, borrowings and other available credit facilities, forecasted compliance with covenants on those borrowings, and capital expenditure commitments and plans. Our cash generation and liquidity remain adequate and we believe we will be able to operate within existing facilities.

The Directors are satisfied that our forecasts and projections, that take into account reasonably possible changes in trading performance, show that we have adequate resources to continue in operational existence for at least 12 months from the date of this Annual Report and that it is appropriate to adopt the going concern basis in preparing our consolidated financial statements for the year ended December 31, 2024.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

/s/ David E. Johnson

David E. Johnson
Chairman of the Board
March 17, 2025

Corporate Governance

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The Chairman's Governance Statement

Dear Shareholder,

As a Board, we have been driving our governance standards towards meeting best practice, and it has been my privilege to work with this Board which is committed to maintaining high standards of corporate governance. As Chairman of the Group, my role is to provide leadership, ensuring that the Board performs its role effectively and has the capacity, ability, structure, corporate governance systems and support to enable it to continue to do so.

This Governance section of this Annual Report provides an update on our Board and Corporate Governance Policy. It includes our UK Corporate Governance Code compliance statements and the reports of the Board committees, namely the Audit & Risk, Nomination & Governance, Remuneration, and Sustainability & Safety Committees.

In these reports, we set out our governance structures and explain how we have applied the UK Corporate Governance Code and applicable NYSE and SEC rules.

/s/ David E. Johnson

David E. Johnson

Chairman of the Board

March 17, 2025

Governance Framework

The Group's success is directly linked to sound and effective governance and we remain committed to achieving high standards in all we do. The Directors recognize the importance of strong corporate governance and have developed a corporate governance framework and policies appropriate to the size of the Group.

As the Group grows, the Directors and Senior Leadership Team continue to review and adjust our approach, make ongoing improvements to the Group's corporate governance framework and policies and procedures as part of building a successful and sustainable company.

Good governance creates the opportunity for appropriate decisions to be made by the right people at the right time to support the delivery of our strategy and manage any risks associated with delivery of that strategy.

Board Agenda and Activities During the Year

The Board is responsible for the direction and overall performance of the Group with an emphasis on policy and strategy, financial results and major operational issues.

During the year, the matters reserved for the Board's decision have been reviewed and re-affirmed. Specific matters for the Board's consideration include:

- Approval of the Group's strategic plan;
- Review of the performance of the Group's strategy, objectives, business plans and budgets;
- Review and assess the Group's sustainability goals, including the Group's GHG emission intensity reduction targets;
- Review and assess the Group's health and safety metrics and goals;
- Approval of the Group's operating and capital expenditure budgets and any material changes to them;
- Review of material changes to the Group's corporate structure and management and control structure;
- Review of changes to governance and business policies;
- Monitoring efforts related to community and stakeholder engagement;
- Ensuring an effective system of internal control and risk management;
- Ensure that appropriate succession planning procedures are in-place;
- Approval of annual and interim reports and accounts, and preliminary announcements of year-end results; and
- Review of the effectiveness of the Board and its committees.

The Board delegates matters not reserved for the Board to the Senior Leadership Team.

Board of Directors

Defines business strategy, assesses risks and monitors performance

Remuneration Committee	Sustainability & Safety Committee	Nomination & Governance Committee	Audit & Risk Committee
Responsible for the Group's remuneration policy, and for setting pay levels and bonuses for senior management in line with individual performance. Ensures safety and sustainability KPIs are included in remuneration packages.	Monitors the Group's social, ethical, environmental and safety performance, and oversees all sustainable development issues on behalf of the Board.	Ensures a balance of skills, knowledge, independence and experience on the Board and its committees. Monitors the Group's governance structure.	Supports the Board in monitoring the integrity of the Group's financial statements and reviews the effectiveness of the Group's system of internal controls and risk management systems.

CEO

Takes ultimate responsibility for delivering on strategy, financial and operating performance.

	President & Chief Financial Officer	Executive Vice President of Operations	Chief Legal & Risk Officer	Executive Vice President & Investment Officer	Executive Vice President of Energy Marketing	Chief Human Resources Officer
Description of Role	Manages the finance and accounting activities of the Group and ensures that its financial reports are accurate and completed in a timely manner. Oversees the Group's information technology function to ensure safety and soundness of internal controls and systems.	Coordinates operating activities and sustainability initiatives to ensure transparency and long-term value for DEC's stakeholders.	Responsible for legal and compliance, government, policy engagement, community engagement and land and mineral owner engagement.	Responsible for identifying and valuing acquisition targets.	Responsible for developing and implementing a commodity marketing strategy to maximize commodity revenues.	Responsible for HR function and employee relations, policies, practices and operations.
Responsibility	Treasury, Accounting & Financial Reporting, Investor Relations, Information Technology & Sustainability Reporting	Operations, EHS & Regulatory	Legal & Compliance, Land, Policy Engagement & Community Relations	Acquisitions	Marketing	Human Resource
Risk Management Guidelines	Employee Handbook, Code of Business Conduct & Ethics, Tax Policy & Anti-Bribery & Corruption Policy	Employee Handbook, Code of Business Conduct & Ethics, EHS Policy, Climate Policy, Socio-Economic Policy & Field Operating Guidelines	Employee Handbook, Code of Business Conduct & Ethics, Anti-Bribery & Corruption Policy, Whistleblowing Policy & Securities Dealing Policy	Employee Handbook, Code of Business Conduct & Ethics & Anti-Bribery & Corruption Policies	Employee Handbook, Code of Business Conduct & Ethics & Anti-Bribery & Corruption Policies	Employee Handbook and Code of Business Conduct & Ethics, Employee Relations, Human Rights, Anti-Bribery & Corruption Policies & Whistleblowing Policy
Stakeholder Engagement Responsibility	Employees, Rating Agencies, Financial Institutions & Debt & Equity Investors	Communities, Employees & Business Partners	Employees, Industry Associations, Communities, Land & Mineral Owners & Government & Regulators	Customers	Customers	Employees & Communities

Board Effectiveness, Composition and Independence

As of December 31, 2024, the Board was comprised of seven Directors being the Group's CEO, the Non-Executive Chairman (who was independent upon appointment) and five other Non-Executive Directors, all of whom were deemed Independent Non-Executive Directors under the UK Corporate Governance Code, except one. As Mr. Thomas has served on the Board for ten years as of January 1, 2025, the Board no longer considers him independent. In January 2025, Ms. Kerrigan retired from the Board due to other commitments.

As a foreign private issuer, under the listing requirements and rules of the NYSE, we are not required to have independent directors on our Board, except that our audit committee is required to consist fully of independent directors, subject to certain phase-in schedules. Our Board has determined that five of our six Directors do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the rules of the NYSE.

The skills and experience of the Non-Executive Directors are wide and varied and contribute to productive and challenging discussions in the boardroom ensuring the Board has appropriate independent oversight. For more details on the skills, knowledge and experience of our Board refer to the Directors’ biographies in [Board of Directors](#) within this Annual Report.

With a Non-Executive Chairman, and, as of January 1, 2025, four other Independent Non-Executive Directors, over half of the Board is independent and the Audit & Risk and Remuneration Committees were completely independent. Female representation at the Board level increased from 29% in late-2019 to 43% as of December 31, 2024 (three out of seven Board members being female).

Recognizing the importance of workforce engagement, Sandra M. Stash serves as the Director responsible for workforce engagement as required under the UK Corporate Governance Code. The Non-Executive Director Employee Representative directly engages with employees and provides a forum for feedback to management. These discussions cover a variety of topics including the Group’s culture, policies and actions. Ms. Stash has served as the Non-Executive Director Employee Representative since 2019. Further information on her role and the work undertaken can be found in the [Directors’ Report](#) within this Annual Report.

The Board provides effective leadership and overall management of the Group’s affairs. It approves the Group’s strategy and investment plans and regularly reviews operational and financial performance and risk management matters. A schedule of matters reserved for the Board is included in the previous section.

The Board and its committees hold regularly scheduled meetings each year. Additional meetings are held when necessary to consider matters of importance that cannot be held over until the next scheduled meeting.

All Directors have access to the advice and services of the Group’s solicitors and the Group’s Corporate Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Group’s expense in the furtherance of their duties.

In accordance with the UK Corporate Governance Code, the Directors must stand for re-election annually. The Group’s Articles of Association also require any new Director appointed by the Board during the year to retire at the next Annual General Meeting (“AGM”) and offer themselves for re-election.

The Board delegates certain responsibilities to the Board committees, listed below, which have clearly defined terms of reference.

These terms of reference are reviewed annually to ensure they remain fit for purpose and can be viewed on the Group’s website.

Board Committees

The Directors have established four Board committees: an Audit & Risk Committee, Remuneration Committee, Nomination & Governance Committee, and Sustainability & Safety Committee. The members of these committees were constituted in accordance with the requirements of the UK Corporate Governance Code, as applicable. The terms of reference of the committees have been prepared in line with prevailing best practice, including the provisions of the Code. A summary of the delegated duties and responsibilities, terms of reference of the committees and their activities for the year are presented in their committee reports set out below.

Board Composition

The Board’s composition prioritizes a broad range of perspectives, emphasizing professional experience, industry knowledge, and cognitive diversity. In recent years, the Board has strategically recruited members to enhance these attributes and is now focusing on a period of stability before considering further additions. Although the Board does not currently have any ethnically diverse members, it acknowledges the UK Listing Rules’ diversity targets, which the Group intends to continue to closely examine and evaluate in 2025.

In 2024, the Board complied with the UK Listing Rules’ targets of (i) more than 40% female representation on the Board, with 43% of the Board being female and (ii) a female holding a senior Board position, with Ms. Kerrigan serving as the Senior Independent Director for the entirety through January 24, 2025 and Ms. Stash appointed to that role upon Ms. Kerrigan’s retirement from the Board.

Board and Executive Management Composition

As required to be presented in accordance with UK Listing Rule 6.6.6R(10) as of December 31, 2024:

Gender Identity or Sex ^(a)	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID & Chair) ^(a)	Number in Executive Management	Percentage of Executive Management
Male	4	57%	3	6	67%
Female	3	43%	1	3	33%
Other categories	—	—%	—	—	—%
Not specified/prefer not to say	—	—%	—	—	—%

Ethnic Background	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID & Chair) ^(a)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	7	100%	4	9	100%
Mixed/Multiple Ethnic Groups	—	—%	—	—	—%
Asian/Asian British	—	—%	—	—	—%
Black/African/Caribbean/Black British	—	—%	—	—	—%
Other ethnic group, including Arab	—	—%	—	—	—%
Not specific/prefer not to say	—	—%	—	—	—%

(a) The data reported on the basis of gender identity.

The Board's Directors are from the U.S. as well as the UK, bringing a range of domestic and international experience to the Board. The Board's diverse range of experience and expertise covers not only a wealth of experience of operating in the natural gas and oil industry but also extensive technical, operational, financial, legal and environmental expertise.

UK Corporate Governance Code Compliance Statement

The Directors support high standards of corporate governance, and it is the policy of the Group to comply with current best practice in UK corporate governance.

The UK Corporate Governance Code published in July 2018 by the Financial Reporting Council ("FRC"), as amended from time to time, (the "Corporate Governance Code") recommends that: (i) the Chair of the Board of Directors should meet the independence criteria set out in the Corporate Governance Code on appointment; and (ii) the Board should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director. The Chair of the Board is David E. Johnson, who was independent as of his appointment and whom the Group continues to consider independent, and the Senior Independent Director for the year ended December 31, 2024 was Sylvia Kerrigan. The Board also considers Sandra M. Stash, David J. Turner, Jr., Sylvia Kerrigan and Kathryn Z. Klaber to meet the independence criteria set out in the Corporate Governance Code. Following the resignation of Sylvia Kerrigan from the Board on January 24, 2025, Sandra Stash has been appointed as the Senior Independent Director. Since January 1, 2025, the Company has been subject to the UK Corporate Governance Code 2024 (the "2024 Code") and will report on its compliance with the principles and provisions of the 2024 Code in its 2025 Annual Report.

Currently, the Board is of the opinion that as of the date of this report it fully complies with the requirements of the Corporate Governance Code.

Additionally, the Directors acknowledge the requirement to implement a diversity policy that will be applicable to the Group's administrative, management and supervisory bodies and the Remuneration, Audit & Risk and Nomination & Governance committees. For more details, refer to [Board Composition](#) and [Workforce Composition](#) within this Annual Report.

Our Approach to Governance

As of the date of this Annual Report, our Board is made up of six Directors: one Executive Director, chairman and four Non-Executive Directors (all of whom are independent, except one).

Alongside the continued focus on our business strategy, we achieved significant milestones in 2024 in strengthening core areas of the business. One such area of focus was corporate governance, where we engaged external consultants to advise on Board best practices, including independence, composition and expertise.

Key Governance Improvements During 2024

The Board recognizes the benefits of good governance and is seeking to apply this in a meaningful way. DEC is a rapidly evolving company that is in an expansion and transition phase. Accordingly, the Board is acutely aware of the need to rapidly and effectively integrate new businesses into the reporting and governance framework of the Group, as determined by the Board. It is recognized that the Board has a key role in balancing the fundamental elements of good governance, namely to deliver business growth and build trust while maintaining a dynamic management framework.

The Board appreciates the importance of good and effective communication and remains in close contact with its shareholders and other stakeholders.

The Board is actively engaged in the process of solidifying its governance framework for its rapidly expanding business. The Board concluded that overall compliance with governance best practice has improved during the year under review, with the following having been achieved:

- The Board re-affirmed several key governance policies including the following: Securities Dealing Policy, Whistleblowing Policy, Anti-Bribery & Corruption Policy, Socio-Economic Policy, Modern Slavery Policy, EHS Policy, Climate Policy, Employee Relations Policy, Human Rights Policy, Business Partners Policy, Biodiversity Policy, Code of Business Conduct & Ethics, and Tax Policy.
- The Board achieved further progression of the Group's overall corporate governance framework and practices, taking into account evolving market best practices and the Group's NYSE-listing, including, among other things, a continued review and update of the Group's committee charters and governance policies.
- The Audit & Risk Committee is fully independent and continues to adopt best practice.
- The Remuneration Committee is also independent with three Non-Executive Directors and the Non-Executive Chairman, and, together with a third-party consultant, conducted a thorough review of the remuneration policy and practices and undertook a consultation exercise with the Group's largest shareholders.

- Each committee completed a thorough charter evaluation to identify gaps in coverage, relevance and applicability as well as potential areas of improvement.
- Together with the executive management team, the Chairman and the Nomination & Governance Committee continued to formulate succession planning procedures and plans around key-roles in management.
- The Board encouraged employee outreach and training regarding the Group's Whistleblowing Policy and was satisfied by measures taken, including the placement of awareness posters with hotline details in all major offices.
- Sylvia Kerrigan continued to serve as Senior Independent Director (for the entirety of 2024 and resigned as a director on January 24, 2025).

Corporate Governance Practices and Foreign Private Issuer Status

Companies listed on the NYSE must comply with the corporate governance standards provided under Section 303A of the NYSE Listed Company Manual. As a "foreign private issuer," as defined by the SEC, we are permitted to follow home country corporate governance practices, instead of certain corporate governance practices required by the NYSE for U.S. domestic issuers, except that we are required to comply with Sections 303A.06, 303A.11 and 303A.12(b) and (c) of the Listed Company Manual. Under Section 303A.06, we must have an audit committee that meets the independence requirements of Rule 10A-3 under the Exchange Act. Under Section 303A.06, we must disclose any significant ways in which our corporate governance practices differ from those followed by domestic companies under NYSE listing standards. Finally, under Section 303A.12(b) and (c), we must promptly notify the NYSE in writing after becoming aware of any non-compliance with any applicable provisions of this Section 303A and must annually make a written affirmation to the NYSE. Further, an LSE listed company must disclose in its annual financial report a statement of how the listed company has applied the principles set out in the UK Corporate Governance Code, in a manner that would enable shareholders to evaluate how the principles have been applied, and a statement as to whether the listed company has (a) complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code; or (b) not complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code and if so, setting out: (i) those provisions, if any it has not complied with; (ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and (iii) the company's reasons for non-compliance.

For the purposes of NYSE rules, so long as the Group qualifies as a foreign private issuer, we are eligible to take advantage of certain exemptions from NYSE corporate governance requirements provided in the NYSE rules. We are required to disclose the significant ways in which our corporate governance practices differ from those that apply to U.S. companies under NYSE listing standards.

Section 312.03 of the NYSE Rules requires that a listed company obtain, in specified circumstances, (1) shareholder approval to adopt or materially revise equity compensation plans, as well as (2) shareholder approval prior to an issuance (a) of more than 1% of its ordinary shares (including derivative securities thereof) in either number or voting power to related parties, (b) of more than 20% of its outstanding ordinary shares (including derivative securities thereof) in either number or voting power or (c) that would result in a change of control. The Group intends to follow home country law in determining whether shareholder approval is required. Section 302 of the NYSE Rules also requires that a listed company hold an annual shareholders' meeting for holders of securities during each fiscal year. We will follow home country law in determining whether and when such shareholders' meetings are required.

The Group may in the future decide to use other foreign private issuer exemptions with respect to some or all of the other requirements under the NYSE Rules. Following our home country governance practices may provide less protection than is accorded to investors under the NYSE listing requirements applicable to domestic issuers. We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NYSE listing standards. Because we are a foreign private issuer, our directors and senior management are not subject to short swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Board of Directors

The Group has a commitment to strong governance, reporting and operating standards. During 2024, the Board comprised of seven Directors: including a Non-Executive Chair (who was independent upon appointment and whom the Group continues to consider independent), a Non-Executive Vice-Chair, an Executive Director, the Senior Independent Director, three additional independent Non-Executive Directors.

	David E. Johnson <i>Non-Executive Chairman, independent upon appointment</i>	Rusty Hutson, Jr. <i>Co-Founder and Chief Executive Officer</i>	Martin K. Thomas <i>Non-Executive Vice Chair, independent through December 31, 2023</i>
Age	64	55	60
Appointed	February 3, 2017 and as Chair of the Board on April 30, 2019	July 31, 2014	January 1, 2015
Committee Membership	Remuneration Committee, Sustainability & Safety Committee	None	Nomination & Governance Committee
Experience	Mr. Johnson has served on our Board of Directors since February 2017 and as the Independent Chairman since April 2019. He has worked at a number of leading investment firms, as both an investment analyst and a manager, and more recently in equity sales and investment management. Mr. Johnson currently serves on the board of Chelverton Equity Partners, an AIM-listed holding company, where he serves as a member of the Remuneration, Audit and Nomination committees. Previously, Mr. Johnson was a consultant at Chelverton Asset Management from August 2016 to February 2019. Prior to that, he worked as a fund manager for the investment department at a large insurance company and then as Head of Sales and Head of Equities at a London investment bank. Mr. Johnson earned a Bachelor of Arts in Economics from the University of Reading.	Mr. Hutson is our co-founder and has served as our Chief Executive Officer since the founding of our predecessor entity in 2001. Mr. Hutson also serves on our Board of Directors. Mr. Hutson is the fourth generation in his family to immerse himself in the natural gas and oil industry, with family roots dating back to the early 1900s. Mr. Hutson spent many summers of his youth working with his father and grandfather in the oilfields of West Virginia. He graduated from Fairmont State College (WV) with a degree in accounting. After college, Mr. Hutson spent 13 years steadily progressing into multiple leadership roles at well-known banking institutions such as Bank One and Compass Bank. His final years in the banking industry were spent as CFO of Compass Financial Services. Building upon his experiences in the natural gas and oil industry, as well as the financial sector, Mr. Hutson established Diversified Energy Company in 2001. After years of refining his strategy, Mr. Hutson and his team took Diversified public in 2017. He continues to lead his team and expand the Group's footprint. With a rapidly growing portfolio, Mr. Hutson remains focused on operational excellence and creating shareholder value.	Mr. Thomas has served on our Board of Directors since January 2015. Since January 2022, Mr. Thomas has served as a consultant at the law firm Wedlake Bell LLP, from where he was previously a Partner from January 2018 to December 2021. During his more than 30-year legal career, Mr. Thomas has also served as Partner of Watson Farley & Williams LLP from February 2015 to April 2017 and as consultant of the same firm from May 2017 to May 2018. Mr. Thomas earned a Bachelor of Laws from the University of Reading and completed his Law Society Final Examinations at The College of Law in the UK.
Key Strengths	Investment sector knowledge; finance; providing strong leadership to the Board in connection with the Board's role of overseeing strategy and developing stakeholder relations.	Deep understanding and leadership in the natural gas and oil sector; strong track record in developing and delivering results in line with strategy; finance; risk management.	Corporate law; advising on mergers and acquisitions; public offerings.
Current External Roles	Chelverton Equity Partners (Director), an AIM-listed holding company	Board of Governors of West Virginia University	Wedlake Bell LLP (Consultant) and Jasper Consultants Limited (Director)

Board of Directors (continued)

	Sandra M. Stash <i>Independent Non-Executive Director & Non-Executive Director Employee Representative</i>	David J. Turner, Jr. <i>Independent Non-Executive Director</i>	Kathryn Z. Klaber <i>Independent Non-Executive Director</i>
Age	65	61	58
Appointed	October 21, 2019	May 27, 2019	January 1, 2023
Committee Membership	Sustainability & Safety Committee (Chair), Remuneration Committee, Audit & Risk Committee	Audit & Risk Committee (Chair), Remuneration Committee (appointed Chair on January 24, 2025), Nomination & Governance Committee	Nomination & Governance Committee (Chair), Audit & Risk Committee, Sustainability & Safety Committee
Experience	Ms. Stash has served on our Board of Directors since October 2019. Ms. Stash joined Tullow Oil in October 2013 serving as Executive Vice President of Safety, Operations and Engineering, and External Affairs where she served until March 2020. Ms. Stash is a Certified Director of the US National Association of Corporate Directors and a Fellow of the Canadian Academy of Engineering and currently serves on the boards of Medallion Midstream LLC, Trans Mountain Company, Warriors and Quiet Waters as Chair, the Colorado School of Mines Board of Governors, First Montana Bank, and the African Gifted Foundation. Ms. Stash earned a Bachelor of Science in Petroleum Engineering from the Colorado School of Mines and is a Registered Professional Engineer	Mr. Turner has served on our Board of Directors since May 2019. Mr. Turner has served as Chief Financial Officer of Regions Financial Corporation (NYSE: RF) since 2010 where he leads all finance operations, including mergers and acquisitions, financial systems, investor relations, corporate treasury, corporate tax, management planning and reporting and accounting. Prior to his appointment as Chief Financial Officer, Mr. Turner oversaw the Internal Audit Division for AmSouth Bank (which merged with Regions Financial Corporation in 2006) from April 2005 to March 2010. Before beginning his banking career, Mr. Turner was a certified public accountant and an Audit Partner with Arthur Andersen and KPMG specializing in financial services clients. He earned a Bachelor of Science in Accounting from the University of Alabama.	Ms. Klaber has served on our Board of Directors since January 2023. Since 2014, Ms. Klaber has served as the Managing Director of The Klaber Group, which provides strategic consulting services to businesses and organizations with a focus on energy development in the United States and abroad. Prior to founding The Klaber Group, Ms. Klaber launched the Marcellus Shale Coalition, serving as its first CEO from 2009 to 2013. Previously in her career, Ms. Klaber also served as the Executive Vice President for Competitiveness at the Allegheny Conference on Community Development, Executive Director of the Pennsylvania Economy League, and consultant at Environmental Resources Management, where she gained significant experience in EHS strategy and compliance. Ms. Klaber received her B.A. in Environmental Science from Bucknell University and her MBA from Carnegie Mellon University.
Key Strengths	Risk management & sustainability; operations & engineering; employee engagement.	Financial expert with recent and relevant experience; capital markets; financial operations; audit experience; risk management.	Regulatory compliance, energy specific sustainability programs; EHS processes industry knowledge, risk management; governance.
Current External Roles	Colorado School of Mines (Board of Governors member), Trans Mountain Company, Warriors and Quiet Waters, a Canadian Crown Corporation (Chair and Director), First Montana Bank (Director), and Medallion Midstream, LLC (Director)	Regions Financial Corporation (CFO), Junior Achievement of Alabama, Inc. (Board and Executive Committee), Leadership Alabama (Director), a nonprofit organization, and Five Star Preserve (Director), a nonprofit organization	RLG International (Director), Junior Achievement of Western Pennsylvania (Director and immediate past-Chair), and Beaver County Chamber of Commerce (Beaver County, Pennsylvania) (Chair)

Board of Directors (continued)

Sylvia Kerrigan

Senior Independent Non-Executive Director (ceased to be a director on January 24, 2025)

Age	59
Appointed	October 11, 2021
Committee Membership	Remuneration Committee (Chair for entirety of 2024 through January 24, 2025), Nomination & Governance Committee
Experience	Ms. Kerrigan has served on our Board of Directors since October 2021. Currently, she is the Chief Legal Officer at Occidental Petroleum Corporation (NYSE: OXY). Prior to joining Occidental, Ms. Kerrigan served as the Executive Director of the Kay Bailey Hutchinson Center for Energy, Law and Business at the University of Texas, where she remains a member of the Executive Council. In Ms. Kerrigan's more than 20 years with Marathon Oil Corporation, she served in a number of roles overseeing public policy, legal and compliance, corporate positioning and external communications before retiring in 2017 after eight years as the Executive Vice President, General Counsel and Corporate Secretary. Ms. Kerrigan has also served as a director for Hornbeck Offshore Services, Inc. since August 2022 and Board of Trustees for Southwestern University since March 2014. Ms. Kerrigan holds a Directorship Certification through the National Association of Corporate Directors. Ms. Kerrigan earned a Bachelor of Arts from Southwestern University and a Doctor of Jurisprudence from the University of Texas at Austin School of Law.
Key Strengths	Corporate law; governance; merger and acquisition; regulatory; risk management; cybersecurity and information privacy matters; corporate responsibility and sustainability.
Current External Roles	Occidental Petroleum (Chief Legal Officer), Kay Bailey Hutchinson Center for Energy, Law and Business at the University of Texas (Director), and Hornbeck Offshore Services, Inc. (Director)

Senior Management

Bradley G. Gray

President and Chief Financial Officer

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Mr. Gray has served as our President and Chief Financial Officer since September 2023. Mr. Gray has also served as the Group's Executive Vice President, Chief Operating Officer since October 2016 to September 2023. Mr. Gray has also served on the Board of Directors until September 2023. Prior to joining the Group, Mr. Gray served as the Senior Vice President and Chief Financial Officer for Royal Cup, Inc. from August 2014 to October 2016. Prior to that, from 2006 to 2014, Mr. Gray served in various roles at The McPherson Companies, Inc., most recently as Executive Vice President and Chief Financial Officer from September 2006 to December 2013. Mr. Gray previously worked in various financial and operational roles at Saks Incorporated from 1997 to 2006. Mr. Gray has a B.S. degree in Accounting from the University of Alabama and was formerly a licensed CPA (Alabama).

Corporate structure; operational processes and management; finance; strategic support to the CEO; mergers and acquisitions; acquisition integration; information technology; personnel leadership.

None

Ben Sullivan

Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary

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Mr. Sullivan has served as our Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary since September 2023, and prior to that served as Executive Vice President, General Counsel and Corporate Secretary since 2019. Prior to joining us, Mr. Sullivan worked with Greylock Energy, LLC (an ArcLight Capital Partners portfolio company) and its predecessor, Energy Corporation of America, from 2012 to 2017, most recently as Executive Vice President, General Counsel and Corporate Secretary from 2017 to 2019. Prior to that, Mr. Sullivan served as counsel for EQT Corporation from 2006 to 2012. He is a member of the leadership and board of directors of several commerce, legal and industry groups, and has considerable experience in corporate governance and reporting, corporate responsibility and sustainability matters, complex commercial transactions, land/real estate, acquisitions & divestitures, financing, government investigations and corporate workouts and restructurings. Mr. Sullivan received a B.A. from the University of Kentucky and a J.D. degree from the West Virginia University College of Law. He holds licenses to practice law in several states, including Pennsylvania and West Virginia.

Legal expert, mergers and acquisitions, land/real estate, regulatory compliance and governance, risk management and strategic support to the CEO.

None

Directors' Report

The Directors present their report on the Group, together with the audited Group Financial Statements, for the year ended December 31, 2024.

Board of Directors

The Directors of the Group who were in office during the year and up to the date of signing the financial statements were:

- David E. Johnson - Non-Executive Chair (independent upon appointment)
- Rusty Hutson, Jr. - Chief Executive Officer and Executive Director
- Martin K. Thomas - Non-Executive Vice Chair
- David J. Turner, Jr. - Independent Non-Executive Director
- Sandra M. Stash - Independent Non-Executive Director
- Sylvia Kerrigan - Senior Independent Non-Executive Director (for the entirety of 2024 through January 24, 2025)
- Kathryn Z. Klaber - Independent Non-Executive Director

Incorporation and Listing

The Company was incorporated on July 31, 2014, and completed the transfer to the Official List of the Financial Conduct Authority ("FCA") and admission to the Main Market of the LSE from AIM in May 2020. The Company commenced trading on the New York Stock Exchange ("NYSE") on December 18, 2023. Following the changes to the UK Listing Rules on 29 July 2024, the Premium Listing Segment was replaced by the Equity Shares (Commercial Companies) category and the Company continues to remain listed on the new equity shares (commercial companies) category of the Official List of the Financial Conduct Authority.

Review of Business, Outlook & Dividends

The Group is a natural gas, NGLs and oil producer and midstream operator and is focused on acquiring and operating mature producing wells with long lives and low-decline profiles. The Group's assets have historically been located within the Appalachian Region, but the Group has acquired assets expanding its footprint into the Central Region, consisting of the states of Louisiana, Texas and Oklahoma. The Group is headquartered in Birmingham, Alabama, U.S., and has field offices located throughout the states in which it operates.

Details of the Group's progress during the year and its future prospects are provided in the [Strategic Report](#) within this Annual Report.

Results

The Group's reported statutory loss for 2024 was \$87 million, or \$1.84 per share, and when adjusted for certain non-cash items, it reported adjusted EBITDA of \$472 million. The Group's adjusted EBITDA for 2023 was \$547 million. For more information on adjusted EBITDA refer to [APMs](#) within this Annual Report.

Dividend Approach

The Board's target has been to return free cash flow to shareholders by way of dividend, on a quarterly basis, in line with the strength and consistency of the Group's cash flows.

For the three months ended March 31, 2024, the Group paid a dividend of \$0.290 per share on September 27, 2024. For the three months ended June 30, 2024, the Group paid a dividend of \$0.290 per share on December 27, 2024. For the three months ended September 30, 2024, the Group expects to pay a dividend of \$0.290 per share on March 31, 2025. For the three months ended December 31, 2024, the Group expects to pay a dividend of \$0.29 per share.

The Directors may further revise the Group's approach to dividends from time to time in line with the Group's actual results and financial position. The Board's approach to its dividend reflects the Group's current and expected future cash flow generation potential.

Disclosure of Information under UKLR 6.6.1R

The information that fulfills the reporting requirements under this rule can be found in the locations identified below.

Section	Topic	Location
(1)	Interest capitalized	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long-term incentive schemes	The Remuneration Committee's Report
(5)	Waiver of emoluments by a Director	Not applicable
(6)	Waiver of future emoluments by a Director	Not applicable
(7)	Non pre-emptive issues of equity for cash	Share Capital
(8)	As item (7), in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Not applicable
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreements with controlling shareholders	Not applicable

Directors' Interest in Shares

The Directors' beneficial interests in the Group's share capital, including family interests, on December 31, 2024 are shown below. These interests are based on the issued share capital at that time. As of February 28, 2025, there have been no changes to the Directors' interests. The Non-Executive Directors will purchase shares after the release of this Annual Report pursuant to the Non-Executive Director Share Purchase Program implemented in 2022.

Director	Appointed	Shares of £0.20	% of Issued Share Capital
Rusty Hutson, Jr.	July 31, 2014	1,234,134	2.41%
Martin K. Thomas	January 1, 2015	113,850	0.22%
David E. Johnson	February 3, 2017	23,750	0.05%
David J. Turner, Jr.	May 27, 2019	33,087	0.06%
Sandra M. Stash	October 21, 2019	4,092	0.01%
Kathryn Klaber	January 1, 2023	2,912	0.01%
Sylvia Kerrigan	October 11, 2021	3,181	0.01%
		1,415,006	2.77%

Future Developments

The Directors continue to review and evaluate strategic acquisition opportunities recommended by the Senior Leadership Team, which align with the strategy and requirements of the Group. Additional details are disclosed in [Strategy](#) within this Annual Report.

Share Capital

As of December 31, 2024, the Group's issued share capital consisted of 51,295,942 shares with a par value of £0.20 each, with ~45% of record holders in the U.S. and ~55% of record holders in the UK. The Group has only one class of share and each share carries the right to one vote at the Group's AGM. No person has any special rights of control over the Group's share capital and all issued shares are fully paid. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Group's Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Group's shares that may result in restrictions on the transfer of securities or on voting rights.

The Group was authorized by shareholders at the 2024 AGM held on May 10, 2024 to purchase in the market up to 10% of its issued shares (excluding any treasury shares), subject to certain conditions laid out in the authorizing resolution. The standard authority is renewable annually; the Directors will seek to renew this authority at the upcoming AGM. Details of shares issued and repurchased by the Group during the period are set out in Note 16 in the Notes to the Group Financial Statements.

In the second half of 2024, the Company issued 4,592,095 new ordinary shares at an average \$12.13 per share (£9.41) for aggregate gross proceeds of \$56 million to fund a portion of the East Texas II and Crescent Pass transactions, discussed in Note 5. The new shares issued represented 9% of the Company's existing share capital as of December 31, 2024.

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in 2022 to purchase shares already in the market and is operated through a third-party trustee. The objective of the EBT is to benefit the Group's employees and in particular, to provide a mechanism to satisfy rights to shares arising on the exercise or vesting of awards under the Group's share-based incentive plans and reduce dilution for shareholders. As of February 28, 2025, the EBT holds 646,098 shares and has distributed 561,566 shares under the Group's share-based incentive plans.

Financial Instruments

Details of the Group's principal risks and uncertainties relating to financial instruments are detailed below and in Note 25 in the Notes to the Group Financial Statements.

Risk Management

Risk management is integral to all of the Group's activities. Each member of executive management is responsible for continuously monitoring and managing risk within the relevant business areas. Every material decision is preceded by an evaluation of applicable business risks. Reports on the Group's risk exposure and reviews of its risk management are regularly undertaken and presented to the Board. Additional details regarding the Group's risk management can be found in [Principal Risks and Uncertainties](#) in the [Strategic Report](#) within this Annual Report.

Securities Dealing Code

The Group adopted a Securities Dealing Code for share dealings reasonably designed for a company listed on the equity shares (commercial companies) category of the Official List of the FCA and admitted to the Main Market of the LSE and NYSE-listed company to promote compliance with insider trading laws, rules, regulations and applicable listing standards. The code applies to the Directors, members of the Senior Leadership Team and other relevant employees of the Group and is monitored by the Group's compliance-focused employees.

Other Corporate Governance Policies

The Board reviewed, updated, and reaffirmed several key governance policies in 2024, including the following:

- **Whistleblowing Policy** - aims to provide guidance as to how individuals may raise their concerns and to ensure that they may do so confidently and confidentially.
- **Anti-Bribery & Corruption Policy** - acknowledges the Group's commitment to right and ethical practices and addresses bribery and corruption risk as a part of the Group's overall risk management strategy.

- **Socio-Economic Policy** - affirms the Group's commitment to being recognized as a leader in the field of corporate responsibility and recognizes the added value for our shareholders.
- **Modern Slavery Policy** - recognizes that modern slavery is a significant global human rights issue and has many forms including human trafficking, forced labor, child labor, domestic servitude, people trafficking and workplace abuse. The Group is committed to respecting internationally recognized human rights, including ensuring that we are in no way involved or associated with the issue of forced or involuntary labor and that modern slavery and human trafficking are not taking place in any part of our business.
- **EHS Policy** - guides activities to protect employees, contractors, the public and the environment.
- **Climate Policy** - recognizes that climate change is a complex global issue that may have an impact of the Group's operations, processes, equipment and capabilities.
- **Employee Relations Policy** - acknowledges the value of the Group's employees and highlights the Group's commitments to promote employee safety, health and well-being.
- **Human Rights Policy** - recognizes the Group's commitment and responsibility to ensure that human rights are upheld in every of its business operations and to promote human rights where it can make a positive contribution.
- **Business Partners Policy** - provides the standards the Group expects from its consultants, outsourced providers, subcontractors, vendors and suppliers to adhere to in their business activities with the Group.
- **Biodiversity Policy** - outlines the Group's commitment to promote a net positive impact on the environment and its natural biodiversity.
- **Code of Business Conduct & Ethics** - provides the standards the Group expects from its Directors, officers and employees, including honest and ethical conduct, compliance with applicable laws and prompt internal reporting and accountability for adherence to the code.
- **Tax Policy** - outlines the Group's tax objections and the foundation of the Group's tax approach.

These corporate governance policies can be viewed on the Group's website at www.div.energy/about-us/corporate-governance.

Subsequent Events

Refer to Note 28 in the Notes to the Group Financial Statements.

Director Attendance at Board and Committee Meetings

Directors are expected to attend and participate in all Board meetings and meetings of committees on which they serve and are expected to be available for consultation with management as requested from time to time. Regular Board and committee meetings are held at such times as the Board and committees, respectively, may determine. Special meetings may be called upon appropriate notice at any time.

The following table shows the number of Board and committee meetings required to be held and actually held in 2024:

Type of Meeting	Number of Meetings Required to be Held	Number of Meetings Held
Board of Directors	—	10
Audit & Risk Committee	3	5
Nomination & Governance Committee	2	3
Remuneration Committee	2	3
Sustainability & Safety Committee	2	6

Members of the Board attended Board and committee meetings (to the extent they were members of such committee in 2024) as summarized in the following table.

Director	Committee Seats (during 2024)	Board	Audit & Risk Committee	Nomination & Governance Committee	Sustainability & Safety Committee	Remuneration Committee
Rusty Hutson, Jr.	None	10	—	—	—	—
David E. Johnson	R,S	10	—	—	6	3
Martin K. Thomas	N	10	—	3	—	—
Kathryn Z. Klaber	N,A,S	10	5	3	6	—
Sandra M. Stash	S,A,R	10	5	—	6	3
David J. Turner, Jr.	A,R	10	5	—	—	3
Sylvia Kerrigan	R,N	10	—	3	—	3

Directors' Indemnities

As permitted by the Group's Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial year and remains in force at the date of this report. The Group also purchased and maintained throughout the financial period Directors' and officers' liability insurance in respect of itself and its Directors. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Conflict of Interest

There are no potential conflicts of interest between any duties owed by the Directors or members of the Senior Leadership Team to the Group and their private interests and/or other duties. In addition, there are no arrangements or understandings with any of the shareholders of the Group, customers, suppliers or others pursuant to which any Director or member of the Senior Leadership Team was selected to be a Director or Senior Manager. The Group tests regularly to ensure awareness of any future potential conflicts of interest and related party transactions. Directors are required to declare any additional or changed interests at the beginning of each Board meeting. In the event a conflict should arise, the pertinent Director would not take part in decision making related to the conflict. Additionally, there are no family relationships among any of our Directors or Senior Managers

Substantial Shareholders

As of February 26, 2025, the following shareholders hold greater than 3% of the Group's issued shares with voting rights:

Shareholders ^(a)	Number of Shares	% of Issued Share Capital
BlackRock	4,909,399	8.21%
Columbia Management Investment Advisers	3,251,605	5.44%
Jupiter Asset Management	2,792,978	4.67%
Maverick Natural Resources	2,342,445	3.92%
Hargreaves Landsdown	2,108,083	3.53%
Interactive Investor	2,052,048	3.43%

(a) The Group derives the information from TR1 notifications, its third-party performed annual shareholder analysis to support its Foreign Private Issuer status as a U.S. Corporation listed on the LSE, and from periodic third-party share register reports it receives.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP ("PwC"), have expressed their willingness to continue in office as auditors and a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the forthcoming AGM.

Corporate Governance Statement

The Directors recognize the importance of sound corporate governance and their associated report is set out in the [Chairman's Governance Statement](#) within this Annual Report. The Group reports against the UK Corporate Governance Code.

As further described in the [UK Corporate Governance Code Compliance Statement](#) provided within this Annual Report, the Group is currently in compliance with the Corporate Governance Code other than as set out therein.

Engagement with Employees' Statement

The Group is exempted from some reporting requirements, as it did not employ more than 250 employees in the UK during the year under review. As of December 31, 2024, the Group had 1,589 full-time employees, with 1,187 production employees and 402 production support employees across our ten-state operating footprint in the U.S.

In line with industry standards in the country of employment, our employees maintain a range of relationships with union groups. The Group has not previously experienced labor-related work stoppages or strikes and believe that our relations with union groups and our employees are satisfactory.

As per Section 54(1) of the Modern Slavery Act 2015, our Modern Slavery Policy is reviewed and approved by the Board annually and published on our website. The statement covers the activities of the Group and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our business. More information on our Modern Slavery Policy can be found on our website.

Pursuant to the Group's Employee Handbook, the Group will endeavor to make reasonable accommodation to the known physical or mental limitations of qualified employees with disabilities.

Engagement with Stakeholders' Statement

The Group adheres to best-in-class operating standards, with a strong focus on EHS to ensure the safety of its employees, local communities and the environment in which the Group operates. This element of reporting is discussed in the [Section 172 Statement](#) and [Sustainability & Safety Committee's Report](#) within this Annual Report. Furthermore, the Director designated to engage with the workforce as required under the Corporate Governance Code is currently Sandra M. Stash.

Relations with Shareholders

The Group aims to maintain its committed approach to long-term sustainability, which, alongside its strict fiscal discipline and stewardship, maximizes returns to its shareholders. The Directors attach great importance to maintaining good relationships with shareholders. Extensive information about the Group's activities is included in its annual and interim reports and accounts and related presentations. The Group also issues regular updates to shareholders.

Persons possessing market sensitive information are notified in accordance with the Market Abuse Regulation. The Group is active in communicating with both its institutional and private shareholders. The AGM provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Group maintains a corporate website at www.div.energy where information on the Group is regularly updated, including Annual and Interim Reports and all announcements.

The Directors are available for communication with shareholders and all shareholders have the opportunity, and are encouraged, to attend and vote at the AGM of the Group during which the Board will be available to discuss issues affecting the Group. The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders.

At the 2024 AGM, while shareholders approved most of the resolutions with majorities in excess of 99%, Resolution 19 (Amendment to 2017 Equity Incentive Plan to increase the number of shares available under the Plan), while receiving 74% of the vote "FOR", did not meet the 75% threshold to pass. Following the AGM, the Group consulted and engaged with a number of shareholders who voted against the resolutions to better understand their concerns. The Directors are thankful to the shareholders for sharing their views. They understand that the negative vote was principally related to the disconnect between traditional equity compensation plans in the United States, the Group's primary operating market, in relation to traditional compensation practices in the United Kingdom and the mechanics of recalibrating the Equity Incentive Plan after approximately seven years of existence. The dialogue with the shareholders has highlighted that there remains strong support for the Group's equity incentive arrangements.

The Board has discussed the feedback received in detail and continues to actively dialogue with shareholders on the equity incentive and compensation arrangements.

Environmental Information

The Group adheres to best-in-class operating standards, with a strong focus on EHS to ensure the safety of its employees. There is extensive coverage of these issues within the Group's 2024 Sustainability Report which will be available on its website at www.div.energy and in the [Sustainability & Safety Committee's Report](#) within this Annual Report.

Workforce Composition

We believe that a workforce with a broad range of skills, experiences, and perspectives contributes to a successful and sustainable business. We value the unique talents, expertise, and creativity that individuals bring to the Group.

The Group is committed to fostering a work environment where employees are evaluated based on their contributions and abilities. Decisions related to recruitment, selection, development, and promotion are based on merit and qualifications, ensuring that individuals are considered fairly. The Group does not discriminate on the basis of race, color, religion, national origin, ancestry, citizenship, age, disability, sex, marital status, pregnancy, veteran status, sexual orientation, gender identity, genetic information, or any other characteristic protected by applicable law. All applicants receive full and fair consideration for employment opportunities, and career development, compensation, and advancement are based on objective criteria. Additionally, employees who experience changes in their abilities while working within the Group are supported through retraining and other resources to facilitate their continued success.

Charitable & Political Donations

The Group did not make any political donations or incur any political expenditures to candidates or political campaigns or candidates during the period.

During the year, the Group contributed nearly \$2.1 million to numerous community organizations. Refer to [Serving Our Communities](#) within this Annual Report.

Going Concern

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The validity of the going concern concept is dependent on funding being available for the working capital requirements of the Group in order to finance the continuing development of its existing projects for at least the next 12 months. Sufficient funds are available in the short-term to fund the working capital requirements of the Group. The Directors believe that this will enable the Group to continue in operational existence for the foreseeable future and to continue to meet obligations as they fall due. Refer to [Viability and Going Concern](#) within this Annual Report for a summary of the Directors' assessment.

Annual General Meeting

The AGM of the Group will be held in London on April 9, 2025. Full details of these proposals will be set out in a separate Notice of AGM sent to all shareholders.

Shareholders are invited to complete the proxy form/form of instruction received either by post or vote electronically in CREST in accordance with the Notes contained in the Notice of the AGM. The Notice of the AGM and Proxy Form/form of instruction are available on the Group's website at www.div.energy.

Additional Disclosures

Supporting information that is relevant to the Directors' report, which is incorporated by reference into this report, can be found throughout this Annual Report.

For considerations of post balance sheet events refer to Note 28 in the Notes to the Group Financial Statements within this Annual Report.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). In preparing the group financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in [Directors' Report](#) confirm that, to the best of their knowledge:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- The Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, and financial position of the Company; and
- The [Strategic Report](#) includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as that Director is aware, there is no relevant audit information of which the Group's and the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This Annual Report was approved by the Board of Directors and authorized to be issued on March 17, 2025.

On behalf of the Board:

/s/ David E. Johnson

David E. Johnson
Chairman of the Board
March 17, 2025

The Nomination & Governance Committee's Report

Committee Composition

- Kathryn Z. Klaber, Chair
- Martin K. Thomas
- Sylvia Kerrigan (for the entirety of 2024 through January 24, 2025)
- David J. Turner, Jr. (joined as of January 24, 2025)

Key Objective

The Nomination & Governance Committee assists the Board in (i) discharging its responsibilities related to reviewing its structure, size and composition, (ii) recommending to the Board any changes required for succession planning and monitoring governance trends and best practices, and (iii) identifying and nominating for approval Board candidates to fill vacancies as and when they arise. The Nomination & Governance Committee is responsible for leading the process for appointments, ensuring plans are in place for orderly succession for both the Board and senior management positions, and overseeing the development of a diverse pipeline for succession.

The Nomination & Governance Committee is responsible for reviewing the results of the Board's Performance Review process and for making recommendations to the Board concerning suitable candidates for the role of Senior Independent Director, the membership of the Board's committees and the election or re-election of Directors at each AGM.

The Nomination & Governance Committee also oversees the Group's governance structure and monitors trends and compliance with governance best practices.

Key Matters Discussed by the Committee

During the past year the Nomination & Governance Committee:

- Led the annual Board Performance Review process over the course of the year, which included (i) an evaluation of the structure, agendas and outcomes of Board and Board committee meetings and (ii) a comprehensive report and roundtable exercise with the entire Board;
- Took steps with senior management to develop a training regime for the entire Board for the 2024 year and beyond, with training from internal personnel and external resources on topical subjects such as governance, oversight and Director responsibilities;
- Assessed the member composition of each Board committee to ensure alignment with best practices for Board and committee independence.
- Conducted (together with senior management) a committee-by-committee assessment process to evaluate and provide feedback to each committee chair;

- Worked with the Senior Independent Director and senior management to facilitate the Senior Independent Director's review of the Chairman;
- Worked with the Chairman and senior management to facilitate the review of the CEO;
- Worked with the Chief Human Resources Officer and Chief Legal & Risk Officer to formulate succession planning procedures and plans around key-roles in management;
- Worked with the Chief Legal & Risk Officer on an evaluation of trends in hiring and onboarding practices and legal risk mitigation related to the same;
- Reviewed management's stakeholder engagement efforts and advised on strategy and best practices;
- Reviewed and updated the Nomination & Governance Committee's Terms of Reference to reflect best practices;
- Continued to work with external advisors and senior management to analyze, assess and implement an enhanced governance framework related to the Group's NYSE and LSE listings, including, among other things, a review and update of the Group's committee charters and governance policies; and
- Encouraged and maintained oversight of employee outreach and training regarding the Group's Whistleblowing Policy and was satisfied by measures taken, including the placement of awareness posters with hotline details in all major offices.

Committee Effectiveness

The Nomination & Governance Committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Membership

For 2024, the Nomination & Governance Committee comprised of three Non-Executive Directors, two of whom were considered independent: Ms. Klaber (independent), the Nomination & Governance Committee Chair, Mr. Thomas, and Ms. Kerrigan (independent). Ms. Kerrigan served on the Nomination & Governance Committee for the entirety of 2024 and resigned from the Board of Directors on January 24, 2025. Mr. Turner has been appointed to the Nomination & Governance Committee with effect from January 25, 2025. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the Nomination & Governance Committee.

Meetings and Attendance

The Nomination & Governance Committee met three times in 2024 and has met once thus far in 2025. At the end of each Nomination & Governance Committee meeting, the committee typically meets in private executive session without management present to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the Nomination & Governance Committee keeps in close contact with the Chief Executive Officer and Chief Legal & Risk Officer between committee meetings. For Nomination & Governance Committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

Responsibilities and Terms of Reference

The Nomination & Governance Committee's main duties are:

- Reviewing the structure, size and composition of the Board (including the skills, knowledge and experience of its members) and making recommendations to the Board with regard to any changes required;
- Identifying and nominating, for Board approval, candidates to fill Board vacancies as and when they arise;
- Succession planning for Directors and other senior managers;
- Reviewing annually the time commitment required of Non-Executive Directors; and
- Overseeing the Group's governance structure as well as trends and compliance in governance best practices.

The Nomination & Governance Committee has formal terms of reference which can be viewed on the Group's website.

Due to other commitments, Ms. Kerrigan resigned from the Group's Board of Directors effective as of January 24, 2025. Ms. Kerrigan provided invaluable leadership, experience, insight, and steadfast support throughout her tenure on the Board, including on legal and industry related matters. As succession planning is one of the Nomination & Governance Committee's main duties, it will be reviewing whether Ms. Kerrigan's resignation would lend itself to a determination that the Group should identify and nominate of a new board member who embodies similar leadership and skills in 2025. It is noted that the Board already has experts with both legal and industry backgrounds.

Corporate Responsibility in Hiring

The Nomination & Governance Committee and Board are proud of the progress made to date on diversity within the Group, including achieving the UK Listing Rules' targets for 2024 of (i) more than 40% female representation on the Board through the entirety of 2024, with 43% female Board members, and (ii) a female holding a senior Board position, with Ms. Kerrigan serving as the Senior Independent Director during 2024 and through her resignation on January 24, 2025, and Ms. Stash now serving as the Senior Independent Director.

The Group continued its efforts in gender balance in 2024. Evidencing this improvement, the FTSE Women Leaders Review 2024 indicated Diversified ranks in 57th place among the FTSE 250. It also recognized 43% female representation at Board level and 39% in the executive committee and direct reports category (which is comprised of 36 females and 56 males). Within the energy sector, the Group is in 3rd place. The FTSE Women Leaders Review is an independent framework supported by the Government that builds on the excellent work of both the Hampton-Alexander and Davies Reviews which ensures that talented women at the top of business are recognized, promoted and rewarded.

The Nomination & Governance Committee also acknowledges the UK Listing Rule ethnic diversity targets, which the Group intends to continue to closely examine and evaluate in 2025 in terms of Board membership, additions, recruitment and retention.

The Group believes that a diverse and engaged workforce and Board is an important goal. In particular, the Group continues to focus on support for and communication with all groups in the communities in which it operates. It is the Nomination & Governance Committee's hope that these efforts will increase interest in our industry and assist in the continued development of qualified candidates.

Board Performance Review

The Nomination & Governance Committee assisted the Chair with the Board Performance Review. The Board Performance Review focused on the following topics, among other things:

- Strategy development and implementation;
- Risk awareness, monitoring and reporting;
- Cooperation with and evaluation process of the CEO and Senior Leadership Team;
- Board composition and dynamics;
- Onboarding and induction program;
- Meeting structure and operation;
- Meeting effectiveness;
- Shareholder and stakeholder relations;
- Committee, Senior Independent Director and Vice Chairman value contribution; and
- Individual evaluation of the Chairman and all Board members.

The Board Performance Review utilized an online questionnaire and thorough analysis of questionnaire results. The evaluation, analysis and reporting took place from September to November 2024 and confirmed that the Board and its Directors effectively perform their respective roles. The review highlighted certain areas for improvement such as restructuring meeting agendas to enhancing strategic discussions.

/s/ Kathryn Z. Klaber

Kathryn Z. Klaber

Chair of the Nomination & Governance Committee

March 17, 2025

The Audit & Risk Committee's Report

Committee Composition

- David J. Turner, Jr., Chair
- Sandra M. Stash
- Kathryn Z. Klaber

This report covers the activities of the Audit & Risk Committee in 2024 and in the period up to the approval of the Annual Report for the year ended December 31, 2024.

Key Objective

The Audit & Risk Committee acts on behalf of the Board and the shareholders to ensure the integrity of the Group's financial reporting. The Audit & Risk Committee's main functions include, among other things, reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, reviewing annual and interim accounts and auditors' reports; making recommendations to the Board in relation to the appointment and remuneration of the Group's external auditors; and monitoring and reviewing annually the external auditors' independence, objectivity, effectiveness and qualifications.

Key Matters Discussed by the Committee

During the past year the Audit & Risk Committee:

- Reviewed and challenged interim and annual financial reporting;
- Reviewed and approved the Group's Hedging Policy;
- Reviewed the Group's system of internal controls and assessed its effectiveness;
- Continued to engage with management on the post-U.S. listing integration of the applicable NYSE Rules and SEC Rules into the Group's framework;
- Reviewed and assessed the Group's approach to its asset retirement obligations and overall liquidity;
- Reviewed and updated the Audit & Risk Committee's Terms of Reference to reflect best practices;
- Reviewed the Enterprise Risk Management control strategy and function;
- Reviewed the Group's procedures for detecting fraud, prevention of bribery, and anti-money laundering systems and controls;
- Reviewed the adequacy and security of processes for employees and contractors to raise concerns confidentially about possible wrongdoing in financial reporting or other matters;
- Engaged with management regarding internal investigations and compliance reviews;
- Continued to engage with Joyce Collins, Vice President of Internal Audit, to further enhance the Group's internal audit function and consult with Ms. Collins during private executive sessions;
- Approved the external audit plan presented by PwC, reviewed the effectiveness of the external audit and held independent discussions with the lead audit partner as well as private confirmatory meetings with members of the PwC audit team;
- Implemented a formal written policy for non-audit services to preserve independence and objectivity of the external auditor in performing statutory audits;
- Reviewed correspondence with the Financial Reporting Council (the "FRC") related to financial reporting; and
- Enhanced our internal control procedures and financial reporting mechanisms to assist the Group's ability to achieve compliance with Sarbanes-Oxley Act.

Independence

The Audit & Risk Committee regards independence of the external auditor as crucial in safeguarding the integrity of the audit process and takes responsibility for ensuring an effective three-way relationship between the committee, the external auditor and management. The Audit & Risk Committee confirmed that the external auditors, PwC, remain independent and that non-audit fees remain appropriate and reasonable.

Committee Effectiveness

The Audit & Risk Committee completed a critical review of its operations and effectiveness during 2024 as part of its annual self-review process. No significant areas of concern were raised.

Areas of Focus in 2025

- Review the Group's procedures in relation to maintaining high standards across all ethics and compliance matters; and
- Ensure that all risks are appropriately identified, prioritized, addressed, and are managed by the respective risk owner.

Membership

In line with the recommendations set by the UK Corporate Governance Code, the Audit & Risk Committee is comprised of three Independent Non-Executive Directors members: David J. Turner, Jr., the Audit & Risk Committee Chair and Financial Expert, Sandra M. Stash and Kathryn Z. Klaber. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the Audit & Risk Committee.

The Audit & Risk Committee has recent and relevant financial experience through the leadership of Mr. Turner, who is presently the Chief Financial Officer at Regions Financial Corporation, a publicly traded U.S. bank that is a member of the S&P 500 Index. Each Audit & Risk Committee member has been selected to provide a wide range of financial and commercial expertise necessary to fulfil the committee's responsibilities.

No members of the Audit & Risk Committee have outside connections with the Group's external auditors.

Meetings and Attendance

The Audit & Risk Committee met five times in 2024 and has met twice thus far in 2025. Before each meeting, the Audit & Risk Committee Chair met with the members of the finance team to ensure there was a shared understanding of the key issues to be discussed. Audit & Risk Committee meetings are held in advance of Board meetings to facilitate an effective and timely reporting process. The Audit & Risk Committee Chair provided a report to the Board following each meeting. For Audit & Risk Committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

The Audit & Risk Committee regularly meets in private executive sessions without management present, one with the Vice President of Internal Audit and one with committee members only, to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. It also conducts private discussions with PwC as appropriate to ensure that the Audit & Risk Committee has a clear and unobstructed line of communication with its external auditors. The Chair of the Audit & Risk Committee keeps in close contact with the Chief Legal & Risk Officer, the Vice President of Internal Audit, the President and Chief Financial Officer, Corporate Controller, the finance team and the external auditors between committee meetings.

The list below details the members of the Senior Leadership Team who were invited to attend meetings as appropriate during the calendar year. In addition, PwC attended certain of the meetings by invitation as auditors to the Group.

- Rusty Hutson, Jr. (Chief Executive Officer)
- Bradley G. Gray (President and Chief Financial Officer)
- Benjamin Sullivan (Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary)
- Michael Garrett (Senior Vice President of Accounting and Corporate Controller)
- Joyce Collins (Vice President of Internal Audit)
- Representatives from PwC UK and PwC U.S.

Responsibilities and Terms of Reference

The main responsibilities of the Audit & Risk Committee are:

- Reviewing accounting policies and the integrity and content of the financial statements, including focusing on significant judgments and estimates used in the accounts;
- Monitoring disclosure controls and procedures and the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- Oversee and advise the Board on various risk strategies, including cybersecurity, operational, and reputational risks;
- Monitoring the integrity of the financial statements of the Group to assist the Board in ensuring that the Annual Report, when taken as a whole, are fair, balanced and understandable;
- Considering the adequacy and scope of external audits and overseeing the relationship with the external auditors, including appraising the effectiveness of their work prior to considering their reappointment and considering whether to put the external audit contract out to tender;
- Reviewing and approving the statements to be included in annual reports on internal control and risk management; and
- Reviewing and reporting on the significant issues considered in relation to the financial statements and how they are addressed.

In 2024, the Board undertook a formal assessment of the Group's primary financial service vendors, including its external auditors', PwC, independence and will continue to do so as part of the annual audit process and prior to making a recommendation to the Board for the auditors' re-appointment. This assessment in 2024 included:

- Reviewing PwC's non-audit services provided to the Group, including Audit Related Assurance Services provided and the related fees;
- Reviewing PwC's procedures for ensuring the independence of the audit firm, and parties and staff involved in the audit; and
- Obtaining confirmation from the auditors that, in their professional judgment, they are independent.

The Audit & Risk Committee has formal terms of reference which can be viewed on the Group's website.

Actions Undertaken During the Year

The key activities for the Audit & Risk Committee for the period under review are set out below.

Review of the Financial Statements

The Audit & Risk Committee monitored the integrity of the annual financial statements and reviewed the significant financial reporting matters and accounting policies and disclosures in the financial reports. The external auditors attended an Audit & Risk Committee meeting as part of the full-year accounts approval process. The process included the consideration of reports from the external auditors in respect of the audit approach, and their findings in respect of the audit of the 2024 financial statements.

Financial Statements & Presentation of Results

The Audit & Risk Committee reviewed the presentation of the Group's audited results for the year ended December 31, 2024 and the unaudited results for the six months ended June 30, 2024 to ensure they were fair, balanced and understandable, when taken as a whole. The results were assessed to ensure they provide sufficient information for shareholders and other users of the accounts to assess the Group's position and performance, business model and strategy. In conducting this review, particular focus was given to the disclosures included in the basis of preparation in Note 2 in the Notes to the Group Financial Statements in relation to the Group's funding position and the suitability of the going concern assumption.

The Audit & Risk Committee reviewed the significant judgments associated with the 2024 financial statements, including "key audit matters", and also reviewed the supporting evidence for the Group's going concern assessment.

The Board is required to provide its opinion on whether it considers that the Group's 2024 Annual Report, taken as a whole, is fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Audit & Risk Committee discussed the preparation of the Group's 2024 Annual Report with the Board. To support the Board in providing its opinion, the Audit & Risk Committee considered the content and overall cohesion and clarity of the Annual Report and assessed the quality of reporting through discussion with management and the external auditors. This included ensuring that feedback from stakeholders and other individuals had been addressed and that examples of best practice had carefully been considered in the context of the Group. The process included considering each of the elements (fair, balanced and understandable) on an individual basis to ensure the Group's reporting was comprehensive in a clear and consistent way, and in compliance with accounting standards and regulatory and legal requirements and guidelines. The reviews carried out by internal functions within the Group and independent reviewers were undertaken with a view to ensuring that all material matters have been correctly reflected in the Group's 2024 Annual Report. In summary, the Audit & Risk Committee is comfortable that the overall disclosures in the 2024 Annual Report are fair, balanced and understandable, when taken as a whole.

Attention continues to be paid to the presentation of the results and financial position in the Annual Report as well as APMs as indicators of performance. The Board considers current treatment, which retains reference to "adjusted EBITDA" and "EBITDA" to remain appropriate. The Board regards these measures as an appropriate way to present the underlying performance and development of the business since it reflects the continuing investment being made by the Group, particularly in relation to recent and future acquisition activity. Additionally, this is how the Board monitors the progress of the existing Group businesses. Accordingly, the Audit & Risk Committee believes that adjusted EBITDA provides useful information to investors and the market generally in understanding and evaluating the Group's performance.

Valuation of Natural Gas & Oil Properties & Related Assets

The Audit & Risk Committee considered the carrying value of the Group's assets and any potential impairment triggers. It reviewed management's recommendations, which were also reviewed by the external auditors, including an evaluation of the appropriateness of the identification of cash-generating units. The Audit & Risk Committee was satisfied with the assumptions and judgments applied by management as well as the triggering event assessment, which concluded that no impairment triggers were present. Accordingly, there were no impairment charges recorded for the year ended December 31, 2024. Refer to Note 10 in the Notes to the Group Financial Statements.

The Audit & Risk Committee also considered management's determination of the fair values of the acquisitions made during 2024 and challenged management on such determination. It reviewed management's assumptions and judgements, which were also reviewed by the external auditors. The Audit & Risk Committee was satisfied with the fair values calculated.

Viability & Going Concern

Management presented to the Audit & Risk Committee an assessment of the Group's future cash flow forecasts and profit projections, available facilities, facility headroom, banking covenants and the results of its sensitivity analysis. Detailed discussions were held with management concerning the matters outlined in the [Viability and Going Concern](#) section and Note 2 in the Notes to the Group Financial Statements within this Annual Report. The Audit & Risk Committee discussed the assessment with management and was satisfied that the going concern basis of preparation, including the change in the viability period, continues to be appropriate for the Group and advised the Board accordingly. In addition, the Audit & Risk Committee reviewed the going concern assumptions with PwC, including PwC's review of management's assessment of the Group's ability to continue as a going concern. The financial statements of Diversified Energy Company PLC have been prepared on a going concern basis.

The Audit & Risk Committee reviewed and challenged management's process and assessment of viability by considering various scenarios on forecasted cash flows, including a base case and downside scenario analysis which reflects the more severe impact of the principal risks and includes future climate change impacts. In reaching its view, the Audit & Risk Committee also considered: (i) financial forecasts and the appropriate period for the viability outlook; (ii) the Group's financing facilities including covenant tests and future funding plans, and (iii) the external auditors' findings and conclusions on this matter. The Audit & Risk Committee also considered the adequacy and accuracy of the disclosures in the 2024 Annual Report in respect of the Group's future viability. Following this thorough assessment, the Audit & Risk Committee considered the extent of the assessment made by management to be appropriate and recommended the viability statement, including the change to the viability period, and related disclosures (for inclusion in the 2024 Annual Report) for approval by the Board.

Risk Management

Effective risk management and controls are key to executing the Group's business strategy and objectives. Risk management and control processes are designed to identify, assess, mitigate and monitor significant risks, and can only provide reasonable and not absolute assurance that the Group will be successful in delivering its objectives. The Board is responsible for the oversight of how the Group's strategic, operational, cyber, financial, human and personnel, legal and regulatory risks are managed and for assessing the effectiveness of the risk management and internal control framework.

Embedding the enterprise risk management framework and assessing management's response to the Group's material risks continues to be an area of focus with the Audit & Risk Committee providing challenge and direction as appropriate. During 2024, the Audit & Risk Committee continued to consider the process for identifying and managing risk within the business and assisted the Board in relation to compliance with the UK Corporate Governance Code and FRC guidance. Recognizing the evolving nature of the risk landscape, due to the increasing pace of change in the industry, the continued impact of the macroeconomic environment and global instability, more than ever, the Group needs to manage risks smartly to achieve its vision, deliver strategy and create sustainable shareholder value.

The Group maintains a risk management program to identify principal risks and risk mitigation activities that includes reviewing the impact, likelihood, velocity, mitigation measures and residual risk. A description of the Group's risk management program, principal risks, and risk mitigation activities is provided in [Principal Risks and Uncertainties](#) within this Annual Report.

In addition to the risks that management identifies through the ongoing processes of reporting and performance analysis, the Audit & Risk Committee has additional risk identification processes, which include:

- A risk and control process for identifying, evaluating and managing major business risks;
- External experts, who comment on controls to manage identified risks; and
- A confidential and externally managed whistleblowing hotline and a compliance reporting website for employees to contact the Chair of the Audit & Risk Committee, Chief Legal & Risk Officer and Head of Human Resources in confidence.

Internal Audit

The work performed by the Internal Audit team in 2024 and the results of testing the risk framework continue to support a favorable outcome on the adequacy and effectiveness of the Group's internal controls. The Internal Audit team leveraged both audit work previously completed and knowledge of the Group to arrive at that conclusion. Internal testing was performed (and continues to take place) on the key controls identified throughout the business processes that impact the financial statements. There was additional focus around the completeness and accuracy element of support, updating process documentation, and completing walkthroughs of the processes with the Group's external auditors.

At each Audit & Risk Committee meeting, an update on Internal Audit is provided covering an overview of the work undertaken in the period, actions arising from audits conducted, the tracking of remedial actions, and progress against the internal audit plan. The team continues to be led by the Vice President of Internal Audit who has significant prior experience in leading natural gas and oil industry internal audits and has a straight line of communication available with the Audit & Risk Committee. The team also consists of a highly experienced audit manager as well as three additional staff auditors, all of whom have years of industry experience. Collectively, this team works under the oversight of the Corporate Controller and reports to the Chief Financial Officer who is responsible for the Group's ERM and internal controls framework.

The Group's internal controls over financial reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately. Management regularly conducts reviews of the internal controls in place in order to provide a sufficient level of assurance over the reliability of the financial statements.

Internal Control Systems

The Audit & Risk Committee is responsible for overseeing management's establishment and maintenance of the Group's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Group and the particular risks to which it is exposed. The Board has reviewed the Group's risk management and control systems noting they were in place for the year under review and up to the date of approval of the 2024 Annual Report and believes that the controls are satisfactory, given the nature and size of the Group.

The internal controls, which provide assurance to the Audit & Risk Committee of effective and efficient operations, internal financial controls and compliance with laws and regulations include:

- A formal authorization process for investments;
- An organizational structure where authorities and responsibilities for financial management and the maintenance of financial controls are clearly defined;
- Anti-bribery and corruption policies and procedures and a dedicated telephone number and website designed to address the specific areas of corruption risk faced by the Group; and
- A comprehensive financial review cycle where annual budgets are formally approved by the Board and monthly variances are reviewed against detailed financial and operating plans.

The Audit & Risk Committee considered the inherent risk of management override of internal controls as defined by Auditing Standards and performed the following actions during 2024:

- Reviewed management's report on the Group's fraud prevention framework and the key controls in place in its operations designed to prevent and detect fraud, as well as future plans for enhancement of the relevant controls;
- Identified the Group's population of application fraud controls within the financial processes and conducted testing around those specific items to assure the Group's risk control framework is whole and controls are working as anticipated to provide further confidence in the strength of fraud prevention;
- Reviewed and assessed cybersecurity risk trends and other related matters with the Group's Chief Information Technology Officer;
- Discussed the steps management had taken, including designing a fraud detection process for the specific fraud risks identified;
- Financial processes identified with critical fraud risk potential were reviewed at an elevated level and controls adjusted accordingly per discussion with management;
- Assessed the measures in place, including segregation of duties ensuring independent review, to mitigate against the risk of management override of controls;
- Discussed PwC's audit procedures, including the results of their conclusions relating to the fraud risk in revenue recognition with a particular focus on ensuring the existence of revenue transactions;
- Challenged management on the robustness of the controls; and

- Reviewed the overall robustness of the control environment, including consideration of the Group's whistleblowing and compliance arrangements (including with respect to compliance with the Sarbanes-Oxley Act).

The Audit & Risk Committee agreed with management's assessment that the overall control framework remained effective and, with a focus on high-risk and material areas, additional controls introduced had mitigated risk.

Safeguards & Effectiveness of the External Auditors

The Audit & Risk Committee is responsible for oversight and for managing the relationship with our external auditors. The Audit & Risk Committee recognizes the importance of safeguarding the independence and objectivity of the external auditors. The following safeguards are in place to ensure that the independence of the auditors is not compromised.

- The Audit & Risk Committee has a formal written policy on the provision of non-audit services by external auditors.
- The Audit & Risk Committee carries out an annual review of the external auditors regarding their independence from the Group and that they are adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review, the Audit & Risk Committee recommends to the Board the continuation, or removal and replacement, of the external auditors;
- The external auditors may only provide non-audit services permitted by the FRC's Revised Ethical Standard 2019 (the "Ethical Standard") which was issued in December 2019. These services include audit-related services such as regulatory and statutory reporting as well as other items relating to shareholder and other circulars;
- The Audit & Risk Committee reviews all fees paid for audit and audit-related services on a regular basis to assess the reasonableness of fees, value of delivery and any independence issues that may have arisen or may potentially arise in the future;
- The external auditors report to the Directors and the Audit & Risk Committee regarding their independence in accordance with relevant standards;
- Non-audit services carried out by the external auditors are limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is beneficial, and utilizes subject matter experts not conducting audit services;
- The Audit & Risk Committee monitors costs for non-audit services in absolute terms and in the context of the audit fee for the year to ensure that the potential to affect the independence and objectivity of the auditors does not arise. During 2024, non-audit services included work around the Group's half-year review and acquisitions which did not affect the independence and objectivity of the auditors; and
- Information related to audit fees for 2024 is detailed in Note 7 in the Notes to the Group Financial Statements.

This is the external auditor's fifth year as the Group's external auditor following a formal tender process during 2020 and subsequent appointment at the 2020 AGM.

The Audit & Risk Committee confirms that the Group has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

The Audit & Risk Committee is cognizant of the fact that assessing external audit quality is a key responsibility within its remit which stakeholders look to the committee to discharge. The Audit & Risk Committee continually monitors the effectiveness of the external audit. To comply with this requirement, the Audit & Risk Committee reviewed and commented on PwC's detailed audit plans and strategy, including the intended scope of the audit, identification of significant and elevated audit risks, the level of materiality proposed and the principles of PwC's centrally directed audit approach. Many elements of the audit plan approach remained consistent with the 2023 audit, and the Audit & Risk Committee welcomed the plan to enhance the focus on utilizing data-enabled auditing approaches to maximize efficiencies and insight from the auditors' testing. Following discussion and challenge, the Audit & Risk Committee agreed on the methodology adopted for determining materiality and the scope of the audit.

It then considered progress during the year by assessing the major findings of its work, the perceptiveness of observations, the implementation of recommendations and the management of feedback. At the request of the Board, the Audit & Risk Committee also monitors the integrity of the financial information in the Annual Report, half-year results statements, and the significant financial reporting judgments contained in them. Further details of the Audit & Risk Committee's procedures to review the effectiveness of the Group's systems of internal control during the year can be found in the section on effective risk management and internal control above.

The Audit & Risk Committee recognizes that all financial statements include estimates and judgments by management. The key audit areas are agreed upon with management and the external auditors as part of the year-end audit planning process. This includes an assessment by management of the significant areas requiring management judgment and the Audit & Risk Committee challenging management's judgments. These areas are reviewed with the auditors to ensure that appropriate levels of audit work are completed, and the Audit & Risk Committee reviews the results of this work. The numerous interactions with the auditor provided the Audit & Risk Committee with an insight into the quality of the audit process and the audit leadership team, and with the opportunity to assess the auditor's challenge of management's views.

Assurance Measures

On behalf of the Board, the Audit & Risk Committee examines the effectiveness of:

- The systems of internal control, primarily through reviews of the financial controls for financial reporting of the annual, preliminary and half-yearly financial statements;
- The management of risk by reviewing evidence of risk assessment and management; and
- Any action taken to manage critical risks or to remedy any control failings or weaknesses identified, ensuring these are managed through to closure.

Where appropriate, the Audit & Risk Committee ensures that necessary actions have or are being taken to remedy or mitigate significant failings or weaknesses identified during the year either from internal review or from recommendations raised by the external auditors. In 2024, the Audit & Risk Committee did not identify any significant failings or weaknesses in the system of risk management and internal control. The Group's internal controls over the financial reporting and consolidation processes are designed under the supervision of the Group's President and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes, in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance and may not prevent or detect all misstatements whether caused by error or fraud. The Group's internal controls over financial reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately.

Management regularly conducts reviews of the internal controls in place in respect of the processes of preparing consolidated financial information and financial reporting. During the year, there has been a significant investment in resources, processes and personnel relating to the internal controls of these processes to reflect the growth of the Group. This is in order to provide a sufficient level of assurance over the reliability of the financial statements.

Summary

For the year under review, and beyond, the Audit & Risk Committee will continue its monitoring of financial reporting and of internal controls and risk management, as these evolve in response to the Group's continuing growth and new opportunities as they arise.

/s/ David J. Turner, Jr.

David J. Turner, Jr.

Chair of the Audit & Risk Committee

March 17, 2025

The Remuneration Committee's Report

Committee Composition

- Sylvia Kerrigan, Chair (for the entirety of 2024 through January 24, 2025)
- David J. Turner, Jr., Chair (appointed on January 24, 2025)
- David E. Johnson
- Sandra M. Stash

Letter from Chair of the Remuneration Committee

We are pleased to present our 2024 Directors' Remuneration Report on behalf of the Board. Included within this report is the Annual Report on Remuneration, which sets out payments and awards made to the Directors for the year ended 2024, and the proposed new Directors' Remuneration Policy, which, if approved at the Group's 2025 Annual General Meeting ("AGM"), will operate for the year ended December 31, 2025, and the subsequent years until the AGM in 2028. The Director's Remuneration Report will be presented to shareholders for approval at the 2025 AGM.

Key Objective

The Remuneration Committee oversees the remuneration program of Executive Directors and the Senior Leadership Team ("Executives") on behalf of the Board. The Remuneration Committee is focused on ensuring that remuneration is designed to emphasize "pay for performance" by:

- Providing performance-driven remuneration opportunities that attract, retain and motivate executives to achieve optimal results for the Group and its shareholders;
- Aligning remuneration with the Group's short- and long-term business objectives while providing sufficient flexibility to address the unique dynamics of the Group's business model; and
- Emphasizing the use of equity-based remuneration to motivate the long-term retention of the Group's executives and align their interests with those of shareholders.

As an executive's seniority increases, and the scope, duties and responsibilities of the executive's position expand, the Remuneration Committee believes a greater portion of total remuneration should be performance driven and earned over a longer time horizon. Fixed remuneration should therefore be a relatively smaller portion of senior executive total remuneration with the majority of an executive's realized remuneration linked to the performance of the Group and delivered in shares.

DEC's Performance in 2024

2024 was a year of continued execution and transition. The Group brought a focused execution on increased cash flow generation, capital discipline, and balance sheet management. The year also marked a transition as the Group closed the Oaktree, Crescent Pass and East Texas II acquisitions, which continued the Group's expansion in the Central Region upstream and midstream assets, expanded access to U.S. investors and improved trading liquidity with dual listing on the LSE and NYSE, and completed its eighth and ninth asset-backed securitizations that further enhanced the Group's liquidity.

Through its continual, daily focus on SAM and its zero tolerance policy for fugitive emissions, the Group made significant progress in its emissions reduction goals, including through its handheld and aerial leak detection and repair programs and methane-driven pneumatic device conversions to compressed air. Further, the Group expanded asset retirement operations, deploying 18 rigs across Appalachia to retire a combined 287 wells – including 85 third-party owned wells and 202 Diversified-owned wells.

The Group's formal Community Giving and Engagement Program also made meaningful contributions to surrounding communities, with more than \$2 million contributed to various charitable, educational, student and youth athletic, and community and stakeholder engagement and outreach groups, and community organizations, including to food pantries, arts and educational programs, health and wellness organizations, and municipal services.

These achievements combined with the year's equity performance has impacted the performance-related pay outcomes for the Executive team. With respect to the 2024 annual bonus, as reported elsewhere in this Annual Report, DEC's adjusted EBITDA for 2024 was \$472 million. This equated to adjusted EBITDA per diluted share of \$10.79, after making certain adjustments for acquisitions and share dilution as described in [Annual Bonus for Executive Directors](#) within this Annual Report. The threshold, target and stretch metric was \$8.00, \$8.21 and \$8.42 per share, respectively. Metrics were established using the 2024 budget, with the stretch metric achievable from over-performing in production, management of costs, and/or executing on acquisitions. Due to adjusted EBITDA per share being above maximum performance target levels the Remuneration Committee awarded 50% for this metric out of a potential 50%.

Under the cash cost metric the Group achieved \$1.35 per Mcfe, which is similar to the Group's KPI for adjusted operating cost per Mcfe, yet excludes certain adjustments for acquisitions and production taxes. The threshold, target and stretch metric was \$1.35, \$1.30 and \$1.27 per Mcfe, respectively. As such, the Remuneration Committee awarded 5% for this metric out of a potential 20%.

In relation to the non-financial elements which account for the remainder of the annual award, the Executive Director (CEO) was determined to have performed towards the top end of the objectives (30% of potential 30%). The Group's overall performance resulted in awards of 148.8% of salary out of a maximum of 175% of salary being awarded to the CEO under the annual bonus plan.

The 2024 financial year was the end of the three-year performance period for the Performance Share Award granted in 2022. The performance conditions are a mix of Return on Equity ("ROE") (40%), Absolute TSR (30%), Relative TSR (10%), and Methane Intensity Reduction (20%) targets measured over three years. The overall payout for the award is 67% of maximum.

The Remuneration Committee considers that the Remuneration Policy operated as intended during 2024 and that the remuneration outcomes described above reflect the overall performance by the Group. The Remuneration Committee determined that no discretion needed to be applied for the above remuneration outcomes.

Key Matters Discussed by the Committee

During the past year the Remuneration Committee:

- Determined 2024 annual bonus outcomes for the Executive Director;
- Determined base salary of the Executive Director for the period starting January 2024;
- Reviewed the annual total remuneration of the Group's executives;
- Reviewed the Group's Directors' Remuneration Policy and consulted on proposed changes with the Group's largest shareholders;
- Reviewed the Group's overall workforce remuneration and benefits plans, ensuring alignment of incentives and rewards with culture;
- Reviewed and approving the 2025 Executive Director Bonus Plan and Performance Share Award targets;
- Discussed the voting results of the 2024 AGM;
- Determined that the remuneration policy for 2024 operated as intended;
- Prepared the Directors' Remuneration Report; and
- Reviewed and updated the Remuneration Committee's Terms of Reference to reflect best practices.

Directors' Remuneration Policy for 2025

Diversified is an energy company focused on solutions that optimize existing, long-life, and often undervalued U.S. energy assets. The Group's unique modern field management philosophy leverages technology that integrates digital tools, scale, vertical integration, and human experience to responsibly manage mature existing assets, improve environmental performance, and unlock overlooked value. As the only public company executing this strategy, Diversified is differentiated by this focus that minimizes traditional exploration and production risks, delivers consistent free cash flow, and serves a fundamental role in U.S. energy markets.

Ensuring that the Group has the right talent has enabled Diversified to deliver its strategic vision of building a portfolio of high-performing assets since the Group went public on the NYSE, and it has continued the track record of delivering on that vision with the closing of the Oaktree, the Crescent Pass, and East Texas acquisitions. The CEO recruited and developed this talent and is largely responsible for its success. The Group remains committed to a balanced capital allocations framework, with the diversity and strength of the asset base providing a solid foundation for accretive growth and value creation for our shareholders.

The current policy was approved by shareholders in a binding vote at the 2022 AGM with just under 83% of votes cast in favor.

This policy was traditionally aligned with the UK market and met the expectations of our shareholders when it was introduced. In preparation for the shareholder vote on a new Remuneration Policy at the 2025 AGM, the Remuneration Committee has engaged an independent subject matter expert to conduct a detailed review of the remuneration arrangements to ensure that they are appropriate in light of the performance of the business and our current strategy. Of particular focus for the Remuneration Committee was the need to ensure that going forward the policy is capable of delivering competitive compensation in the U.S., where all of Diversified's executives, employees, and operations are based, whilst meeting the expectations of our UK investor base in terms of the design and structure of the arrangements and ensuring the interests of our shareholders and executives are aligned.

The key conclusions of the review were that:

- The current policy approved by the shareholders at the Group's 2022 annual general shareholder meeting, whilst being traditionally aligned to the UK market, contains features not present in the U.S. market and is not well aligned with the U.S. in terms of quantum or structure, leading to concerns of the Remuneration Committee and the Group's ability to replace and attract future Executive Directors as well as other members of the Group's senior management team;
- Current total direct compensation (base + on-target bonus + the expected value of LTIP) for the Executive Directors, specifically with respect to the CEO, is approximately 30% below the median of other North American gas producers of a similar size in terms of market capitalization;
- Although almost all of our peers in the U.S. grant a mix of performance shares and restricted (i.e. service-based vesting) shares as part of the compensation for executives, our current policy does not offer restricted shares to the Executive Directors, which places the Group at a significant disadvantage, particularly should it need to recruit senior talent in the future;
- The Group already grants a mix of performance shares and restricted shares to its employees and a move to include restricted shares in Executive Directors' pay aligns with our existing internal reward structure ensuring consistency and alignment within our senior team; and
- With Diversified's unique U.S. focus and exposure to the U.S. market, there is a clear and compelling rationale to granting hybrid awards (i.e. a mix of performance and restricted shares), even though hybrid awards are a relatively new development for UK-listed companies (with the practice having been recently acknowledged by the Investment Association in its October 8, 2024, updated "Principles of Remuneration" as being an appropriate feature for consideration in certain circumstances).

Shareholder consultation regarding proposed changes to remuneration

The policy proposals were developed and consulted upon with a significant number of the Group's largest shareholders and proxy advisors (the majority of whom were supportive). The Remuneration Committee would like to thank those who provided constructive feedback, which enabled it to re-assess and, in certain parts, reduce its proposals (including, in particular, the proposed restricted share award level) and make changes in response to that feedback where appropriate. Importantly, it should be noted that with the adoption of the proposed remuneration policy for 2025, the CEO's total direct compensation in 2025 when all changes are implemented will be still positioned slightly below the median level of U.S. peers. See Part A: Directors' Remuneration Policy for a list of the main changes from the previous policy.

Summary of Main Changes to the Directors' Remuneration Policy

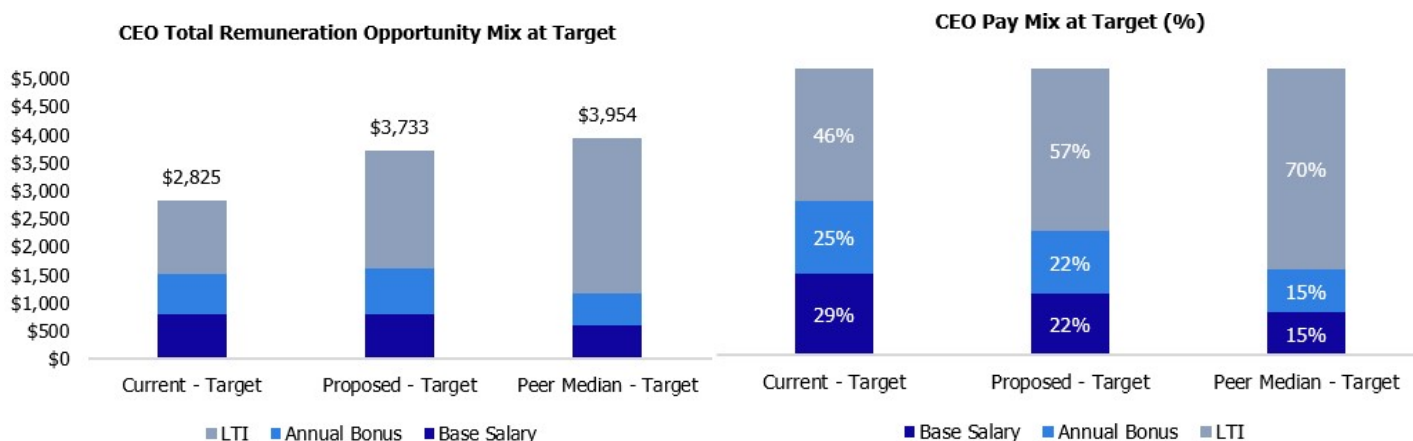
Annual Bonus - The maximum annual bonus opportunity of the CEO would increase from 175% to 200% of salary. For Executive Directors who have not yet achieved the required shareholding, 50% will be deferred as either shares or cash for two years provided continued service. Current Executive Directors who have met their shareholding guidelines will not be required to defer any of annual bonuses.

Long-Term Incentive ("LTI")

The policy maximum for performance share awards would remain unchanged at 325% of salary for the CEO and a new restricted share award of 100% of salary will be introduced. Other non-CEO Executive Directors would be eligible for performance awards of up to 250% of salary and 75% of salary in restricted shares.

Both the performance and restricted share awards will be subject to three-year performance and vesting period, and a two-year post-vesting holding period, resulting in a total five-year period from grant until rewards are realized. The restricted share awards will vest on a cliff-basis at the end of the three-year vesting period. Consistent with the UK Corporate Governance Code and investor guidelines, the Remuneration Committee will have discretion to override vesting outcomes in certain circumstances where the Remuneration Committee determines that vesting is not warranted.

The Remuneration Committee acknowledges that shareholders would often expect a reduction in award face value when replacing performance shares with restricted shares. However, in addition to structuring the compensation program to be retentive and give future flexibility for attracting senior talent, the Remuneration Committee is also seeking to address an approximate 30% shortfall in the level of CEO remuneration compared to a peer group of U.S. listed oil & gas producers comprising: Amplify Energy Corp; Berry Corporation; CNX Resources Corp; Granite Ridge Resources; Highpeak Energy; Mach Natural Resources; Northern Oil and Gas; Riley Exploration Permian; Ring Energy; TXO Partners; Vital Energy; and W&T Offshore. This peer group was chosen upon considerable review and with assistance from the Remuneration Committee's independent compensation expert. The group was selected from a long list of natural gas and oil companies headquartered in the U.S. that focus on natural gas extraction with wells and systems. The results were further filtered by similarity of operational footprint to Diversified and which are similar in terms of median market capitalization and revenue. Taken together, the proposed changes would result in the remuneration of the CEO being positioned slightly below the median of the U.S. peers and with a market aligned mix between performance shares and restricted shares. The proposed award limits also take account of feedback from shareholders consulted on our initial thinking as to the most appropriate mix between performance and non-performance based awards, as shown in the charts below.



The metrics on which the LTI performance share awards are based have not yet been finalized but will be fully disclosed to shareholders in advance of the 2025 AGM. The Remuneration Committee's current thinking is that the metrics will be as follows:

- ROE (40%),
- Absolute TSR (20%),
- Relative TSR vs a bespoke peer group of primarily U.S. gas producers (20%), and
- Emissions Reduction (20%)

Share Ownership Guidelines

In order that Executive Directors' interests are further linked with those of shareholders, the shareholding that Directors are expected to build up and maintain in the Group are being increased to align with the market. The Remuneration Committee proposed to increase the shareholding requirements to 600% for the CEO and 300% for other Executive Directors. Also, a two-year post cessation shareholding guideline will continue.

Notations Regarding Other Elements of the Remuneration Policy

The Remuneration Committee believes the remainder of the Remuneration Policy remains largely fit for purpose and we only have proposed minor changes to the Remuneration Policy in line evolving market best practice.

The CEO's salary increase for 2025 is in-line with the average increase awarded to the workforce at 3.5%.

Proposed changes to the Equity Incentive Plan Rules

Under our current Equity Incentive Plan ("EIP") that governs equity-based awards, we are subject to two restrictions on dilution: a hard cap of 3,284,031 shares and, in alignment with UK best practices, a cap allocated under the plan over any ten-year period amounting to 10% of our issued share capital (equivalent to 5,979,594 shares as of February 28, 2025). The Remuneration Committee proposes to streamline these limits by removing the hard cap of 3,284,031 shares while and retaining the cap of 10% over ten years, in accordance with UK best practice. Additionally, shares held by the Employee Benefit Trust (the "EBT") will occasionally be utilized to cover vested equity-based awards. The EBT will also periodically purchase shares in the open market. Consistent with best practices, shares purchased in the market issued by the EBT will not count towards the 10% cap because they are not dilutive to the share value.

Format of the Report and Matters to be Approved at our Annual General Meeting

At the 2025 AGM, shareholders will be asked to approve three resolutions related to Directors' remuneration matters:

- To approve the Directors' Remuneration Policy as set out in Part A of this Directors' Remuneration Report;
- To approve the Directors' Remuneration Report other than Part A; and
- To approve changes to the EIP dilution limits as outlined above.

Our approach to executive pay is designed to address the challenge of balancing a U.S. based management team with the expectations of a UK and U.S. listed company. We hope that our shareholders will remain supportive of the approach and that you will vote in favor of the remuneration resolution at the 2025 AGM.

/s/ David J. Turner, Jr.

David J. Turner, Jr.
Chair of the Remuneration
Committee
March 17, 2025

/s/ David E. Johnson

David E. Johnson
Chair of the Board and Member of
the Remuneration Committee
March 17, 2025

/s/ Sandra M. Stash

Sandra M. Stash
Member of the Remuneration
Committee
March 17, 2025

Membership

The Remuneration Committee is currently comprised of the Non-Executive Chairman and two Independent Non-Executive Directors: David J. Turner, Jr., the Remuneration Committee Chair, Sandra M. Stash, the Senior Independent Director as of January 24, 2025, and David E. Johnson. Sylvia Kerrigan served as Remuneration Committee Chair for the entirety of 2024 and resigned effective January 24, 2025. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the Remuneration Committee.

Meetings and Attendance

The Remuneration Committee met formally three times during the year and has met twice thus far in 2025. The Remuneration Committee regularly meets in private executive session at the end of its committee meetings, without management present to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the Remuneration Committee keeps in close contact with the Chief Legal & Risk Officer and Human Resources team between committee meetings. For Remuneration Committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

Committee Effectiveness

The Remuneration Committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Responsibilities and Terms of Reference

A key objective of the Remuneration Committee is to help attract, retain and motivate talented executives by ensuring competitive remuneration and motivating incentives. The incentives are linked to the overall performance of the Group and, in turn, to the interests of all shareholders.

The Remuneration Committee is responsible for:

- Discussing and determining the Group's framework for executive remuneration;
- Determining the remuneration for the Executive Director;
- Reviewing remuneration for other members of the Senior Leadership Team;
- Reviewing and recommending to the Board the remuneration of the Non-Executive Directors; and
- Overseeing and reviewing the structure and operation of the remuneration policy.

The Remuneration Committee has formal terms of reference which can be viewed on the Group's website at www.div.energy.

Role of Management

The Group's Human Resources Department assists the Remuneration Committee and its independent compensation consultant (as applicable) in gathering the information needed for their respective reviews of the Group's compensation program with respect to the Senior Leadership Team. This assistance includes assembling requested compensation data. The CEO develops pay recommendations for members of the Senior Leadership Team for review and discussion by the Remuneration Committee. The Remuneration Committee, in private session and without executive officers present, approves the CEO's pay levels.

External Advisors

During the year, FIT Remuneration Consultants LLP ("FIT") and Mercer Limited ("Mercer") provided assistance to the Remuneration Committee. Both FIT and Mercer are signatories to the Remuneration Consultants Group's Code of Conduct. FIT provided advice to the Remuneration Committee on all matters relating to remuneration, including best practice. Mercer provided specialist advice to support the review of the proposed Director's Remuneration Policy and shareholder engagement. FIT provided no other services to the Group or its Directors and do not have any other connection with the Group or its Directors. Mercer provides pay benchmarking and survey data to the Group's management but otherwise does not have any other connection with the Group or its Directors. Accordingly, the Remuneration Committee was satisfied that the advice provided by FIT and Mercer was

objective and independent. The Remuneration Committee selected and appointed FIT based on the positive experience with FIT in prior years, among other factors. Mercer was appointed to advise both the Group and the Remuneration Committee on development of the new Remuneration Policy, based on the Group's experience of working with its lead advisor on the development of the previous Remuneration Policy. FIT's and Mercer's fees in respect of 2024 were \$37,507 (GBP: £29,302), and \$126,080 (GBP: £98,500), respectively. Both FIT's and Mercer's fees are charged on the basis of time and materials.

Remuneration at a Glance

Proposed Remuneration Policy & Implementation

Stated Objective	Overview of Proposed Remuneration Policy	Proposed Implementation for 2025
Base salary	- Reviewed annually. - Consideration given to the performance of the Group, the individual's performance, the individual responsibilities or scope of the role, and pay practices in relevant comparator companies in the U.S.	Executive Director (Effective January 1, 2025 and represents a 3.5% increase for Rusty Hutson, Jr. over 2024. This compares to increases across the Group ranging from 0% to 7% based on performance, with an average of 3.5%.) CEO: Rusty Hutson, Jr.: \$807,128
Pension & benefits	The current Executive Director does not receive a pension contribution and any future provision will be aligned to the wider workforce.	- The current Executive Director does not receive a pension contribution. - Consistent with the approach taken for all employees, the Group offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which the Executive Director may make voluntary pre-tax contributions towards his own retirement. The Group matches the Executive Director's contributions up to \$26 thousand per annum. - Benefits consist of standard car and health/insurance related benefits.
Annual Bonus Short-Term Incentives	- Maximum of 200% of salary for Rusty Hutson, Jr. and 125% of salary for other Executive Directors. - For Executive Directors who have not yet achieved the required shareholding, 50% will normally be paid in cash, with the remainder deferred as either shares or cash for two years provided continued service. - Deferral is not required for existing Executive Directors who, at the time this Remuneration Policy is approved, have achieved the required shareholding, i.e. 100% of their award will normally be paid in cash, with no deferral. - Subject to the achievement of relevant performance conditions, both qualitative and quantitative. - Subject to malus and clawback provisions.	Potential awards for 2025 performance period: - Rusty Hutson, Jr.: 200% of salary - Other Executive Directors: 125% of salary - Performance conditions, which will have defined Threshold, Target, and Stretch payout criteria: 50% adjusted EBITDA per share 25% cash cost per Mcfe 25% sustainability measures
Long-Term Incentives	- Performance Share Awards, subject to service and performance over a three-year period, and eligible for payment of applicable Dividend Equivalent Rights during the vesting period. Maximum award of 325% of salary for Rusty Hutson, Jr. and 250% of salary for other Executive Directors. - Restricted Share Awards, subject to service over a three-year period, and eligible for payment of applicable Dividend Equivalent Rights during the vesting period. Maximum award of 100% of salary for Rusty Hutson, Jr. and 75% of salary for other Executive Directors. - Subject to malus and clawback provisions.	Potential awards for 2025: - Rusty Hutson, Jr.: 325% of salary of performance share awards; 100% of salary of restricted share award - Other Executive Directors: 250% of salary of performance share awards; 75% of salary of restricted share awards - Performance conditions: 40% return on equity 20% relative TSR 20% absolute TSR 20% emissions
Share Ownership Requirements	- Rusty Hutson, Jr.: 600% of salary - Other Executive Directors: 300% of salary - Lower of shares acquired from LTIP awards held at termination or normal share ownership requirement continues to apply for first year following termination, reducing to 200% of salary for the second year.	Rusty Hutson, Jr. meets the requirement.

Introduction

Part A: Represents the proposed policy which will take effect, subject to the approval of the shareholders, immediately after the 2025 AGM (the "Directors' Remuneration Policy").

Part B: Constitutes the Annual Report on Remuneration sections of the Executive Directors' Remuneration Report.

Part A: Directors' Remuneration Policy

The Directors' Remuneration Policy below sets out the information required by Part 4 of Schedule 8 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

If approved by Shareholders at the forthcoming AGM on April 9, 2025, the Directors' Remuneration Policy set out below will replace the existing policy for which shareholder approval was obtained at the 2022 AGM, and will become binding immediately thereafter.

The main changes from the previous policy are:

- Annual Bonus maximum for the CEO is to be increased to 200% of salary and add an annual bonus maximum for other Executive Directors at 125% of salary with a deferral of 50% of any bonus earned compulsory to which existing Executive Directors who have met their shareholding requirement are not subject. No deferral will be applicable to any bonus for an existing Executive Director who has met their shareholding requirement;
- Performance Share Awards maximum is to remain at 325% per annum for the CEO and a new Restricted Share Award of 100% of salary is introduced; and
- New Performance Share Awards maximum for other Executive Directors at 250% per annum and Restricted Share Award of 75% of salary is introduced in order to future-proof the policy.

The following table summarizes the Group's policies in respect of the key elements of our Directors' remuneration:

Element and Purpose	Remuneration Policy and Operation	Maximum	Performance Measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	• Base salaries will typically be reviewed annually, with consideration given to the performance of the Group and the individual, any changes in responsibilities or scope of the role and pay practices in relevant U.S. comparator companies of a broadly similar size and complexity, with due account taken of both market capitalization and turnover. • The Remuneration Committee does not strictly follow benchmark pay data, but instead uses it as one of a number of reference points when considering, in its judgment, the appropriate level of salary. Base salary is paid monthly in cash.	• It is anticipated that salary increases will generally be in line with those awarded to the general workforce. That said, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Group performance), the Remuneration Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report.	n/a
Benefits To provide benefits valued by recipients.	• The Executive Director currently receives standard car and health/insurance related benefits. • Where appropriate, the Group will meet certain costs relating to Executive Director relocations. • In line with the approach taken for all employees, the Group offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which the Executive Director may make voluntary pre-tax contributions towards his own retirement. The Group matches the Executive Director's contributions up to \$26 thousand per annum. • The Remuneration Committee reserves the discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice.	• It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year to year. • Relocation expenses are subject to a maximum limit of 100% of base salary, provided that such expenses may be paid only in the year of appointment and for a further two financial years. • With limited exceptions, the U.S. Section 401(k) defined contribution plan currently provides company matching contributions up to a maximum of \$26 thousand per annum. • The Remuneration Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than what the committee considers appropriate in all the circumstances.	n/a

Element and Purpose	Remuneration Policy and Operation	Maximum	Performance Measures
Pension To provide retirement benefits.	- Currently, no element of the Directors' remuneration is pensionable, and the Group does not operate any pension scheme or other scheme providing retirement or similar benefits. - The Remuneration Committee reserves the discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice.	- The current Executive Director does not receive a pension contribution. - Any future pension provision will be limited to levels aligned to the contribution levels for the majority of the workforce.	n/a
Annual bonus plan To motivate the Executive Director and incentivize the delivery of performance over a one-year operating cycle, focusing on the short- to medium-term elements of our strategic aims.	- Annual bonus plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. - Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other major transactions where the Remuneration Committee considers it to be necessary in its opinion to make appropriate adjustments. - For Executive Directors who have not yet achieved the required shareholding, 50% will normally be paid in cash, with the remainder deferred as either shares or cash for two years provided continued service. - Deferral is not required for existing Executive Directors who at the time this Remuneration Policy is approved have achieved the required shareholding. - Clawback provisions apply to the annual bonus plan, and malus and clawback will apply to deferred shares in accordance with the Group's clawback and malus policies.	The maximum level of annual bonus plan outcomes is 200% of base salary for the CEO and 125% of base salary for other Executive Directors.	- The performance measures applied may be financial or non-financial; quantitative and qualitative; and corporate, divisional or individual and with such weightings as the Remuneration Committee considers appropriate. The metrics and weightings applicable for 2025 are intended to be as follows: 50% adjusted EBITDA per share 25% cash cost per Mcfe 25% sustainability measures - Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 25% of the maximum portion of the overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance. - However, the annual bonus plan remains a discretionary arrangement and the Remuneration Committee retains a standard power to apply its discretion to adjust the outcome of the annual bonus plan for any performance measure (from zero to any cap), should it consider that to be appropriate.

Element and Purpose	Remuneration Policy and Operation	Maximum	Performance Measures
Long-term incentives To motivate and incentivize the delivery of sustained performance over the long-term, and to promote alignment with shareholders' interests, the Group grants Performance Share Awards.	- Performance Share Awards vest over a period of three years, and are eligible for accrual of applicable Dividend Equivalent Rights during the vesting period. - Restricted Share Awards are subject to service over a three-year period, and are eligible for accrual of applicable Dividend Equivalent Rights during the vesting period. - Once vested the net of tax shares from both the Performance Share and Restricted Awards are subject to a holding period of two years. - Clawback and malus provisions apply to Performance Share Awards and Restricted Share Awards.	- Performance Share Awards may be granted with a maximum value of 325% of salary for the CEO and 250% of salary for the other Executive Directors. - Restricted Share Awards may be granted with a maximum value of 100% of salary for the CEO and 75% of salary for other Executive Directors. - In determining the number of shares subject to an award, the market value of a share shall, unless the Remuneration Committee determines otherwise, be assumed to be the average share price for the five days following the announcement of the Group's results for the previous financial year.	- The Remuneration Committee may set such performance conditions on Performance Share Awards as it considers appropriate, whether financial or non-financial and whether corporate, divisional or individual. Performance periods may be over such periods as the Remuneration Committee selects at grant, which will not be less than, but may be longer than, three years. - It is intended that the metrics and weightings applicable in 2025 will be as follows: 40% Return on Equity 20% Absolute TSR 20% Relative TSR 20% Emissions - No more than 15% of awards vest for attaining the threshold level of performance conditions. The Remuneration Committee also has a standard power to apply its judgment to adjust the vesting outcome of Performance Share Awards and Restricted Share Awards to take account of any circumstances (including the performance of the Group, any individual or business) should it consider that to be appropriate.

Element and Purpose	Remuneration Policy and Operation	Maximum	Performance Measures
Share ownership guidelines To further align the interests of the Executive Director with those of shareholders.	- Each Executive Director is expected to build up a prescribed level of shareholding. - Minimum shareholding is 600% of base salary for the CEO and 300% of base salary for other Executive Officers. The Remuneration Committee reserves the power to amend, but not reduce, these levels in future years. - To the extent that the prescribed level has not been reached, the Executive Director will be expected to retain a proportion of the shares vesting under the Group's share plans until the guideline is met. - Any vested shares from long-term incentives subject to a holding period and any shares awarded in connection with annual bonus deferral will be included for the purpose of the guidelines (discounted for anticipated tax liabilities). - A post-employment shareholding requirement normally applies to shares from long-term investments vesting after the effective date of the Directors' Remuneration Policy for 2025. The policy requires the Executive Director to hold the shares equivalent to his share ownership guideline at that date, for a period of one year post-employment and reducing to 200% of salary for the second year post-employment.	n/a	n/a
Chairman's and Non-Executive Directors' fees To enable the Group to recruit and retain a Chairman of the Board and Non-Executive Directors of the highest caliber.	- The fees paid to the Chairman and Non-Executive Directors aim to be competitive with other U.S. and UK listed peers of equivalent size and complexity. - The fees payable are determined by the Board, and will include incremental committee Chair and additional responsibility fees (as applicable). Directors do not participate in decisions regarding their own fees. - Non-Executive Directors are reimbursed all necessary and reasonable expenses incurred in connection with the performance of their duties and any tax thereon in accordance with the Group's Non-Executive Director Expense Reimbursement Policy. - No other benefits are envisaged for the Chairman and Non-Executive Directors, but the Group reserves the right to provide benefits, including company related travel and office support.	- Fees are paid monthly in cash. - A proportion of each Non-Executive Directors' fees may be required to be used for the acquisition of Group shares which must then be held until they cease to be a Director. - The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Group's Articles of Association for such fees. - Any increases actually made will be appropriately disclosed.	n/a

Choice of Performance Metrics

Diversified's strategy is to focus on solutions that optimize existing, long-life, and often undervalued U.S. energy assets. This requires a unique modern field management philosophy that leverages digital tools, scale, vertical integration, and human experience to responsibly manage mature existing assets, improve environmental performance, and unlock overlooked value. This minimizes traditional exploration and production risks, delivers consistent free cash flow, and serves a fundamental role in U.S. energy markets. Targets are reviewed each year by the Remuneration Committee and set taking account of Diversified's in-year and longer-term goals.

The proposed 2025 annual bonus metrics which comprise adjusted EBITDA per share (50%), cash cost per Mcfe (25%), and sustainability measures (25%) have been selected as these incentivize a disciplined and responsible approach to growth and delivery of returns to shareholders.

The proposed scorecard of metrics selected for the grants of Performance Share Awards in 2025 comprises Return on Equity (40%), Absolute TSR (20%), Relative TSR (20%), and Emissions (20%). These have been selected as they reward strong capital management, encourage value enhancing acquisitions, reward the generation of superior returns to shareholders across the cycle as well as a focus on sustainability.

Service Contracts & Letters of Appointment

The following table summarizes key dates for the service contracts of Rusty Hutson, Jr. effective as of December 31, 2024:

Name	Date of Service Contract	Duration
Rusty Hutson, Jr.	January 30, 2017	Executive Director's service agreement should be of indefinite duration, subject to termination by the Group or the individual on six months' notice. The service agreements of all current Executive Directors comply with that policy.

The contract of the current Executive Director, which is available for inspection at the Group's registered office, contains a payment in lieu of notice clause which is limited to base salary only. In line with U.S. practice, depending on the circumstances of their severance from service, the Executive Director may be entitled to certain payments, including previously accrued salary plus 12 months salary. For each current Non-Executive Director, the effective date of their latest letter of appointment is:

Name	Date of Letter of Appointment	Duration
David E. Johnson	February 3, 2017	
Martin K. Thomas	January 1, 2015	
David J. Turner, Jr.	May 27, 2019	Initial period of 12 months, subject to re-election at each AGM of the Group and are terminable on three months' notice given by either party.
Sandra M. Stash	October 21, 2019	
Kathryn Klaber	January 1, 2023	

Malus and Clawback

The Remuneration Committee may apply malus and clawback to a Performance Share Award, Restricted Share Award, deferred shares under the Annual Bonus Plan and to cash amounts under the annual bonus plan (clawback only). The relevant circumstances where these powers of recovery may operate include:

- Any accounting restatement required as a result of the financial statements of any member of the Group's being materially misstated as a result of the relevant employee's material non-compliance with the Group's financial reporting requirements under all applicable laws and policies;
- Any fraudulent act of the relevant employee (whether proven, admitted or otherwise);
- Any material breach of any term of employment;
- Any material failure in supervision and oversight by the relevant employee;
- Any gross misconduct, material wrongdoing or any material breach of any term of employment by the relevant employee;
- A material error in the calculation of the relevant employee's performance conditions; or
- Such other exceptional negative circumstances caused by the relevant employee as the Remuneration Committee may reasonably determine, which may include the Group suffering any serious reputational damage, financial downturn, failure of risk management or corporate failure as a result of the relevant employee's action or inaction.

Normally, clawback can operate for up to two years following the vesting of an award or bonus payment.

Travel and Hospitality

The Remuneration Committee has been advised that corporate hospitality, whether paid for by the Group or another, and travel for Directors (and in exceptional circumstances their families) and any tax thereon may technically come within the applicable rules. As a result, the Remuneration Committee expressly reserves the right for the committee to authorize such activities within its agreed policies. Note that the Remuneration Committee does not consider travel and hospitality or the reimbursement of these expenses to form part of benefits in the normal usage of that term.

Differences Between the Policy on Remuneration for Directors from the Policy on Remuneration of Other Staff

While the appropriate benchmarks vary by role, the Group seeks to apply the philosophy behind this policy across the Group as a whole. Where the Group's pay policy for Directors differs from its pay policies for groups of staff, this reflects the appropriate market rate position and/or typical practice for the relevant roles. The Group takes into account pay levels, bonus opportunity and share awards applied across the Group as a whole when setting the Directors' Remuneration Policy.

Committee Discretions

The Remuneration Committee will operate the annual bonus plan, Performance Share Awards and Restricted Share Awards according to their respective rules and the above policy table. The Remuneration Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans.

These discretions include, but are not limited to, the following:

- The selection of participants;
- The timing of grant of an award/bonus opportunity;
- The size of an award/bonus opportunity subject to the maximum limits set out in the policy table;
- Discretion required when dealing with a change of control or restructuring of the Group;

- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- The annual review of performance measures, weightings and targets from year to year and resulting vesting/bonus pay-outs.

While performance measures and targets for annual bonus and Performance Share Awards will generally remain unchanged once set, the Remuneration Committee has the usual discretions to amend the measures, weightings and targets in exceptional circumstances (such as a major transaction) where the original conditions would cease to operate as intended. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Group's major shareholders.

Any use of these discretions would, where relevant, be explained in the Directors' Remuneration Report.

Recruitment Remuneration Policy

The Group's recruitment remuneration policy aims to give the Remuneration Committee sufficient flexibility to secure the appointment and promotion of high-caliber executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Remuneration Committee will be to apply the general policy for Executive Directors and structure a package in accordance with that policy, consistent with the relevant requirements.

The annual bonus plan, Performance Share Awards, and Restricted Share Awards including the maximum award levels, will operate as detailed in the general policy in relation to any newly appointed Executive Director, although, depending on the circumstances, different metrics and or targets may be set in the first year of appointment. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate. For external and internal appointments, the Remuneration Committee may agree that the Group will meet certain relocation expenses in the year of appointment and for a further two financial years, as it considers appropriate. For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy-out awards and entitlements forfeited by the individual on leaving a previous employer.

For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any awards to a newly recruited Executive Director which are not buy-outs will be subject to the limits for the annual bonus plan and Performance Share Awards as stated in the general policy.

For any buy-outs the Group will not pay more than is necessary in the view of the Remuneration Committee, and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing annual bonus plan, Performance Share Awards and Restricted Share Awards. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing annual bonus plan and Performance Share Awards and Restricted Share Awards (for example, specific arrangements under Listing Rule 9.4.2).

All buy-outs, whether under the annual bonus plan, Performance Share Awards, Restricted Share Awards or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Remuneration Committee will seek, where it is practicable to do so, to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance.

A new Non-Executive Director would be recruited on the terms outlined in the Remuneration Policy.

Termination Policy Summary

The Remuneration Committee will consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Remuneration Committee may choose to apply under the discretions available to it under the terms of the relevant plan. The potential treatments on termination under these plans are as follows:

Annual Bonus Plan

If an Executive Director resigns without "good reason" (e.g. demotion, material reduction in compensation, relocation of principal office location of more than 200 miles) or is dismissed for cause before the end of the bonus plan year, the right to receive any bonus normally lapses. If an Executive Director ceases employment before such date by reason of death, injury, ill health, disability, retirement, resignation for good reason, or termination without cause, or any other reason determined by the Remuneration Committee, the committee may determine that such bonus will be payable pro rata for the period of time during the year (performance period) that the Executive Director was employed. Similar treatment will apply in the event of a change in control of the Group, provided, however, that if the Executive Director is terminated without cause or resigns for good reason within 180 days prior to such change in control, the bonus will be payable without reduction. The rationale is to ensure that the Executive Directors remain with the Group through completion of the change in control, so as to affect an orderly transition for the Group.

Deferred bonus awards may be accelerated if the Executive Director's leaving was for reason of death, injury, ill health, disability, retirement, resignation for good reason, or termination without cause.

Performance Share Awards and Restricted Share Awards

If, during the performance or vesting period, a participant:

- Resigns without good reason or is dismissed for cause, awards lapse in full;
- Dies, awards will be pro-rated by reference to the proportion of the performance or vesting period for which the participant remained employed subject, in the case of Performance Share Awards to the Group's performance; or
- Ceases to be employed due to injury, ill health, disability, retirement, resignation for good reason, or termination without cause, or for any other reason the Remuneration Committee determines, awards are retained subject to the performance conditions, and continue to vest on the original schedule. In such instance, awards will be pro-rated by reference to the proportion of the performance or vesting period for which the participant remained employed. The Remuneration Committee has a standard ability to vary time pro-rating. The Remuneration Committee may exercise its discretion to allow awards to vest early on cessation in suitable cases. In the event the participant dies or suffers a disability during the holding period, the holding period may be accelerated.

Performance share awards and Restricted share awards will normally vest in the event of a change of control and shall take into account, amongst other things, the extent to which any performance criteria have been met (over the shortened performance periods) and the time elapsed since grant (i.e. prorated).

The Group has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Group may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Consideration of Employment Conditions Elsewhere in the Group

The Group's general pay and employment conditions will be taken into account when setting Executive Directors' remuneration.

The same reward principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business:

Base Salary/Benefits/Pension	The Remuneration Committee receives an annual report summarizing the base salaries, benefits and pension arrangements received by each category of Group staff.
Annual Bonus	The majority of salaried employees participate in an annual bonus plan, although the quantum and balance of group, business unit and individual objectives varies by level and nature of role. The Remuneration Committee receives an annual report summarizing the bonus potential and performance metrics used in each of the annual bonus schemes in operation across the Group.
Long-Term Incentives	Key Group employees may receive share incentive awards, both performance and restricted, and may receive awards based on the same or different performance conditions as those for Executive Directors (although the Remuneration Committee reserves the discretion to vary the performance conditions for awards made to employees below Board level). The Remuneration Committee is provided a summary of the long-term incentive plans.

As highlighted in the [Engagement with Employees Statement](#) in the [Directors' Report](#) within this Annual Report, the Group engages with employees on a range of matters. Employees are not directly consulted in the development of the Remuneration Policy, however, as part of this employee engagement process there is the opportunity for employees to ask questions and provide feedback on the strategy of the Group, including how this links to remuneration and how executive remuneration aligns with the wider company pay policy and the Group's strategy and objectives.

Consideration of Shareholder Views

The Remuneration Committee considers shareholder views received during the year and at each AGM, as well as guidance from shareholder representative bodies more broadly, when determining the remuneration policy and its implementation. Specifically in connection with the proposed remuneration policy for 2025, the Remuneration Committee consulted with major shareholders in late-2024 and into 2025 to collect feedback and gauge shareholder response as a result of which changes have been made to the quantum of the proposals and also to performance metrics used for awards granted in the Remuneration Policy's first year.

The Remuneration Committee seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and it will consult with major shareholders in advance of any material change to the structure and/or operation of the policy and will seek formal shareholder approval for any such change if required.

External Appointments

The Group's policy is to permit an Executive Director to serve as a non-executive director elsewhere when this does not conflict with the individual's duties to the Group, and where an Executive Director takes such a role they may be entitled to retain any fees which they earn from that appointment. Such appointments are subject to approval by the Chairman.

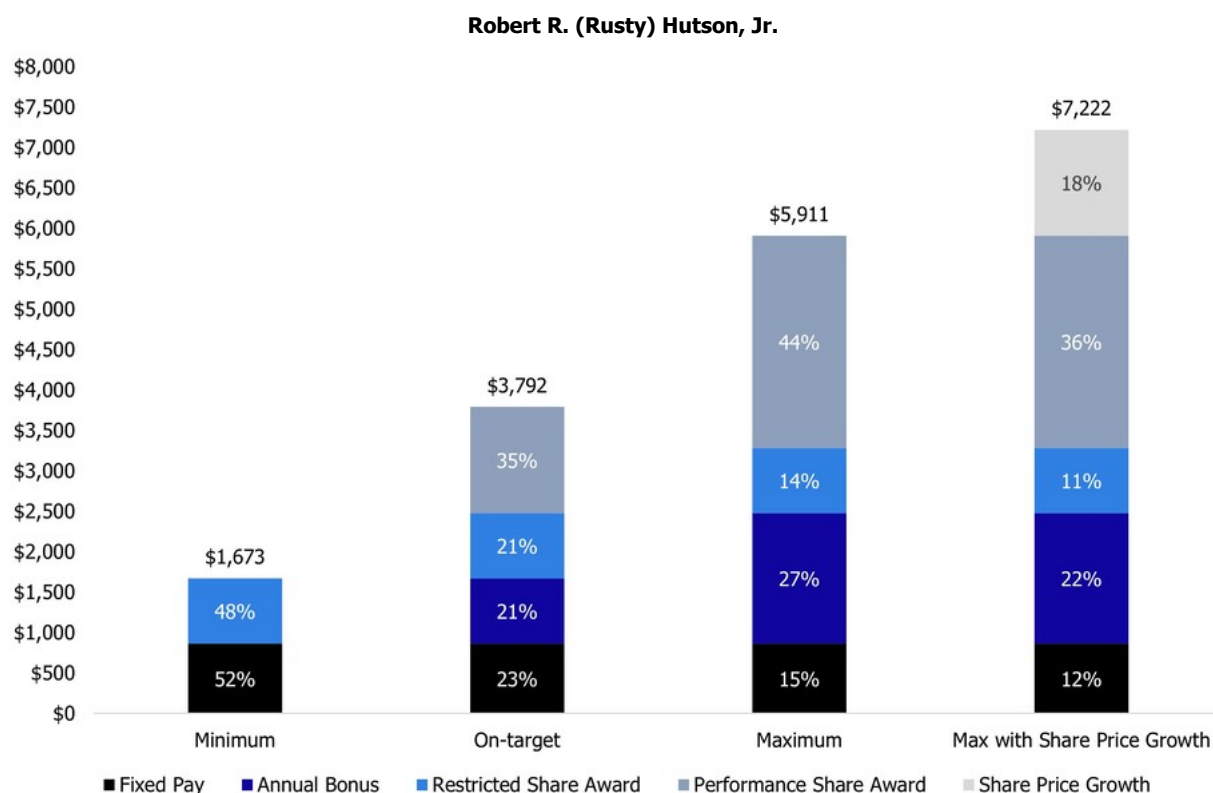
Illustrations of Application of Executive Director Remuneration Policy

The following charts show how the remuneration policy for the Executive Director will be applied in 2025 using the assumptions shown overleaf:

Minimum	- Consists of base salary, benefits and pension. - Base salary is the salary to be paid in 2025. - Long-Term Incentives ("LTI"): Consists of full vesting (100%) of Restricted Share Awards (maximum of 100% of base salary). - No pension is provided, only 401(k) match to the extent applicable.
Target	Based on what the Executive Director would receive if performance was on-target (excluding share price appreciation and dividends): - Annual bonus: Consists of the target bonus (50% of maximum opportunity used for illustrative purposes). - LTI: Consists of the target level of vesting (50%) of Performance Share Awards (maximum of 325% of base salary) and full vesting (100%) of Restricted Share Awards (maximum of 100% of base salary).
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): - Annual bonus: Consists of maximum bonus of 200% of base salary. - LTI: Consists of full vesting (100%) of Performance Share Awards (maximum of 325% of base salary) and full vesting (100%) of Restricted Share Awards (maximum of 100% of base salary).
Maximum with share price growth	Based on the Maximum scenario set out above but with a 50% share price increase applied to the value of Performance Share Awards.

(\$ thousands)	Base Salary	RSU Award	Benefits	Benefit Plan ^(a)	Total Fixed
Rusty Hutson, Jr.	\$ 807	\$ 807	\$ 17	\$ 42	1,673

(a) Reflects amounts received under the Group's 401(k) contribution plan and health insurance benefits.



Part B: Annual Report on Remuneration

The remuneration for the Executive and Non-Executive Directors of the Group who performed qualifying services during the year is detailed below. For the year ended December 31, 2024, the aggregate compensation paid to the members of our board of directors and our executive officers for services in all capacities was approximately \$4 million.

Executive officers are entitled to matching contributions from the Group of up to \$26 thousand per annum into their 401(k) retirement plans. They also receive a range of core benefits such as life insurance, private medical coverage and annual health screens.

The Non-Executive Directors received no remuneration other than their annual fee. The aggregate fees and any benefits of the Chairman of the Board and Non-Executive Directors will not exceed the limit from time-to-time prescribed within the Group's Articles of Association for such fees which is currently £1,055,000 (approximately \$1,350,400) per annum. In addition, non-executive directors are reimbursed all necessary and reasonable expenses incurred in connection with the performance of their duties and any tax thereon in accordance with the Group's Non-Executive Director Expense Reimbursement Policy.

Directors' remuneration for the years ended December 31, 2024 and 2023 (audited):

Executive Director (In thousands)	Rusty Hutson, Jr.	
	December 31, 2024	December 31, 2023
Salary/fees	\$ 780	\$ 750
Taxable benefits ^(a)	17	12
Benefit plan ^(b)	42	31
Pension ^(c)	—	—
Total fixed pay	\$ 839	\$ 793
Bonus ^(d)	1,160	825
Long-term incentives ^(e)	1,008	303
Total variable pay	\$ 2,169	\$ 1,128
Total remuneration	\$ 3,007	\$ 1,921

Non-Executive Directors - Total Remuneration (In thousands)	December 31, 2024	December 31, 2023
David E. Johnson	\$ 223	\$ 216
Martin K. Thomas	160	155
David J. Turner, Jr.	173	168
Sandra M. Stash	160	156
Kathryn Z. Klaber	160	139
Sylvia Kerrigan	173	160

(a) Taxable benefits were comprised of Group paid life insurance premiums and automobile reimbursements.

(b) Reflects matching contributions under the Group's 401(k) plan and health insurance benefits.

(c) The Executive Director does not receive a pension provision.

(d) Further details of the bonus outcome for 2024 can be found in [Annual Bonus for Executive Directors](#) within this Annual Report. For 2024, the bonus total for Rusty Hutson, Jr. represents 148.8% of approved base salary. Subject to the Remuneration Policy, amounts above 100% of salary will be deferred into cash for one year provided continued service, without additional performance conditions. For 2023, the bonus total for Rusty Hutson, Jr. represented 110.1% of base salary. Amounts above 100% of salary were deferred into cash for one year provided continued service, without additional performance conditions.

(e) For 2024, the value of the Performance Share Award granted in 2022, including dividend equivalent units ("DEUs") accrued to date, has been based on the number of shares and DEUs that will vest and the three-month average share price for the period to December 31, 2024 of \$13.96 (£10.87) per share. The overall payout for the Performance Share Award was 67% and the grant share price for the awards was \$30.47 (£23.36) per share and, accordingly, the relevant figures are reflective of a decrease of 54% in the Group's share price over the three year period. For 2023, the value of the Performance Share Award granted in 2021, including DEUs accrued to the vesting date, has been restated to reflect the actual share price on the vesting date of \$11.60 per share. The values disclosed last year were estimated using the three-month average share price for the period to December 31, 2023 of £13.62 per share using an exchange rate of £1:\$1.24055.

2024 Annual Bonus for Executive Director (Audited)

For 2024 the overall bonus plan for the Executive Director was a maximum of 175% of base salary with an actual achieved formulaic bonus of 148.8%. The Group delivered a strong operational performance in 2024. The following table summarizes the performance targets and outcomes which led to the Remuneration Committee's decisions as to the payout percentages.

The targets were as follows:

Measure	Threshold ^(a)	Target ^(a)	Maximum (100% Payout)	Actual	Performance	% of Total Bonus	Payout %
Adjusted EBITDA per share ^(b)	\$ 8.00	\$ 8.21	\$ 8.42	\$ 10.79	100%	50%	50%
Cash cost per Mcfe ^(c)	\$ 1.35	\$ 1.30	\$ 1.27	\$ 1.35	25%	20%	5%
Sustainability (see below)						30%	30%
Total % of maximum							85%
Total % of salary - Rusty Hutson, Jr.							148.8%

(a) Threshold was 25% and Target was 75% for the adjusted EBITDA per share and cash cost per Mcfe measures and 0% to 50% and 0% to 75%, respectively, for the sustainability measures, but for all measures stretch allowed inclusion of acquisitions.

(b) Actual results for the adjusted EBITDA per share measure utilized fully diluted weighted average shares outstanding.

(c) Actual results for the cash cost per Mcfe measure excluded 2024 acquisitions and irregular G&A expense.

In respect of the non-financial performance targets set for the Executive Director, these were set against a range of strategic targets at the start of the year. The targets set were aligned to the Group's corporate objectives and strategy. Details of the measures, to the extent they are not commercially sensitive are shown below.

SUSTAINABILITY - ENVIRONMENTAL

Target	Actual	Performance	% of Total Bonus	Payout %
Reduce methane intensity ^(a) Threshold: 0.80 / Target: 0.76 / Stretch: 0.70	0.70	Achieved: 100%	10.00%	10.00%
Pneumatic valve replacement ^(b) Threshold: N/A / Target: N/A / Stretch: 100%	100%	Achieved: 100%	5.00%	5.00%
			15.00%	15.00%

SUSTAINABILITY - SOCIAL

Target	Actual	Performance	% of Total Bonus	Payout %
Reduce TRIR ^(a) Threshold: 1.19 / Target: 1.07 / Stretch: 0.95	0.89	Achieved: 100%	2.50%	2.50%
Reduce LTIR ^(a) Threshold: 0.88 / Target: 0.80 / Stretch: 0.71	0.38	Achieved: 100%	2.50%	2.50%
Reduce MVA ^(a) Threshold: 0.65 / Target: 0.59 / Stretch: 0.52	0.34	Achieved: 100%	5.00%	5.00%
			10.00%	10.00%

SUSTAINABILITY - GOVERNANCE

Target	Actual	Performance	% of Total Bonus	Payout %
Development training ^(c) Threshold: 50% / Target: 60% / Stretch: 75%	86%	Achieved: 100%	5.00%	5.00%
			5.00%	5.00%

(a) Refer to [Key Performance Indicators](#) within this Annual Report for additional information regarding these metrics.

(b) Refer to [Protecting Our Environment](#) in the [Sustainability Review](#) within this Annual Report for additional information regarding this metric.

(c) The actual result reflects the percentage of LinkedIn Learning development training courses that were completed during the year ended December 31, 2024.

For additional information about the Group's sustainability efforts, refer to the [Sustainability Review](#).

Long-Term Incentives Outcome (Audited)

2022 LTIP Awards

The performance period in respect of the Performance Share Award granted in 2022 came to an end on December 31, 2024. Performance conditions were Return on Equity (40%), Absolute TSR (30%), Relative TSR (10%) and Methane Intensity (20%) targets measured over three years. The targets and outcomes are set out below:

	% of Total Award	Threshold	Maximum (15% of maximum)	Achieved (100% of maximum)	Vesting % of Component	Payout % ^(a)
Three-Year Average ROE ^(b)	40%	15%	25%	30%	100%	40%
Absolute TSR (per annum)	30%	10%	20%	0%	0%	0%
Three-Year TSR v FTSE 250	10%	50th percentile	75th percentile	65th percentile	65%	7%
Three-Year Methane Intensity Reduction	20%	10%	20%	22%	100%	20%
Performance factor						67%

(a) Calculated as % of total award multiplied by vesting % of component.

(b) Calculated as (adjusted EBITDA - recurring capital expenditures - interest expense) / invested equity.

Based on the vesting percentages above, the number of shares expected to vest in March 2025 and their estimated value (based on the three-month average share price to December 31, 2024 of £10.870 per share (\$13.96 per share based upon a GBP:USD exchange rate of £1:\$1.2837) are as follows:

	Maximum number of shares ^(a)	Number of shares to lapse ^(b)	Number of Shares to vest ^(c)	Estimated value at vesting ^(d)	Grant date face value of awards vesting ^(e)	Impact of share price on vesting ^(f)
Rusty Hutson, Jr.	107,830	35,591	72,239	\$ 1,008,456	\$ 2,201,122	\$ (1,192,666)

(a) Includes 37,729 dividend equivalent units accrued over the performance period to date in the maximum number of shares that will vest in March 2025.

(b) Includes 12,457 dividend equivalent units accrued over the performance period to date in the number of shares to lapse in March 2025.

(c) Includes 25,272 dividend equivalent units accrued over the performance period to date in the number of shares to vest in March 2025.

(d) Based on the three-month average share price to December 31, 2024 of \$13.96 (£10.87) per share.

(e) Based on the number of shares vesting multiplied by the share price used to calculate the award of \$30.47 (£23.36), being the average share price over the five-day period commencing on March 22, 2022, the date the Group issued its final 2021 results. The award was based upon a GBP:USD exchange rate of £1:\$1.3042. The date of grant was March 15, 2022.

(f) The grant share price for the award was \$30.47 (£23.36) and accordingly the relevant figures are reflective of a decrease of 54% in the Group's share price over the three year period.

Share Awards Granted in 2024 (Audited)

2024 LTIP Awards

During the year, the Executive Director received a Performance Share Award (conditional shares), which may vest after a three-year performance period which will end on December 31, 2026, based on the achievement of stretching performance conditions.

	Value of Award as a % of Base Salary	Face Value of Award (\$)	Number of Shares
Rusty Hutson, Jr.	325%	\$ 2,535,000	227,151

In accordance with the ongoing policy, the share price used to calculate the award was \$11.16 (£8.83), being the average share price over the five-day period commencing on March 19, 2024, the date that the Group issued its final 2023 results. The awards are based upon a GBP:USD exchange rate of £1:\$1.264, which was the exchange rate at the date of grant. The date of grant was March 25, 2024. The 2024 LTIP Awards will vest following completion of the performance period (January 1, 2024 - December 31, 2026), and no later than March 31, 2027, and vested shares will also be subject to a further two-year holding period. Before approving the number of shares to be awarded the Committee engaged in fulsome discussion as to whether to apply its discretion to reduce the award value in light of the lower share price compared to the share price used for the prior year's grant. The Remuneration Committee determined that using the average share price over the five day period prior to grant remained appropriate in the circumstances, as has been the Group's policy for several years. The Remuneration Committee has certain discretion to review the outcome of the award upon vesting and may consider adjustments in certain circumstances if the share price used could result in an unintended result. In its deliberation, the Remuneration Committee considered the stretching and robust nature of the performance conditions used in the LTIP, and noted that the most recent LTIP vesting outcomes were significantly lower than maximum at 67% and 40%, respectively. As of the date of this report the share price in March 2025 is similar to the share price at the time the 2024 LTIP award was made, which indicates so far that a reduction in the value of the award was not necessary. The Remuneration Committee will keep this under review.

The performance conditions are a weighted mix of Return on Equity (40%), Absolute TSR (30%), Relative TSR (10%) and Emissions (20%) targets measured over three years as described below. These measures encourage the generation of sustainable long-term returns to shareholders. In determining the level of vesting, the Remuneration Committee will consider that the outcome of the measurement reflects the underlying performance or financial health of the Group.

Return on Equity (40% of Total Award)		Absolute TSR (30% of Total Award)	
Three-Year Average ROE ^(a)	% of that Part of the Award that Vests	Three-Year TSR	% of that Part of the Award that Vests
Below 15% per annum	0%	Below 10% per annum	0%
15% per annum	15%	10% per annum	15%
25% per annum or above	100%	20% per annum or above	100%
15% to 25% per annum	Pro rata straight-line between 15% and 100%	10% to 20% per annum	Pro rata straight-line between 15% and 100%

Relative TSR (10% of Total Award)		Emissions (20% of Total Award)	
Three-Year TSR v FTSE 250	% of that Part of the Award that Vests	Emissions over Three Years	% of that Part of the Award that Vests
Below median	0%	Below 8% Methane Intensity Reduction	0%
Median	15%	8% Methane Intensity Reduction	15%
Upper quartile or above	100%	15% Methane Intensity Reduction	100%
Median to upper quartile	Pro rata straight-line between 15% and 100%	8% to 15% Methane Intensity Reduction	Pro rata straight-line between 15% and 100%

(a) Calculated as adjusted EBITDA - recurring capital expenditures - interest expense) / invested equity.

Outstanding Executive Director Share Plan Awards (Audited)

Details of all outstanding share awards as of December 31, 2024 made to Executive Director are set out below:

Rusty Hutson, Jr.

Award Type	Exercise Price (£)	Grant Date	Interest at January 1, 2024	Awards Granted in the Year	Accrued Dividend Equivalents	Awards Exercised in the Year	Awards Lapsed in the Year	Interest at December 31, 2024 ^(a)	Exercise/Vesting Period
PSU		March 24, 2024	—	227,151	37,880	—	—	265,031	March 2027 ^(b)
PSU		March 21, 2023	124,051	—	10,697	—	—	134,748	March 2026 ^(c)
PSU		March 15, 2022	99,269	—	8,561	—	35,591	72,239	March 2025 ^(d)
Options	£ 24.00	May 9, 2019	6,600	—	—	—	—	6,600	May 2022 - May 2029 ^(e)
Options	£ 16.80	April 14, 2018	64,333	—	—	—	—	64,333	May 2021 - May 2028 ^(f)

(a) A performance factor of 67% was applied to 70,101 of the awards granted to Mr. Hutson in March 2022, and 37,729 dividend equivalent units accrued over the performance period to date, resulting in remaining interest of 72,239 total units vesting in March 2025.

(b) Refer to [Share Awards Granted in 2024](#) above for details of performance conditions.

(c) Refer to the Group's 2023 Annual Report for details of performance conditions.

(d) Refer to the Group's 2022 Annual Report for details of performance conditions.

(e) Options granted on May 9, 2019 with an exercise price of £24.00 per share. Consists entirely of vested but unexercised options.

(f) Options granted on April 14, 2018 with an exercise price of £16.80 per share with a three-year ratable vesting period. Consists entirely of vested but unexercised options.

During the year ended December 31, 2024, the highest closing price of the Group's shares was \$16.97 (£13.44) and the lowest closing price was \$10.90 (£8.20). At December 31, 2024 the closing share price was \$16.80 (£13.44).

Statement of Directors' Shareholding & Share Interests (Audited)

The table below details, for each Director, the total number of Directors' interests in shares at December 31, 2024, which has not changed as of the date of this report:

	Shareholding	Shareholding Required (% of Salary)	Compliance With Share Ownership Guidelines	Share Interests
Rusty Hutson, Jr.	1,234,134	300%	✓	542,951 ^(a)
David E. Johnson	23,750	—	(b)	—
Martin K. Thomas	113,850	—	(b)	—
David J. Turner, Jr.	33,087	—	(b)	—
Sandra M. Stash	4,092	—	(b)	—
Kathryn Z. Klaber	2,912	—	(b)	—
Sylvia Kerrigan	3,181	—	(b)	—

(a) A performance factor of 67% was applied to 70,101 of the awards granted to Mr. Hutson in March 2022 and 37,729 dividend equivalent units accrued over the performance period to date, resulting in remaining interest of 72,239 total units vesting in March 2025. As of December 31, 2024, 70,933 vested options remained unexercised. All other awards were unvested as of December 31, 2024.

(b) The Non-Executive Directors purchase shares twice annually pursuant to the Non-Executive Director Share Purchase Program implemented in 2022. Shares purchased under the Non-Executive Director Share Purchase Program must be held until retirement from the Board. While this is not part of the Share Ownership Guidelines, each Non-Executive Director is in compliance with the parameters of the Non-Executive Director Share Purchase Program.

Payments to Past Directors (Audited)

Robert Post retired as a Board member in April 2020. Mr. Post continued to provide advice to the Board post-retirement as a consultant, receiving fees in 2024 of \$97,500.

Payments for Loss of Office (Audited)

No payments for loss of office were made during the year.

Executive Director Serving as Non-Executive Directors of Other Companies

During the year, the Executive Director did not receive any Board-related remuneration for his service as a Non-Executive Director of any other company.

Performance Graph & CEO Remuneration Table

The Regulations require a line graph showing the TSR on a holding of shares in the Group since admission to the Premium Segment of the Main Market of the LSE to the most recent financial year end following such admission, as well as the TSR for a hypothetical holding of shares in a broad equity market index for the same period. The Group was admitted to the Main Market on May 18, 2020 and the graph below covers that period, comparing the Group's TSR to that of the FTSE 250 (excluding Investment Trusts), an index of which the Group is a constituent. The Remuneration Committee is satisfied that the CEO's remuneration is supported by the TSR performance data presented below.



Source: Eikon by Refinitiv

The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph:

(In thousands)

Year	CEO	Single Figure of Total Remuneration ^(a)	Annual Bonus Pay-Out Against Maximum %	Long-Term Incentive Vesting Rates Against Maximum Opportunity %
2024	Rusty Hutson, Jr.	\$ 3,007	85%	67%
2023	Rusty Hutson, Jr.	\$ 1,921	63%	40%
2022	Rusty Hutson, Jr.	\$ 4,431	85%	71%
2021	Rusty Hutson, Jr.	\$ 2,795	85%	45%
2020	Rusty Hutson, Jr.	\$ 2,965	94%	100%

(a) For 2024, the single figure of total remuneration includes an estimated value for the LTIP component. For the years 2023, 2022, 2021, and 2020, the single figure of total remuneration has been restated to reflect the actual value for the LTIP component. Refer to the [Directors' remuneration table](#) in [Part B: Annual Report on Remuneration](#) within this Annual Report for additional information.

Annual Change in Remuneration of Each Director Compared to Employees

The table below presents the year-on-year (2020-2024) percentage change in remuneration for each Director and all employees of the Group and its subsidiaries.

Name	% Change from 2023 to 2024			% Change from 2022 to 2023			% Change from 2021 to 2022			% Change from 2020 to 2021			% Change from 2019 to 2020		
	Salary/ Fee	Annual Bonus	Taxable Benefits	Salary/ Fee	Annual Bonus	Taxable Benefits	Salary/ Fee	Annual Bonus	Taxable Benefits	Salary/ Fee	Annual Bonus	Taxable Benefits	Salary/ Fee	Annual Bonus	Taxable Benefits
Rusty Hutson, Jr.	4%	41%	42%	4%	(23%)	—%	4%	21%	20%	3%	(7%)	400%	59%	55%	—%
David E. Johnson	3%	—%	—%	8%	—%	—%	19%	—%	—%	3%	—%	—%	66%	—%	—%
Martin K. Thomas	3%	—%	—%	7%	—%	—%	14%	—%	—%	2%	—%	—%	27%	—%	—%
David J. Turner, Jr.	3%	—%	—%	8%	—%	—%	16%	—%	—%	3%	—%	—%	132%	—%	—%
Sandra M. Stash	3%	—%	—%	8%	—%	—%	14%	—%	—%	2%	—%	—%	520%	—%	—%
Kathryn Z. Klaber ^(a)	15%	—%	—%	100%	—%	—%	—%	—%	—%	2%	—%	—%	—%	—%	—%
Sylvia Kerrigan ^(b)	8%	—%	—%	33%	—%	—%	445%	—%	—%	100%	—%	—%	—%	—%	—%
All employees, excluding Directors	4%	4%	—%	4%	4%	—%	5%	5%	—%	11%	(2%)	—%	4%	4%	—%

(a) David J. Turner, Jr. was appointed to the Board on May 27, 2019.

(b) Sandra M. Stash was appointed to the Board on October 21, 2019.

(c) Kathryn Z. Klaber was appointed to the Board on January 1, 2023.

(d) Sylvia Kerrigan was appointed to the Board on October 11, 2021.

CEO to Employee Pay Ratio

Although the Group does not have 250 full time equivalent UK employees, the Group provides a CEO to employee pay ratio on a voluntary basis below. The Remuneration Committee is satisfied that the CEO to employee pay ratio is consistent with the Group's overall aim to ensure its employees are rewarded fairly and competitively for their contributions.

Year	Method	25th Percentile Pay Ratio	Mean Pay Ratio	75th Percentile Pay Ratio
2024	Option A	27:1	19:1	18:1
2023	Option A	25:1	17:1	16:1
2022	Option A	28:1	19:1	17:1
2021	Option A	44:1	30:1	28:1
2020	Option A	55:1	30:1	14:1

Notes to the CEO to employee pay ratio:

- (1) We have used Option A with figures as of December 31, 2024, following guidance that this is the preferred approach of some proxy advisors and institutional shareholders. Option A captures all relevant pay and benefits for all employees.
- (2) The ratios shown are representative of the 25th percentile, mean and 75th percentile pay for all employees within the Group during the 2024 calendar year.
- (3) The CEO pay ratio is based on the taxable income for all employees employed for the duration of calendar year 2024 as reported on U.S. IRS Form W-2, Wage and Tax Statement.

Relative Importance of Spend on Pay

The table below details the change in total employee pay between 2023 and 2024, compared with distributions to shareholders by way of dividend or share buybacks.

(In thousands)	2024	2023	% Change
Total gross employee pay	\$ 133,024	\$ 124,834	7%
Dividends/share buybacks	104,994	179,089	(41%)

The number of employees as of December 31, 2024 was 1,589, as compared to 1,603 employees as of December 31, 2023.

Statement of Voting at General Meeting

The following table shows the results of the binding Remuneration Policy vote at the April 26, 2022 AGM and the advisory Directors' Remuneration Report vote at the May 10, 2024 AGM.

	(Binding Vote)		(Advisory Vote)	
	Approval of the Directors' Remuneration Policy		Director Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	27,783,031	83%	25,389,754	92%
Against	5,793,079	17%	2,133,133	8%
Votes withheld	1,164,541		143,368	

Shareholder Engagement

At the 2024 AGM, while shareholders approved most of the resolutions with majorities in excess of 99%, Resolution 19 (Amendment to 2017 Equity Incentive Plan to increase the number of shares available under the Plan), while receiving 74% of the vote "FOR", did not meet the 75% threshold to pass. The UK Corporate Governance Code requires that companies provide an update to the market within six months of an AGM where more than 20% of shareholders have voted against a resolution. This statement provides an update on the actions that the Group has taken.

Following the AGM, the Group consulted and engaged with a number of shareholders who voted against the resolutions to better understand their concerns. The Directors are thankful to the shareholders for sharing their views. They understand that the negative vote was principally related to the disconnect between traditional equity compensation plans in the United States, the Group's primary operating market. In particular, UK shareholders were concerned that the proposed changes could have resulted in new issuances under the plan that would be in excess of the normal 10% in 10 years dilution limit. The dialogue with the shareholders has highlighted that there remains strong support for the Group's equity incentive arrangements and at the upcoming AGM shareholders will be asked to approve changes to the dilution limits, in order to simplify them and to bring them into line with UK norms, including a 10% in 10 years limit on the use of new issue or treasury shares.

The Board has discussed the feedback received in detail and continues to actively dialogue with shareholders on the equity incentive and compensation arrangements.

Implementation of Remuneration Policy for 2025

Base Salary

The Executive Director's base salary for 2025 will be as follows:

- Rusty Hutson, Jr: \$807,128

For 2025, the Remuneration Committee approved an increase to the CEO's salary by 3.5%. This compares to increases across the Group ranging from 0% to 7% based on performance, with an average of 3.5%. It is anticipated that increases for the remainder of the life of the policy will be in-line with the range of the workforce.

Pension: The Executive Director does not receive a pension provision.

Benefits: The Executive Director receives life insurance and automobile benefits, and matching contributions under the Group's 401(k) plan. There is no current intention to introduce additional benefits in 2025.

Annual Bonus: Subject to approval of the Policy, the overall 2025 bonus plan maximum will be 200% of base salary for Rusty Hutson, Jr. and will be based on a range of targets relating to adjusted EBITDA per share (50%), cash cost per Mcfe (25%), and sustainability measures (25%).

Due to issues of commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Remuneration Committee is committed to adhering to principles of transparency in terms of retrospective annual bonus target disclosure and will, therefore, provide appropriate and relevant levels of disclosure for the bonus targets applied to the 2025 bonus (and performance against these targets) in next year's Director's Remuneration Report.

Bonuses are payable in cash. For Executive Directors who have not yet achieved the required shareholding, 50% will be deferred as either shares or cash for two years provided continued service. Current Executive Directors who have met their shareholding guidelines will not be required to defer any of the annual bonus.

Long-Term Incentives: Subject to approval of the Policy, Performance Share Awards will be made in 2025 to Rusty Hutson, Jr. with shares worth 325% of salary and Restricted Share Awards with shares worth 100% of salary. The share price used to calculate the number of shares subject to the award will be based on the average share price over the five-day period commencing on the date that the Group issues its final 2024 results. These awards will vest three years after grant, and will also be subject to a further two-year holding period after the initial three-year period to vesting.

The performance conditions for the Performance Share Award will be a mix of Return on Equity (40%), Absolute TSR (20%), Relative TSR (20%) and Emissions (20%) targets measured over three years as described below. These are measures which encourage the generation of sustainable long-term returns to shareholders. When determining the level of vesting the Remuneration Committee will also consider that the outcome of the measurement reflects the underlying performance or financial health of the Group.

Return on Equity (40% of Total Award)		Absolute TSR (20% of Total Award)	
Three-Year Average ROE	% of that Part of the Award that Vests	Three-Year Absolute TSR	% of that Part of the Award that Vests
Below 15% per annum	—%	Below 10% per annum	—%
15% per annum	15%	10% per annum	15%
25% per annum or above	100%	20% per annum or above	100%
15% to 25% per annum	Pro rata straight-line between 15% and 100%	10% to 20% per annum	Pro rata straight-line between 15% and 100%

Relative TSR (20% of Total Award)		Emissions (20% of Total Award)	
Three-Year TSR v Bespoke Peer Group ^(a)	% of that Part of the Award that Vests	Emissions during 2026 - 2027 over Baseline ^(b)	% of that Part of the Award that Vests
Below median	—%	Below 5% emissions reduction	—%
Median	15%	5% emissions reduction	15%
Upper quartile or above	100%	10% emissions reduction	100%
Median to upper quartile	Pro rata straight-line between 15% and 100%	5% to 10% emissions reduction	Pro rata straight-line between 15% and 100%

(a) Comprised of Amplify Energy Corp, Berry Corporation, CNX Resources Corp, Granite Ridge Resources, Highpeak Energy, Mach Natural Resources, Northern Oil and Gas, Riley Exploration Permian, Ring Energy, TXO Partners, Vital Energy, and W&T Offshore.

(b) Baseline emissions number against which the reductions will be measured will be calculated over the course of 2025 and subject to final Remuneration Committee approval.

Non-Executive Directors' Fees

David E. Johnson will receive an annual fee of £174,000 (or \$222,720) as Chairman. Each Non-Executive Director receives a base annual fee of £105,000 (or \$134,400), with additional fees as noted below (table in thousands, except rates).

	GBP	Exchange Rate	USD
David J. Turner, Jr. ^(a)	£	135	1.28 \$ 173
Sandra M. Stash ^(b)		125	1.28 160
Sylvia Kerrigan ^(c)		135	1.28 173
David E. Johnson		174	1.28 223
Martin K. Thomas ^(d)		125	1.28 160
Kathryn Z. Klaber ^(e)		125	1.28 160
Total	£	819	\$ 1,049

(a) Includes Audit & Risk Committee Chair fee of £30,000 (or \$38,400).

(b) Includes Sustainability & Safety Committee Chair fee of £20,000 (or \$25,600).

(c) Includes Senior Independent Director fee of £10,000 (or \$12,800) and Remuneration Committee Chair fee of £20,000 (or \$25,600).

(d) Includes Vice Chair fee of £20,000 (or \$25,600).

(e) Includes Nomination & Governance Committee Chair fee of £20,000 (or \$25,600).

/s/ David J. Turner, Jr.

David J. Turner, Jr.
Chair of the Remuneration
Committee
March 17, 2025

/s/ David E. Johnson

David E. Johnson
Chair of the Board and Member of
the Remuneration Committee
March 17, 2025

/s/ Sandra M. Stash

Sandra M. Stash
Member of the Remuneration
Committee
March 17, 2025

The Sustainability & Safety Committee's Report

Committee Composition

- Sandra M. Stash, Chair
- David E. Johnson
- Kathryn Z. Klaber

Key Objective

The Sustainability & Safety Committee acts on behalf of the Board and the shareholders to oversee the practices and performance of the Group with respect to health and safety, business ethics, conduct and responsibility, social affairs, the environment and broader sustainability issues. As part of the Group's overall sustainability actions, the Sustainability & Safety Committee oversees the Group's climate scenario analysis planning and performance against goals and ensures adherence to the recommended TCFD disclosures for use by investors, lenders, insurers and other stakeholders.

Overview

The Sustainability & Safety Committee assesses the Group's overall sustainability performance and provides input into the Annual Report, the Sustainability Report and other disclosures on sustainability. It also advises the Remuneration Committee on metrics relating to sustainable development, GHG and other emissions, regulatory compliance, community engagement and other social goals, as well as health and safety that apply to executive remuneration.

The Sustainability & Safety Committee reviews the Group's Sustainability and Safety plans and reviews execution of the plan and audit outcomes. In addition, the Sustainability & Safety Committee reviews and considers external stakeholder perspectives in relation to the Group's business, and reviews how the Group addresses issues of stakeholder concern that could affect its reputation and license to operate.

The overall accountability for sustainability and safety is with the President and Chief Financial Officer and the Senior Leadership Team, including the Executive Vice President of Operations, Chief Human Resources Officer, the Senior Vice President of EHS and the Senior Vice President of Sustainability, who are assisted by the EHS team.

Key Matters Discussed by the Committee

During the past year the Sustainability & Safety Committee:

- Established and reviewed the Group's sustainability and safety strategies and assessed the Group's performance;
- Continued the review program to align executive management remuneration with key safety and sustainability performance indicators and metrics, including factoring GHG reductions into long-term incentives, that has been communicated to the Remuneration Committee;
- Engaged with the leadership of the Group to understand the diversity profile of the Group's workforce;
- Engaged with a consortium of advisers, comprising leading global environmental consultancies and other strategic advisers, and continued to implement the recommendations set forth by the TCFD with the exception of reporting on Scope 3; and
- Reviewed the Group's sustainability related communications, including the composition and approval of the Group's 2023 Sustainability Report and preparation for issuance of the 2024 Sustainability Report.

Committee Activities by Focus Area

During 2024, the Sustainability & Safety Committee met regularly to review and discuss a range of prioritized topics. These topics included (i) the safe and responsible operation of the Group's upstream and midstream assets; (ii) environmental protection and conservation activities; (iii) the Group's approach to managing climate risk, (iv) the Group's emissions reduction capital programs; and (v) the Group's plugging business. The Sustainability & Safety Committee also focused on the following:

Process Safety

The Executive Vice President of Operations presented an overview of the Group's process safety approach and identification of high-risk facility performance, as well as comparable performance benchmarking against industry peers.

Corporate Scorecard Metrics Oversight

- The Sustainability & Safety Committee reviewed the quantitative and qualitative drivers impacting the Group's personnel safety, emissions management, environmental performance, and asset retirement metrics that support performance analysis.
- The Sustainability & Safety Committee reviewed and discussed the Group's incident rate for the year. The Group created and empowered a new Safety Strategy Committee to address safety culture survey findings, including identifying and advancing specific areas for improvement and accountability. The Group also established monthly Foreman-Led safety meetings and regular Safety Task Force meetings, which have led to meaningful improvements and interactions.

Sustainability Rating Agency Scorecard

The Sustainability & Safety Committee reviewed the Group's various third-party sustainability rating scores, including analysis of the process and review of scorecards to determine targeted areas of improvement.

Climate Review

The Sustainability & Safety Committee engaged the support of industry and internationally recognized consultants and advisers to help the Group update its climate scenario analysis and advance its work on governance, strategy, risk management and metrics as set forth under the TCFD. The Sustainability & Safety Committee oversaw the Group's engagement with the GHG emissions inventory and associated scenario analyses and remains actively engaged in setting targets in accordance with the recommendations. The Sustainability & Safety Committee has considered the relevance of material climate-related matters when preparing this Annual Report.

Climate topics reviewed at the Sustainability Committee meetings and/or effectuated during 2024 included:

- Progress on 2024 emission reduction goals
- Long-term strategy for asset retirement of Company-owned wells and third-party owned or abandoned wells

- U.S. and UK climate regulations and reporting requirements and potential impact thereof
- Capital budgets and expenditures for emission reduction and other climate initiatives
- Environmental-related KPIs for executive remuneration
- Environmental considerations in M&A screening and due diligence processes
- OGMP 2.0 Gold Standard certification progress and actions
- Emergency response readiness, including stakeholder communications and business continuity

Further information can be found in the [Climate Report](#) within this Annual Report.

Acquisition Due Diligence

Adding emphasis to its oversight of the Group's investment activities, the Sustainability & Safety Committee stayed apprised of the progress and assessment of the Group's emissions screening efforts to aid in its assessment that proposed acquisitions and other capital investments have on its consolidated GHG emissions profile and associated publicly stated targets.

Emission Reduction Initiative

The Sustainability & Safety Committee engaged in strategic discussions with senior management regarding its capital program for emissions reductions, including regular updates on the deployment and success of handheld detection equipment and aerial LiDAR surveys, as well as the replacement of pneumatic valves.

Oil & Gas Methane Partnership Recognition

The Sustainability & Safety Committee supported the Group's efforts in achieving the OGMP 2.0 Gold Standard Pathway designation in recognition of the Group's demonstrated commitment to set aggressive and achievable multi-year plans designed to accurately measure and transparently report its efforts to reduce methane emissions.

Committee Effectiveness

The Sustainability & Safety Committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Membership

The formation of a Sustainability & Safety Committee is not a recommendation under the current UK Corporate Governance Code. The Group and the Board, however, consider such a committee to be an imperative given the operational footprint of the business and the evolving operational, regulatory, social and investment markets within which the Group operates.

The Sustainability & Safety Committee is currently comprised of the Non-Executive Chairman and two Independent Non-Executive Directors: Sandra M. Stash, the Sustainability & Safety Committee Chair, David E. Johnson and Kathryn Z. Klaber. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the committee.

The Sustainability & Safety Committee has extensive and relevant experience in EHS and social matters through their other business activities. For one example, Ms. Stash formerly served as Executive Vice President — Safety, Operations, Engineering, and External Affairs for Tullow Oil until her retirement.

Meetings and Attendance

The Sustainability & Safety Committee met six times during 2024 and twice thus far in 2025. The Sustainability & Safety Committee also regularly meets in private executive session at the end of its committee meetings, without management present, to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the Sustainability & Safety Committee keeps in close contact with the Chief Legal & Risk Officer, the Senior Vice President of Sustainability, the Senior Vice President of EHS and the EHS team and external consultants between meetings of the committee. For Sustainability & Safety Committee meeting attendance for each Director refer to the [Directors' Report](#) within this Annual Report.

The list below details the members of the Senior Leadership Team who were invited to attend meetings as appropriate during the calendar year.

- Bradley G. Gray (President and Chief Financial Officer)
- Benjamin Sullivan (Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary)
- Maverick Bentley (Executive Vice President of Operations)
- Paul Espenan (Senior Vice President of Environmental, Health and Safety)
- Teresa Odom (Senior Vice President of Sustainability)
- Mark Kirkendall (Executive Vice President, Chief Human Resources Officer)

Responsibilities and Terms of Reference

The Sustainability & Safety Committee's main duties are:

- Overseeing the development and implementation by management of policies, compliance systems, and monitoring processes to ensure compliance by the Group with applicable legislation, rules and regulations;
- Establishing with management long-term emissions, climate and social sustainability and, EHS goals and evaluating the Group's progress against those goals;
- Advising management on implementing, maintaining and improving environmental and social sustainability and EHS strategies, implementation of which creates value consistent with long-term preservation and enhancement of shareholder value;
- Considering and advising management of emerging environmental and social sustainability issues that may affect the business, performance or reputation of the Group and makes recommendations, as appropriate, on how management can address such issues;
- Monitoring the Group's risk management processes related to environmental and social sustainability and EHS with particular attention to managing and reducing environmental risks and impacts; and

- Reviewing handling of incident reports, results of investigations into material events, findings from environmental and social sustainability and EHS audits and the action plans proposed pursuant to those findings.

The Sustainability & Safety Committee has formal terms of reference which can be viewed on the Group's website.

/s/ Sandra M. Stash

Sandra M. Stash

Chair of the Sustainability & Safety Committee

March 17, 2025

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Independent auditors' report to the members of Diversified Energy Company PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Diversified Energy Company PLC's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2024 Annual Report (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2024; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the group financial statements, the group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7 to the group financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group's assets and operations are based in the Appalachian and Central regions of the USA. Consistent with prior year, we conducted a full scope audit over the consolidated group, treating this as one component including the parent company, in line with how the group is managed and the organisation of the group's financial reporting system. Financial reporting is undertaken for the consolidated group at the head office in Birmingham, Alabama.

Key audit matters

- Accounting for acquisitions of gas and oil properties (group)
- Carrying value of investments in subsidiaries (company)

Materiality

- Overall group materiality: \$11.0m (2023: \$13.4m) based on approximately 2.5% of adjusted EBITDA.
- Overall company materiality: £10.7m (2023: £9.5m) based on 1% of total assets.
- Performance materiality: \$8.25m (2023: \$10.1m) (group) and £8.0m (2023: £7.1m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Accounting for acquisitions of gas and oil properties (group)</i> Refer to note 3, note 4 and note 5 of the group financial statements. Accounting for significant acquisitions is complex and involves judgement to determine whether the acquisition is a business combination or not, and in the assessment of the fair value of assets acquired and liabilities assumed and as such this was an area of focus for us. During 2024, the group completed three significant acquisitions: • In the Oaktree acquisition, the company acquired the remaining proportionate interests of wells acquired alongside Oaktree Capital Management, L.P. in the East Texas, Tapstone, Tanos, and Indigo acquisitions. Total consideration was \$221.7m inclusive of cash consideration and the acquired debt. • In the Crescent Pass acquisition, the company acquired certain upstream assets and related infrastructure in the Central region. Total consideration was \$97.7m consisting of a combination of shares and cash. • In the East Texas II acquisition, the company acquired certain producing assets in the Central region. Total consideration was \$67.8m consisting of a combination of shares and cash. IFRS 3 (amended), 'Business Combinations' permits an optional concentration test that, if met, allows an entity to account for the acquisition as an asset acquisition rather than as a business combination. In relation to the Crescent Pass acquisition, the initial value of the gross assets acquired is largely attributable to the proved developed wells which are considered similar in nature and therefore can be treated as a group of similar identifiable assets in the concentration test. Based on the terms of the concentration test, this has been determined as an asset acquisition. In relation to the East Texas II and Oaktree acquisitions, management assessed the qualitative factors in IFRS 3. As the assets acquired will be operated by the group's existing operational and marketing team, management determined that no substantive process has been acquired, and as such the transactions have been determined to be asset acquisitions. As the three acquisitions have been accounted for as asset acquisitions, the consideration is attributed to the acquired assets and liabilities, respectively. Acquisition costs have also been capitalised as part of the cost of the respective assets.	Our audit procedures in respect of the acquisitions comprised the following: • Reading the sale and purchase agreements to gain an understanding of the assets acquired, liabilities assumed and the overall nature of the transactions; • Considering whether the accounting for each acquisition is in accordance with IFRS 3, specifically that the Crescent Pass acquisition met the optional concentration test permitting the acquisition to be accounted for as an asset acquisition; and in the case of Oaktree and East Texas II, that a substantive process had not been acquired and therefore the acquisitions did not meet the definition of a business combination; • Agreeing cash consideration to bank statements and confirming the issuance of the consideration shares; and • Assessing the reasonableness of the allocation of the purchase consideration to the gas and oil properties and other assets acquired based on their relative fair value, and substantively testing the assets and liabilities acquired. Based on our procedures, we consider the accounting for the acquisitions and the related valuation of the gas and oil properties and other assets acquired, and liabilities assumed, to be reasonable. We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising.

Carrying value of investments in subsidiaries (company) Refer to note 2, note 3 and note 4 of the company financial statements. The determination of whether indicators of impairment exist can involve significant judgement. Where an indicator of impairment is identified, an impairment assessment must be performed. Impairment assessments require significant judgement and estimation, therefore this was a key area of focus for our audit due to the size of the investments balance. The company has investments in subsidiaries of £1,077.2m. The directors determined the recoverable amount of the investments and compared this to the carrying value and concluded that no impairment was required.	We obtained management's impairment assessment of the investments in subsidiaries and: • Verified that the key inputs to the assessment were appropriate in the context of the underlying subsidiaries and the evidence obtained; and • Compared the carrying value of the investments to the recoverable amounts of the underlying assets. Based on our procedures, we concur that the carrying value of the investments in subsidiaries is supportable. We also consider the associated disclosures to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's assets and operations are based in the Appalachian and Central regions of the USA. Financial reporting is undertaken at the head office in Birmingham, Alabama. For our audit of the group financial statements, we identified one component being the consolidated group.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group audit team, or by our PwC component audit team in the USA operating under our instruction. In determining our audit scope, we considered our overall assessment of risk and materiality, and the overall coverage obtained over each material line item in the group financial statements.

We determined that the consolidated group component required an audit of its complete financial information. Audit work on the consolidated group was carried out by our US component audit team. As we identified only one component, the components where we performed our audit work accounted for 100% of the group's consolidated financial statements.

Where the work was performed by the component audit team, we determined the level of involvement we needed to ensure sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. We spent time with our component team in Birmingham, Alabama during the planning, interim and execution phases of the audit. In addition to these site visits we conducted our oversight of our component audit team through regular dialogue via conference calls, video conferencing and other forms of communication as considered necessary. We performed remote and in-person working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by our component audit team. We also attended key meetings virtually and in person with local management and our component audit team. This work, together with the additional procedures performed by us as the group team, including review of the Annual Report and financial statements and testing of disclosures, gave us the evidence we needed for our opinion on the group financial statements as a whole.

The audit of the company's financial statements was conducted from the UK by the group audit team.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the group and its financial statements. We used our knowledge of the group to consider the completeness of the risk assessment performed by management, giving consideration to both physical and transition risks, and management's own public reporting and announcements.

Management has outlined in the Strategic Report their ESG and sustainability goals, continuing to highlight a focus on a reduction in methane intensity in the short-term and an ambition to further improve their net zero scope 1 and scope 2 carbon position over the longer term. These goals have been modelled in the current financial reporting, although management is continuing to develop its pathway to deliver on these goals and will model any further impact as the pathway is finalised.

Whilst the impact is uncertain, we particularly considered the impact of both physical and transition risks arising due to climate change, as well as the climate targets announced by the group on the recoverable value of the group's gas and oil properties. We concur with management's assessment that there are no indications that the useful lives of those properties had been impacted by climate change.

We also read the disclosures made in relation to climate change in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	\$11.0m (2023: \$13.4m).	£10.7m (2023: £9.5m).
<i>How we determined it</i>	Approximately 2.5% of adjusted EBITDA	1% of total assets
<i>Rationale for benchmark applied</i>	We have concluded that adjusted EBITDA is the most appropriate benchmark as it is a primary measure used by shareholders in assessing the performance of the group. The adjusted EBITDA measure removes the impact of significant items which do not recur from year to year or which otherwise significantly affect the underlying trend of performance from continuing operations. This is the metric against which the performance of the group is most commonly assessed by the directors and reported to shareholders.	We have assessed that the most appropriate benchmark for the company, which is primarily a holding company, is total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to \$8.25m (2023: \$10.1m) for the group financial statements and £8.0m (2023: £7.1m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$0.55m (group audit) (2023: \$0.67m) and £0.54m (company audit) (2023: £0.47m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining management's base case forecast and downside scenarios for the group (which includes the company as the company's ability to continue as a going concern is linked to the going concern of the group) and checking that the forecasts have been subject to board review and approval;
- Considering the historical reliability of management forecasting by comparing budgeted results with actual performance;

- Understanding and assessing the reasonableness of the key assumptions used in the cash flow forecasts, including assessing whether we considered the downside sensitivities to be appropriately severe, the availability of committed finance and covenant compliance during the forecast period;
- Corroborating key assumptions in the cash flow forecasts to other evidence including historical performance, and ensuring these are consistent with our audit work in these and other areas, and in doing so assessing whether management's conclusions were supportable; and
- Reading and evaluating the adequacy of the disclosures made in the financial statements related to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee's Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code

specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK and US federal and state tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate adjusted EBITDA and management bias in key accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of directors, management, staff in the group's tax function and the group's legal counsel, including consideration of known or suspected instances or non-compliance with laws and regulations and fraud;
- Evaluation of controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in respect of significant accounting judgements and estimates, and assessing these judgements and estimates for management bias;
- Reviewing significant and/or unusual transactions during the year;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Identifying and testing journal entries based on our risk assessment, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee's Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 15 April 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2020 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2025

Consolidated Statement of Comprehensive Income

(Amounts in thousands, except share, per share and per unit data)

	Notes	Year Ended		
		December 31, 2024	December 31, 2023	December 31, 2022
Revenue	6	\$ 794,841	\$ 868,263	\$ 1,919,349
Operating expenses	7	(428,902)	(440,562)	(445,893)
Depreciation, depletion and amortization	7	(256,484)	(224,546)	(222,257)
Gross profit		\$ 109,455	\$ 203,155	\$ 1,251,199
General and administrative expenses	7	(129,119)	(119,722)	(170,735)
Allowance for expected credit losses	7	(101)	(8,478)	—
Gain (loss) on natural gas and oil properties and equipment	10,11	25,678	24,146	2,379
Gain (loss) on sale of equity interest	5	(7,375)	18,440	—
Unrealized gain (loss) on investment	5	(4,013)	4,610	—
Gain (loss) on derivative financial instruments	13	(37,551)	1,080,516	(1,758,693)
Gain on bargain purchases	5	—	—	4,447
Impairment of proved properties	10	—	(41,616)	—
Operating profit (loss)		\$ (43,026)	\$ 1,161,051	\$ (671,403)
Finance costs	21	(137,643)	(134,166)	(100,799)
Accretion of asset retirement obligation	19	(30,868)	(26,926)	(27,569)
Loss on early retirement of debt	21	(14,753)	—	—
Other income (expense)		2,338	385	269
Income (loss) before taxation		\$ (223,952)	\$ 1,000,344	\$ (799,502)
Income tax benefit (expenses)	8	136,951	(240,643)	178,904
Net income (loss)		\$ (87,001)	\$ 759,701	\$ (620,598)
Other comprehensive income (loss)		(1,822)	(270)	940
Total comprehensive income (loss)		\$ (88,823)	\$ 759,431	\$ (619,658)
Net income (loss) attributable to:				
Owners of Diversified Energy Company PLC		\$ (88,272)	758,018	(625,410)
Non-controlling interest		1,271	1,683	4,812
Net income (loss)		\$ (87,001)	\$ 759,701	\$ (620,598)
Earnings (loss) per share attributable to Owners of Diversified Energy Company PLC				
Weighted average shares outstanding - basic	9	48,031,916	47,165,380	42,203,974
Weighted average shares outstanding - diluted	9	48,031,916	47,514,521	42,203,974
Earnings (loss) per share - basic	9	\$ (1.84)	\$ 16.07	\$ (14.82)
Earnings (loss) per share - diluted	9	\$ (1.84)	\$ 15.95	\$ (14.82)

The notes on pages 95 to 136 are an integral part of the Group Financial Statements.

Consolidated Statement of Financial Position

(Amounts in thousands, except share, per share and per unit data)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets:			
Natural gas and oil properties, net	10	\$ 2,905,702	\$ 2,490,375
Property, plant and equipment, net	11	449,540	456,208
Intangible assets	12	15,180	19,351
Restricted cash	3	34,843	25,057
Derivative financial instruments	13	28,439	24,401
Deferred tax assets	8	259,287	144,860
Other non-current assets	15	6,270	9,172
Total non-current assets		3,699,261	3,169,424
Current assets:			
Trade receivables, net	14	\$ 234,421	\$ 190,207
Cash and cash equivalents	3	5,990	3,753
Restricted cash	3	11,426	11,195
Derivative financial instruments	13	33,759	87,659
Other current assets	15	18,668	11,784
Total current assets		304,264	304,598
Total assets		\$ 4,003,525	\$ 3,474,022
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	16	\$ 13,762	\$ 12,897
Share premium	16	1,262,711	1,208,192
Treasury reserve		(119,006)	(102,470)
Share based payment and other reserves		20,170	14,442
Retained earnings (accumulated deficit)		(724,960)	(547,255)
Equity attributable to Owners of Diversified Energy Company PLC:		452,677	585,806
Non-controlling interests	3	11,879	12,604
Total equity		464,556	598,410
Non-current liabilities:			
Asset retirement obligations	19	\$ 642,142	\$ 501,246
Leases	20	30,824	20,559
Borrowings	21	1,483,779	1,075,805
Deferred tax liability	8	8,011	13,654
Derivative financial instruments	13	608,869	623,684
Other non-current liabilities	23	5,384	2,224
Total non-current liabilities		2,779,009	2,237,172
Current liabilities:			
Trade and other payables	22	\$ 35,013	\$ 53,490
Taxes payable		33,498	50,226
Leases	20	13,776	10,563
Borrowings	21	209,463	200,822
Derivative financial instruments	13	163,676	45,836
Other current liabilities	23	304,534	277,503
Total current liabilities		759,960	638,440
Total liabilities		3,538,969	2,875,612
Total equity and liabilities		\$ 4,003,525	\$ 3,474,022

The notes on pages 95 to 136 are an integral part of the Group Financial Statements.

The Group Financial Statements were approved and authorized for issue by the Board on March 17, 2025 and were signed on its behalf by:

/s/ David E. Johnson

David E. Johnson
Chairman of the Board
March 17, 2025

Consolidated Statement of Changes in Equity

(Amounts in thousands, except share, per share and per unit data)

	Notes	Share Capital	Share Premium	Treasury Reserve	Share Based Payment and Other Reserves	Retained Earnings (Accumulated Deficit)	Equity Attributable to Owners of Diversified Energy Company PLC	Non-Controlling Interest	Total Equity
Balance as of January 1, 2022		\$11,571	\$ 1,052,959	\$ (68,537)	\$ 14,156	\$ (362,740)	\$ 647,409	\$ 16,541	\$ 663,950
Net income (loss)		—	—	—	—	(625,410)	(625,410)	4,812	(620,598)
Other comprehensive income (loss)		—	—	—	—	940	940	—	940
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ (624,470)	\$ (624,470)	\$ 4,812	\$ (619,658)
Issuance of share capital (settlement of warrants)	16	5	—	—	452	—	457	—	457
Issuance of share capital (equity compensation)		7	—	—	5,682	(3,307)	2,382	—	2,382
Issuance of EBT shares (equity compensation)	16	—	—	2,400	(2,400)	—	—	—	—
Repurchase of shares (EBT)	16	—	—	(22,931)	—	—	(22,931)	—	(22,931)
Repurchase of shares (share buyback program)	16	(80)	—	(11,760)	80	—	(11,760)	—	(11,760)
Dividends	18	—	—	—	—	(143,455)	(143,455)	—	(143,455)
Distributions to non-controlling interest owners		—	—	—	—	—	—	(6,389)	(6,389)
Cancellation of warrants	16	—	—	—	(320)	—	(320)	—	(320)
Transactions with shareholders		\$ (68)	\$ —	\$ (32,291)	\$ 3,494	\$ (146,762)	\$ (175,627)	\$ (6,389)	\$ (182,016)
Balance as of December 31, 2022		\$11,503	\$ 1,052,959	\$ (100,828)	\$ 17,650	\$ (1,133,972)	\$ (152,688)	\$ 14,964	\$ (137,724)
Net income (loss)		—	—	—	—	758,018	758,018	1,683	759,701
Other comprehensive income (loss)		—	—	—	—	(270)	(270)	—	(270)
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ 757,748	\$ 757,748	\$ 1,683	\$ 759,431
Issuance of share capital (equity placement)	16	1,555	155,233	—	—	—	156,788	—	156,788
Issuance of share capital (equity compensation)		—	—	—	6,037	(2,990)	3,047	—	3,047
Issuance of EBT shares (equity compensation)	16	—	—	9,406	(9,406)	—	—	—	—
Repurchase of shares (share buyback program)	16	(161)	—	(11,048)	161	—	(11,048)	—	(11,048)
Dividends	18	—	—	—	—	(168,041)	(168,041)	—	(168,041)
Distributions to non-controlling interest owners		—	—	—	—	—	—	(4,043)	(4,043)
Transactions with shareholders		\$ 1,394	\$ 155,233	\$ (1,642)	\$ (3,208)	\$ (171,031)	\$ (19,254)	\$ (4,043)	\$ (23,297)
Balance as of December 31, 2023		\$12,897	\$ 1,208,192	\$ (102,470)	\$ 14,442	\$ (547,255)	\$ 585,806	\$ 12,604	\$ 598,410
Net income (loss)		—	—	—	—	(88,272)	(88,272)	1,271	(87,001)
Other comprehensive income (loss)		—	—	—	—	(1,822)	(1,822)	—	(1,822)
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ (90,094)	\$ (90,094)	\$ 1,271	\$ (88,823)
Issuance of share capital (acquisition consideration)	16	1,185	54,519	—	—	—	55,704	—	55,704
Issuance of share capital (equity compensation)		—	—	—	10,002	(3,747)	6,255	—	6,255
Issuance of EBT shares (equity compensation)	16	—	—	4,594	(4,594)	—	—	—	—
Repurchase of shares (EBT)	16	—	—	(5,229)	—	—	(5,229)	—	(5,229)
Repurchase of shares (share buyback program)	16	(320)	—	(15,901)	320	—	(15,901)	—	(15,901)
Dividends	18	—	—	—	—	(83,864)	(83,864)	—	(83,864)
Distributions to non-controlling interest owners		—	—	—	—	—	—	(1,996)	(1,996)
Transactions with shareholders		\$ 865	\$ 54,519	\$ (16,536)	\$ 5,728	\$ (87,611)	\$ (43,035)	\$ (1,996)	\$ (45,031)
Balance as of December 31, 2024		\$13,762	\$ 1,262,711	\$ (119,006)	\$ 20,170	\$ (724,960)	\$ 452,677	\$ 11,879	\$ 464,556

The notes on pages 95 to 136 are an integral part of the Group Financial Statements.

Consolidated Statement of Cash Flows

(Amounts in thousands, except share, per share and per unit data)

	Notes	Year Ended		
		December 31, 2024	December 31, 2023	December 31, 2022
Cash flows from operating activities:				
Net income (loss)		\$ (87,001)	\$ 759,701	\$ (620,598)
Cash flows from operations reconciliation:				
Depreciation, depletion and amortization	7	256,484	224,546	222,257
Accretion of asset retirement obligations	19	30,868	26,926	27,569
Impairment of proved properties	10	—	41,616	—
Income tax (benefit) expense	8	(136,951)	240,643	(178,904)
(Gain) loss on fair value adjustments of unsettled financial instruments	13	189,030	(905,695)	861,457
Asset retirement costs	19	(8,375)	(5,961)	(4,889)
(Gain) loss on natural gas and oil properties and equipment	5,10,11	(25,678)	(24,146)	(2,379)
(Gain) loss on sale of equity interest	5	7,375	(18,440)	—
Unrealized (gain) loss on investment	5	4,013	(4,610)	—
Gain on bargain purchases	5	—	—	(4,447)
Finance costs	21	137,643	134,166	100,799
Loss on early retirement of debt	21	14,753	—	—
Hedge modifications	13	—	26,686	(133,573)
Non-cash equity compensation	17	8,286	6,494	8,051
Working capital adjustments:				
Change in trade receivables and other current assets		(27,555)	104,571	13,760
Change in other non-current assets		(923)	1,661	(580)
Change in trade and other payables and other current liabilities		(6,204)	(183,530)	132,349
Change in other non-current liabilities		1,319	(6,236)	(6,794)
Cash generated from operations		\$ 357,084	\$ 418,392	\$ 414,078
Cash paid for income taxes		(11,421)	(8,260)	(26,314)
Net cash provided by operating activities		\$ 345,663	\$ 410,132	\$ 387,764
Cash flows from investing activities:				
Consideration for business acquisitions, net of cash acquired	5	\$ —	\$ —	\$ (24,088)
Consideration for asset acquisitions	5	(288,489)	(262,329)	(264,672)
Proceeds from divestitures	5	59,048	95,749	—
Expenditures on natural gas and oil properties and equipment	10,11	(52,100)	(74,252)	(86,079)
Proceeds on disposals of natural gas and oil properties and equipment	10,11	9,675	4,083	12,189
Deferred consideration payments	5	(1,050)	(2,620)	—
Contingent consideration payments	24	—	—	(23,807)
Net cash used in investing activities		\$ (272,916)	\$ (239,369)	\$ (386,457)
Cash flows from financing activities:				
Repayment of borrowings	21	\$ (1,653,489)	\$ (1,547,912)	\$ (2,139,686)
Proceeds from borrowings	21	1,844,768	1,537,230	2,587,554
Prepayment charge on early retirement of debt	21	(1,752)	—	—
Cash paid for interest	21	(123,141)	(116,784)	(83,958)
Debt issuance costs	21	(20,267)	(13,776)	(34,234)
Decrease (increase) in restricted cash	3	(3,864)	11,792	(36,287)
Hedge modifications associated with ABS Notes	13, 21	—	(6,376)	(105,316)
Proceeds from equity issuance, net	16	—	156,788	—
Proceeds from lease modifications	20	8,568	—	—
Principal element of lease payments	20	(14,343)	(12,169)	(10,211)
Cancellation (settlement) of warrants, net	16	—	—	137
Dividends to shareholders	18	(83,864)	(168,041)	(143,455)
Distributions to non-controlling interest owners	3	(1,996)	(4,043)	(6,389)
Repurchase of shares by the EBT	16	(5,229)	—	(22,931)
Repurchase of shares	16	(15,901)	(11,048)	(11,760)
Net cash used in financing activities		\$ (70,510)	\$ (174,339)	\$ (6,536)
Net change in cash and cash equivalents		2,237	(3,576)	(5,229)
Cash and cash equivalents, beginning of period		3,753	7,329	12,558
Cash and cash equivalents, end of period		\$ 5,990	\$ 3,753	\$ 7,329

The notes on pages 95 to 136 are an integral part of the Group Financial Statements.

Notes to the Group Financial Statements

(Amounts in thousands, except share, per share and per unit data)

Note 1 - General Information

(Amounts in thousands, except share, per share and per unit data)

Diversified Energy Company PLC (the "Parent" or "Company"), and its wholly owned subsidiaries (the "Group") is an independent energy company engaged in the production, transportation and marketing of primarily natural gas related to its synergistic U.S. onshore upstream and midstream assets. The Group's assets are located within the Appalachian Region and Central Region in the U.S.

The Company was incorporated on July 31, 2014 in the United Kingdom and is registered in England and Wales under the Companies Act 2006 as a public limited company under company number 09156132. The Group's registered office is located at 4th floor Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB, UK.

In May 2020, the Company's shares were admitted to trading on the LSE's Main Market for listed securities under the ticker "DEC". In December 2023, the Company's shares were admitted to trading on the New York Stock Exchange ("NYSE") under the ticker "DEC." As of December 31, 2024, the principal trading market for the Company's ordinary shares was the LSE.

Note 2 - Basis of Preparation

(Amounts in thousands, except share, per share and per unit data)

Basis of Preparation

The Group's consolidated financial statements (the "Group Financial Statements") have been prepared in accordance with United Kingdom adopted International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with the provisions of the UK Companies Act 2006 as applicable to companies reporting under those standards. IFRS as adopted by the UK as applied to the Group's financial statements differs in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group's consolidated financial statements for the years presented. The principal accounting policies set out below have been applied consistently throughout the year and are consistent with prior year unless otherwise stated.

Unless otherwise stated, the Group Financial Statements are presented in U.S. Dollars, which is the Group's subsidiaries' functional currency and the currency of the primary economic environment in which the Group operates, and all values are rounded to the nearest thousand dollars except share, per share and per unit amounts and where otherwise indicated.

Transactions in foreign currencies are translated into U.S. Dollars at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the date of the Consolidated Statement of Financial Position. Where the Group's subsidiaries have a different functional currency, their results and financial position are translated into the presentation currency as follows:

- Assets and liabilities in the Consolidated Statement of Financial Position are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- Income and expenses in the Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are reflected within other comprehensive income in the Consolidated Statement of Comprehensive Income.

The Group Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) held at fair value through profit or loss or through other comprehensive income.

Segment Reporting

The Group is an independent owner and operator of producing natural gas and oil wells with properties located in the states of Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, Oklahoma, Texas and Louisiana. The Group's strategy is to acquire long-life producing assets, efficiently operate those assets to generate free cash flow for shareholders and then to retire assets safely and responsibly at the end of their useful life. The Group's assets consist of natural gas and oil wells, pipelines and a network of gathering lines and compression facilities which are complementary to the Group's assets.

In accordance with IFRS the Group establishes segments on the basis on which those components of the Group are evaluated regularly by the chief executive officer, the Group's chief operating decision maker ("CODM"), when deciding how to allocate resources and in assessing performance. When evaluating performance as well as when acquiring and managing assets the CODM does so in a consolidated and complementary fashion to vertically integrate and improve margins. Accordingly, when determining operating segments under IFRS 8, the Group has identified one reportable segment that produces and transports natural gas, NGLs and oil in the U.S.

Going Concern

The Group Financial Statements have been prepared on the going concern basis, assuming the continuation of normal business activities, the realization of assets, and the settlement of liabilities in the ordinary course of business. After reviewing the Group's overall position and outlook, the Directors believe that the Group is adequately funded to continue operating as a going concern for at least the next twelve months from the date of approval of this Annual Report.

The Directors diligently oversee and manage the Group's liquidity risk. While our financial outlook is primarily evaluated through the annual business planning process, it is also closely monitored on a monthly basis. This involves regular Board discussions, led by senior leadership, to assess the Group's current performance and future outlook. The business planning process produces key performance objectives, an assessment of the Group's primary risks, the anticipated operational outlook, and a set of financial forecasts that consider the available funding sources (the "Base Plan").

The Base Plan was formed on key assumptions that support the business planning process. These assumptions include:

- Projected operating cash flows are calculated based on a production profile that aligns with current operating results and observed decline rates;
- Assumes commodity prices align with the current forward curve, taking into account basis differentials;

- Operating cost levels remain consistent with historical trends;
- The financial impact of our current hedging contracts for the assessment period, covering approximately 86% and 82% of total production volumes for the years ending December 31, 2025 and 2026, respectively; and
- The scenario also accounts for the scheduled principal and interest payments on our existing debt arrangements.

The Directors and management also evaluate various scenarios around the Base Plan, focusing on more severe but plausible downside impacts of the principal risks, both individually and collectively. They also consider the additional capital requirements these downside scenarios might impose. These scenarios include:

Scenario 1: Cyclically low gas prices for a year, with Henry Hub prices at \$2.00 per MMBtu before returning to strip pricing, reflecting historically observed market conditions.

Scenario 2: Considered the impact of climate change by assuming a two-week period of lost production in our East Texas/Louisiana region, which is prone to hurricanes, due to a natural disaster (assumed to occur once each year during the assessment period).

Scenario 3: Considered the impact of climate change by assuming a two-week period of lost production in our Appalachian region (assumption of lost production affecting 25% of the region), which is prone to flooding, due to a natural disaster (assumed to occur once each year during the assessment period).

Under these downside sensitivity scenarios, the Group continues to meet its working capital requirements, primarily consisting of derivative liabilities. These liabilities, when settled, will be funded using the higher commodity revenues from which they were derived. Additionally, the Group will continue to meet the covenant requirements under its Credit Facility and other existing borrowing instruments.

The Directors and management assess the potential impact of these principal risks on the Group's prospects within the assessment period and evaluate opportunities to actively mitigate the risk of these severe but plausible downside scenarios. In addition to modeling downside going concern scenarios, the Board has stress-tested the model to determine the extent of downturn that would result in a breach of covenants. Assuming similar levels of cash conversion as seen in 2024, a significant decline in production volume and pricing, well beyond historical experiences, would need to persist throughout the going concern period for a covenant breach to occur, which is considered very unlikely.

In addition to the scenarios mentioned, the Directors also considered the current geopolitical environment and the inflationary pressures affecting the U.S., which the Group is closely monitoring. Despite modeling specific hypothetical scenarios, the Group believes that the impact of these events will largely continue to be reflected in commodity markets, extending the recent volatility. The Group views commodity price risk a principal risk and will continue to actively monitor and mitigate this risk through its hedging program.

Based on this assessment, the Directors have reviewed the Group's overall position and outlook and believe that the Group is sufficiently funded to operate as a going concern for the next twelve months from the date of approval of the Group Financial Statements.

Basis of Consolidation

Group companies included in the Group Financial Statements for the year ended December 31, 2024 are Parent and all subsidiary undertakings, which are those entities controlled by the Parent. Control exists when the Group has the power to direct the activities of an entity so as to affect the return on investment.

The net assets and results of acquired businesses are included in the Group Financial Statements from their respective dates of acquisition, being the date on which the Group obtains control.

The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

Intra-Group transactions and balances are eliminated.

The Group Financial Statements for the year ended December 31, 2024 reflect the following corporate structure of the Group, and its wholly owned subsidiaries:

• Diversified Energy Company PLC ("DEC") as well as its wholly owned subsidiaries	• DP Lion Holdco LLC	• Riverside Land, LLC ^(d)
• Diversified Gas & Oil Corporation	• Diversified ABS VIII Holdings LLC	• Splendid Land, LLC ^(d)
• Diversified Production LLC	• Diversified ABS VIII LLC	• Diversified Midstream LLC
• Diversified ABS Holdings LLC	• Diversified ABS III Upstream LLC	• Cranberry Pipeline Corporation
• Diversified ABS LLC	• Diversified ABS V Upstream LLC	• Coalfield Pipeline Company
• Diversified ABS Phase II Holdings LLC	• DP Yellowjacket Equity Holdco LLC	• DM Bluebonnet LLC
• Diversified ABS Phase II LLC	• DP Yellowjacket Holdco LLC	• Black Bear Midstream Holdings LLC
• Diversified ABS Phase IV Holdings LLC	• DM Yellowjacket Holdco LLC	• Black Bear Midstream LLC
• Diversified ABS Phase IV LLC	• Tanos TX Holdco LLC	• Black Bear Liquids LLC
• DP Bluegrass Holdings LLC	• Diversified ABS IX Holdings LLC	• Black Bear Liquids Marketing LLC
• DP Bluegrass LLC	• Diversified Mustang Holdco LLC	• DM Pennsylvania Holdco LLC
• Chesapeake Granite Wash Trust ^(a)	• DP RBL Co LLC	• Diversified Energy Group LLC
• BlueStone Natural Resources II, LLC	• DP Legacy Central LLC	• Diversified Energy Company LLC
• Sooner State Joint ABS Holdings LLC ^(b)	• Diversified Energy Marketing, LLC	• Next LVL Energy, LLC
• Diversified ABS Phase VI Holdings LLC	• OCM Denali Holdings, LLC	• Diversified ABS IX Holdings LLC
• Diversified ABS Phase VI LLC	• DP Tapstone Energy Holdings, LLC	• Diversified ABS X Holdings LLC
• Diversified ABS VI Upstream LLC	• DP Legacy Tapstone LLC	• Diversified ABS X LLC
• Oaktree ABS VI Upstream LLC	• Giant Land, LLC ^(d)	
• DP Lion Equity Holdco LLC ^(c)	• Link Land, LLC ^(d)	
	• Old Faithful Land, LLC ^(d)	

(a) Diversified Production, LLC holds 50.8% of the issued and outstanding common shares of Chesapeake Granite Wash Trust.

(b) Owned 51.25% by Diversified Production LLC and 48.75% by OCM Denali Holdings LLC, both wholly owned subsidiaries of the Group.

- (c) Diversified Production, LLC holds 20% of the issued and outstanding equity of DP Lion Equity Holdco LLC. This entity is not consolidated within the Group's financial statements as of December 31, 2024. Refer to Note 5 for additional information.
- (d) Owned approximately 55% by Diversified Energy Company PLC.

Note 3 - Material Accounting Policies

(Amounts in thousands, except share, per share and per unit data)

The preparation of the Group Financial Statements in compliance with UK-adopted IAS and IFRS as issued by the IASB requires management to make estimates and exercise judgment in applying the Group's accounting policies. In preparing the Group Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are disclosed in Note 4.

Business Combinations and Asset Acquisitions

The Group performs an assessment of each acquisition to determine whether the acquisition should be accounted for as an asset acquisition or a business combination. For each transaction, the Group may elect to apply the concentration test to determine if the fair value of assets acquired is substantially concentrated in a single asset (or a group of similar assets). If this concentration test is met, the acquisition qualifies as an acquisition of a group of assets and liabilities, not of a business.

Accounting for business combinations under IFRS 3 is applied once it is determined that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues.

In a business combination, assets acquired and liabilities assumed are recorded at fair value and any excess in the consideration paid over the fair value of the net assets acquired is recorded as goodwill, while any excess fair value of the net assets acquired over the consideration fair value is recognized as a gain on bargain purchase.

When less than the entire interest of an entity is acquired, the choice of measurement of the non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis.

More information regarding the judgments and conclusions reached with respect to business combinations and asset acquisitions is included in Notes 4 and 5.

Oaktree Capital Management, L.P. ("Oaktree") Participation Agreement

In October 2020, the Group entered into a three-year definitive participation agreement with funds managed by Oaktree to jointly identify and fund future proved developed producing acquisition opportunities ("PDP acquisitions") that the Group identified. The Oaktree Funding Commitment provided for up to \$1,000,000 in aggregate over three years for mutually agreed upon PDP acquisitions with transaction valuations typically greater than \$250,000. The Group and Oaktree each funded 50% of the net purchase price in exchange for proportionate working interests of 51.25% and 48.75% during Tranche I deals, or joint acquisitions made during the first 18 months of the agreement, and 52.5% and 47.5% during Tranche II deals, or joint acquisitions made during the second 18 months of the agreement, respectively. The Group's greater share reflected the upfront promote it received from Oaktree which was intended to compensate the Group for the increase in general and administrative expenses needed to operate an entity that increases with acquired growth.

Additionally, upon Oaktree achieving a 10% unlevered internal rate of return, Oaktree would convey a back-end promote to the Group which would increase the Group's working interest to 59.625% for both Tranche I and Tranche II deals. The Group also maintained the right of first offer to acquire Oaktree's interest if and when Oaktree decided to divest. The Group and Oaktree each had the right to participate in a sale by the other party with a third-party upon comparable terms.

The Group accounted for the Oaktree Participation Agreement as a joint operation under IFRS 11, Joint Arrangements ("IFRS 11"). Accordingly, the Group included its proportionate share of assets, liabilities, revenues and expenses within the consolidated financial statements.

The Oaktree Participation Agreement ended in October 2023. On June 6, 2024 the Group acquired Oaktree's proportionate working interest in all Tranche I and Tranche II deals. Details of the acquisition are disclosed in Note 5.

Inventory

Natural gas inventory is stated at the lower of cost and net realizable value, cost being determined on a weighted average cost basis. Inventory also consists of material and supplies used in connection with the Group's maintenance, storage and handling. Inventory is stated at the lower of cost or net realizable value.

Cash and Cash Equivalents

Cash on the balance sheet comprises cash at banks. Balances held at banks, at times, exceed U.S. federally insured amounts. The Group has not experienced any losses in such accounts and the Directors believe the Group is not exposed to any significant credit risk on its cash.

Trade Receivables

Trade receivables are recorded at their historical carrying amount, net of any required provisions. These receivables are due from customers across the natural gas and oil industry. While they are spread among several customers, their collectability depends on each customer's financial health and the overall economic conditions of the industry. Management evaluates customers' financial conditions before extending credit and typically do not require collateral to secure the recoverability of the Group's trade receivables. Any adjustments to the Group's allowance for expected credit losses during the year are recognized in the Consolidated Statement of Comprehensive Income. Trade receivables also include amounts due from third-party working interest owners and hedge settlement receivables. The Group consistently assesses the collectability of these receivables. As of December 31, 2024 and 2023, the Group considered a portion of these working interest receivables uncollectable and recorded an allowance for credit losses in the amount of \$15,959 and \$16,529, respectively. Refer to Note 14 for additional information.

Impairment of Financial Assets

IFRS 9 requires the application of an expected credit loss model in considering the impairment of financial assets. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognized. IFRS 9 allows for a simplified approach for measuring the allowance at an amount equal to lifetime expected credit losses for trade receivables.

The Group applies the simplified approach to the expected credit loss model to trade receivables arising from:

- Sales of natural gas, NGLs and oil;
- Sales of gathering and transportation of third-party natural gas; and
- The provision of other services.

Borrowings

Borrowings are initially recognized at fair value, net of any transaction costs incurred. They are then carried at amortized cost. The difference between the net proceeds and the redemption value is recognized in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Interest on borrowings is accrued according to each class of borrowing.

Derivative Financial Instruments

Derivatives are utilized as part of the Group's strategy to mitigate risks associated with the cash flow unpredictability due to commodity price volatility. Additional details on the Group's exposure to these risks can be found in Note 25. The Group has entered into financial instruments which are considered derivative contracts, such as swaps and collars, which result in net cash settlements each month without physical deliveries. The derivative contracts are initially recognized at fair value on the contract date and remeasured to fair value at each balance sheet date. The resulting gain or loss is recognized in the Consolidated Statement of Comprehensive Income under the gain (loss) on derivative financial instruments line item for the year incurred.

Restricted Cash

Cash held on deposit for bonding purposes is classified as restricted cash and recorded within current and non-current assets. This cash is either (1) restricted by state governmental agencies for use if the operator abandons any wells, or (2) held as collateral by the Group's surety bond providers.

Additionally, the Group is required to maintain certain cash reserves for interest payments related to its asset-backed securitizations, as detailed in Note 21. These reserves typically cover one to six months of interest and any associated fees. The Group classifies restricted cash as either current or non-current, depending on the classification of the related asset or liability. This reserve cash is managed by an independent indenture trustee, who monitors the reserves monthly to ensure the correct amount is maintained. The deposit conditions restrict the Group from accessing the reserve cash on demand, meaning it no longer qualifies as cash and cash equivalents.

	December 31, 2024	December 31, 2023
Cash restricted by asset-backed securitizations	\$ 45,880	\$ 35,870
Other restricted cash	389	382
Total restricted cash	\$ 46,269	\$ 36,252
Classified as:		
Current asset	\$ 11,426	\$ 11,195
Non-current asset	34,843	25,057
Total	\$ 46,269	\$ 36,252

Natural Gas and Oil Properties

Natural gas and oil activities are accounted for using the principles of the successful efforts method of accounting as described below.

Development & Acquisition Costs

Costs incurred to purchase, lease, or otherwise acquire a property are capitalized when incurred. Expenditures related to the construction, installation or completion of infrastructure facilities, such as platforms, and the drilling of development wells, including delineation wells, are capitalized within natural gas and oil properties. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of the asset retirement obligation.

Depletion

Proved natural gas, oil and NGL reserve volumes are used as the basis to calculate unit-of-production depletion rates. Leasehold costs are depleted on the unit-of-production basis over the total proved reserves of the relevant area while production and development wells are depleted over proved producing reserves.

Intangible Assets

Software Development

Development costs that are directly attributable to the design and testing of identifiable and unique software products developed by third parties and controlled by the Group are recognized as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- The Directors intend to complete the software and use it;
- There is an ability to use the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include cost incurred by third parties, employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Costs associated with maintaining software programs are recognized as an expense as incurred.

Impairment of Intangible Assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For impairment assessment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Amortization

The Group amortizes intangible assets with a limited useful life, using the straight-line method over the following periods:

	Range in Years
Software	3
Other acquired intangibles ^(a)	3

(a) Represents intangible assets acquired in business combinations and asset acquisitions.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial recognized cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by the Directors.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

	Range in Years
Buildings and leasehold improvements	40
Equipment	5 - 10
Motor vehicles	5
Midstream assets	10 - 15
Other property and equipment	5 - 10

Property, plant and equipment held under leases are depreciated over the shorter of the lease term or estimated useful life.

Impairment of Non-Financial Assets

At each reporting date, the Group assesses whether there are indications that an asset may be impaired. If such indications exist, or if annual impairment testing is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less disposal costs and its value-in-use. This is determined for an individual asset unless the asset does not generate largely independent cash inflows from other assets or groups of assets. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the Group discounts the estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less disposal costs, the Group considers recent market transactions, if available. If no such transactions are identified, an appropriate valuation model is used.

Non-Controlling Interests

Non-controlling interests represent the equity in subsidiaries that is not attributable to the Group's shareholders. The acquisition of a non-controlling interest in a subsidiary and the sale of an interest while retaining control are accounted for as transactions within equity and are reported within non-controlling interests in the consolidated financial statements.

During the years ended December 31, 2024, 2023 and 2022, the Group recorded net income of \$1,271, \$1,683 and \$4,812, respectively, attributable to non-controlling interests. As of December 31, 2024 and 2023, the Group had a non-controlling interests balance of \$11,879 and \$12,604, respectively. During the years ended December 31, 2024, 2023 and 2022, the Group paid \$1,996, \$4,043 and \$6,389, respectively, in distributions to non-controlling interest owners.

Leases

The Group recognizes a right-of-use asset and a lease liability at the commencement date of contracts (or separate components of a contract) that convey the right to control the use of an identified asset for a period of time in exchange for consideration, when such contracts meet the definition of a lease as determined by IFRS 16, Leases ("IFRS 16"). The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date.

The Group initially measures the lease liability at the present value of the future lease payments, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. After the commencement date, the lease liability is reduced by payments made and increased by interest on the lease liability.

Right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the lease terms, unless those costs are incurred to produce inventories.

Subsequent to the measurement date, the right-of-use asset is depreciated on a straight line basis over the period that reflects the life of the underlying asset and is also adjusted for the remeasurement of any lease liability.

Asset Retirement Obligations

When a liability exists for the retirement of a well, removal of production equipment, and site restoration at the end of a well's productive life, the Group recognizes an asset retirement liability. The amount recognized is the present value of estimated future net expenditures, determined in accordance with our anticipated retirement plans and local conditions and requirements. The unwinding of the discount on the decommissioning liability is included as accretion of the decommissioning provision. The cost of the relevant property, plant and equipment asset is increased by an amount equivalent to the liability and depreciated on a unit of production basis. The Group recognizes changes in estimates prospectively, with corresponding adjustments to the liability and the associated non-current asset.

Taxation

Deferred Taxation

Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Group Financial Statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized. The Group offsets deferred tax assets and liabilities when it has a legally enforceable right to set off current tax assets against current tax liabilities, provided that the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Current Taxation

Current income tax assets and liabilities for the years ended December 31, 2024 and 2023 were measured at the amounts to be recovered from, or paid to, the taxation authorities. The tax rates (and laws) used to compute these amounts are those enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

Uncertain Tax Positions

Management periodically evaluates positions taken in tax returns where applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount or the expected value, depending on which method better predicts the resolution of the uncertainty.

Revenue Recognition

Natural Gas, NGLs & Oil Revenue ("Commodity Revenue")

Commodity revenue is derived from sales of natural gas, NGLs and oil products and is recognized when the customer obtains control of the commodity. This transfer generally occurs when the product is physically transferred into a vessel, pipe, sales meter, or other delivery mechanism. This also represents the point at which the Group fulfills its single performance obligation to its customer under contracts for the sale of natural gas, NGLs and oil as per IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

Commodity revenue in which the Group has an interest with other producers is recognized proportionately based on the Group's working interest and the terms of the relevant production sharing contracts. Royalty payments or counterparty distributions, representing the portion of revenue due to minority working interests, are recorded as a liability, described in Note 23.

Commodity revenue is recorded based on the volumes accepted each day by customers at the delivery point and is measured using the respective market price index for the applicable commodity, adjusted by the applicable basis differential based on the quality of the product.

Third-Party Gathering Revenue

Revenue from gathering and transporting third-party natural gas is recognized when the customer transfers its natural gas to the entry point in the Group's midstream network and becomes entitled to withdraw an equivalent volume of natural gas from the exit point in the Group's midstream network. This transfer generally occurs when product is physically transferred into the Group's vessel, pipe, or sales meter. The customer's entitlement to withdraw an equivalent volume of natural gas is broadly coterminous with the transfer of natural gas into the Group's midstream network. Customers are invoiced, and revenue is recognized each month based on the volume of natural gas transported at a contractually agreed-upon price per unit.

Third-Party Plugging Revenue

Revenue from third-party asset retirement services is recognized as earned in the month the work is performed, in accordance with the Group's contractual obligations. These contractual obligations are considered the Group's performance obligations for purposes of IFRS 15.

Other Revenue

Revenue from the operation of third-party wells is recognized as earned in the month the work is performed, in accordance with the Group's contractual obligations. These contractual obligations are considered the Group's performance obligations for purposes of IFRS 15.

Revenue from the sale of water disposal services to third parties into the Group's disposal wells is recognized as earned in the month the water is physically disposed of at a contractually agreed-upon price per unit. The disposal of the water is considered the Group's performance obligation under these contracts.

Revenue is stated after deducting sales taxes, excise duties, and similar levies.

Share-Based Payments

The Group accounts for share-based payments under IFRS 2, Share-Based Payment ("IFRS 2"). All of the Group's share-based awards are equity settled, with their fair value determined at the grant date. As of December 31, 2024, 2023 and 2022, the Group had three types of share-based payment awards: RSUs, PSUs and Options. The fair value of the Group's RSUs is measured using the stock price at the grant date. The fair value of the Group's PSUs is measured using a Monte Carlo simulation model. The inputs to the Monte Carlo simulation model included:

- The share price at the date of grant;
- Expected volatility;
- Expected dividends;
- Risk free rate of interest; and

- Patterns of exercise by the plan participants.

The fair value of the Group's Options was calculated using the Black-Scholes model as of the grant date. The inputs to the Black-Scholes model included:

- The share price at the grant date;
- Exercise price;
- Expected volatility; and
- Risk-free rate of interest.

The grant date fair value of share-based awards, adjusted for market-based performance conditions, is expensed uniformly over the vesting period.

New or Amended Accounting Standards - Adopted

The following accounting standards, amendments and interpretations became effective in the current year:

Standard	Amendment	Effective Date
IAS 1	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants	Annual periods beginning on or after January 1, 2024

The application of this standard and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in the Group Financial Statements.

New or Amended Accounting Standards - Not Yet Adopted

At the date of authorization of the Group Financial Statements, the following standards and interpretations, which have not been applied in the Group Financial Statements, were in issue but not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The Group is still assessing the effect of these standards, though they are not expected to have a material impact.

Standard	Amendment	Effective Date
IAS 21	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	Annual periods beginning on or after January 1, 2025
IFRS 9	Financial Instruments - Lessee Derecognition of Lease Liabilities	Annual periods beginning on or after January 1, 2026
IFRS 7 & IFRS 9	Financial Instruments and Disclosures - Amendments to the Classification and Measurement of Financial Instruments	Annual periods beginning on or after January 1, 2026
IAS 7	Statement of Cash Flows - Cost Method	Annual periods beginning on or after January 1, 2026
IFRS 18	Presentation and Disclosures in Financial Statements - Primary Financial Statements	Annual periods beginning on or after January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures - Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	Annual periods beginning on or after January 1, 2027

Note 4 - Significant Accounting Judgments & Estimates

(Amounts in thousands, except share, per share and per unit data)

In applying the Group's accounting policies described in Note 3, the Directors made the following judgments and estimates, which may significantly affect the amounts recognized in the Group Financial Statements.

Significant Judgments

Business Combinations & Asset Acquisitions

The Group follows the guidance in IFRS 3, Business Combinations ("IFRS 3") for determining the appropriate accounting treatment for acquisitions. IFRS 3 permits an initial fair value assessment to determine if substantially all of the fair value of the assets acquired is concentrated in a single asset or group of similar assets, known as the "concentration test". If the initial screening test is not met, the asset may be considered a business based on whether there are inputs and substantive processes in place. The accounting treatment is derived based on the results of this analysis and the conclusion on an acquisition's classification as a business combination or an asset acquisition.

If the acquisition is deemed to be a business, the acquisition method of accounting is applied. Identifiable assets acquired and liabilities assumed at the acquisition date are recorded at fair value. When the fair value exceeds the consideration transferred, a bargain purchase gain is recognized. Conversely, when the consideration transferred exceeds the fair value, goodwill is recorded. If the transaction is deemed to be an asset purchase, the cost accumulation and allocation model is used whereby the assets and liabilities are recorded based on the purchase price and allocated to the individual assets and liabilities based on relative fair values. As a result, gains on bargain purchases are not recognized on asset acquisitions. Additionally, in instances when the acquisition of a group of assets contains contingent consideration, the Group records changes in the fair value of the contingent consideration through the basis of the asset acquired rather than through the Consolidated Statement of Comprehensive Income. More information regarding conclusions reached with respect to this judgment is included in Note 5.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed in a business combination are based on various market participant assumptions and valuation methodologies, requiring considerable judgment by management. The most significant variables in these valuations are discount rates and other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets, specific risks, industry beta, and the capital structure of guideline companies. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Significant Estimates

Estimating the Fair Value of Acquired Natural Gas & Oil Properties

The Group determines the fair value of its natural gas and oil properties acquired through business combinations using the income approach. This approach is based on expected discounted future cash flows, which are derived from estimated reserve quantities, production and development costs, and forward prices for natural gas and oil. Future net cash flows are discounted using a weighted average cost of capital and additional risk factors.

Proved reserves are estimated using available geological and engineering data and include only those volumes for which market access is reasonably certain. These estimates are inherently imprecise, requiring judgment and regular revisions. Revisions may be based on new information from additional drilling, long-term reservoir performance observations, and changes in economic factors such as product prices, contract terms, or operating expenses.

Impairment of Natural Gas & Oil Properties

When preparing the Group Financial Statements, the Group considers whether there is any evidence of impairment in the natural gas and oil properties. This assessment involves reviewing producing assets for impairment indicators at the balance sheet date. Indicators can include significant or prolonged decreases in commodity pricing, negative market changes, downward revisions of reserve estimates, or increases in operating costs.

The Group reviews the carrying value of its natural gas and oil properties on a field basis annually or when an indicator of impairment is identified. The impairment test compares the carrying value of these properties to their recoverable amount, which is based on the present value of estimated future net cash flows from proved reserves. These future cash flows are calculated using estimated reserve quantities, production and development costs, and forward prices for natural gas and oil. If the carrying value exceeds fair value, the Group recognizes an impairment by writing down the value of the properties to their fair value. For the year ended December 31, 2024, no such impairments were recorded.

For the year ended December 31, 2023, the Group determined that the carrying amounts of certain proved properties for two fields were not recoverable from future cash flows and recognized an impairment charge of \$41,616. No such impairment was recorded during the year ended December 31, 2022. Refer to Note 10 for additional information regarding the Group's impairment assessment.

If there has been an impairment charge in a previous period, it will be reversed in a later period if circumstances change and the recoverable amount exceeds the net book value at the time. When reversing impairment losses, the asset's carrying amount will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) if no impairment loss had been recognized in prior years. No such recoveries were recorded during the years ended December 31, 2024, 2023, and 2022. For more details, refer to Note 10.

When applicable, the Group recognizes impairment losses in the Consolidated Statement of Comprehensive Income, categorizing them according to the function of the impaired asset.

Reserve Volume Estimates

Proved reserves are the estimated volumes of natural gas, oil and NGLs that can be economically produced with reasonable certainty from known reservoirs, given current economic conditions and operating methods.

To estimate these reserves, we depend on the interpretation and judgment of engineering and production data, along with certain economic data such as commodity prices, operating expenses, capital expenditures, and taxes. Since many factors, assumptions, and variables involved in estimating proved reserves can change over time, the estimates of natural gas, oil and NGL reserve volumes are subject to revision.

Taxation

The Group makes certain estimates when calculating deferred tax assets and liabilities, as well as income tax expense. These estimates often require judgment regarding the timing and recognition of differences of revenue and expenses for tax and financial reporting purposes, as well as the tax basis of our assets and liabilities at the balance sheet date before tax returns are completed. Additionally, the Group must evaluate the likelihood of recovering or utilizing its deferred tax assets and may record a valuation allowance against these assets when it is not expected that they will be realized. In determining whether to apply a valuation allowance, the Group considers evidence such as future taxable income, among other factors. This process involves numerous judgments and assumptions, including estimates of commodity prices, production, and other operating conditions. If any of these factors, assumptions, or judgments change, the deferred tax asset could be adjusted, particularly decreasing if it is determined that the asset is unlikely to be realized. Conversely, a valuation allowance may be reversed if it is determined that the asset is likely to be realized.

Asset Retirement Obligations

The costs associated with asset retirement obligations are inherently uncertain and can fluctuate due to various factors, such as changes in legal requirements, the development of new restoration techniques, or experiences at other production sites. The expected timing and amount of these expenditures can also vary, for instance, due to changes in reserves or modifications in laws and regulations or their interpretation. Consequently, significant estimates and assumptions are necessary to determine the provision for asset retirement. These assumptions include the costs to retire the wells, the Group's retirement plan, an assumed inflation rate, and the discount rate. Changes in these assumptions could lead to a substantial change in the carrying value of the asset retirement obligations within the next financial year. For more details and sensitivity analysis, refer to Note 19.

Note 5 - Acquisitions & Divestitures

(Amounts in thousands, except share, per share and per unit data)

The assets acquired in all acquisitions include the necessary permits, rights to production, royalties, assignments, contracts and agreements that support the production from wells and operation of pipelines. The Group determines the accounting treatment of acquisitions using IFRS 3.

2024 Acquisitions

East Texas II Asset Acquisition

On October 29, 2024, the Group acquired certain developed producing assets in the East Texas area of the Central Region from a regional operator (the "Seller") (altogether, the "East Texas II transaction"). The Group assessed the acquired assets and determined that this transaction was considered an asset acquisition rather than a business combination. When making this determination, management evaluated IFRS 3 and concluded that the acquired assets did not meet the definition of a business. The Group paid purchase consideration of \$67,782, inclusive of transaction costs of \$744 and customary purchase price adjustments. The transaction was funded through a combination of cash consideration of \$40,329, drawing from a senior secured bank facility supported by the acquired assets and existing liquidity, and the issuance of 2,342,445 new ordinary shares direct to the Seller. Refer to Notes 16 and 21 for additional information regarding share capital and debt, respectively. In the period from its acquisition to December 31, 2024 the East Texas II assets increased the Group's revenue and operating expense by \$4,889 and \$1,598, respectively.

The assets acquired and liabilities assumed were as follows:

Consideration paid		
Cash consideration	\$	40,329
Value of shares issued as consideration		27,453
Total consideration	\$	67,782
Net assets acquired		
Natural gas and oil properties	\$	78,087
Asset retirement obligations, asset portion		11,902
Property, plant and equipment		1,045
Asset retirement obligations, liability portion		(11,902)
Other current liabilities		(11,350)
Net assets acquired	\$	67,782

Crescent Pass Energy ("Crescent Pass") Asset Acquisition

On August 15, 2024, the Group acquired certain upstream assets and related infrastructure in the East Texas area of the Central Region from Crescent Pass. The Group assessed the acquired assets and determined that this transaction was considered an asset acquisition rather than a business combination. When making this determination, management evaluated IFRS 3 and concluded that the acquired assets did not meet the definition of a business. The Group paid purchase consideration of \$97,678, inclusive of transaction costs of \$846 and customary purchase price adjustments. The transaction was funded through a combination of the issuance of 2,249,650 new ordinary shares direct to Crescent Pass and cash consideration of \$69,265 from the new Term Loan II supported by the acquired assets. Refer to Notes 16 and 21 for additional information regarding share capital and debt, respectively. In the period from its acquisition to December 31, 2024 the Crescent Pass assets increased the Group's revenue and operating expense by \$10,283 and \$6,101, respectively.

The assets acquired and liabilities assumed were as follows:

Consideration paid		
Cash consideration	\$	69,265
Value of shares issued as consideration		28,413
Total consideration	\$	97,678
Net assets acquired		
Natural gas and oil properties	\$	105,737
Asset retirement obligations, asset portion		34,247
Property, plant and equipment		534
Trade receivables, net		1,926
Asset retirement obligations, liability portion		(34,247)
Other current liabilities		(10,519)
Net assets acquired	\$	97,678

Oaktree Capital Management, L.P. ("Oaktree") Working Interest Asset Acquisition

On June 6, 2024 the Group acquired Oaktree's proportionate working interest in the East Texas, Tapstone, Tanos and Indigo acquisitions. The Group assessed the acquired assets and determined that this transaction was considered an asset acquisition rather than a business combination. When making this determination, management evaluated IFRS 3 and concluded that the acquired assets did not meet the definition of a business. The Group paid purchase consideration of \$221,660, inclusive of transaction costs of \$2,064 and customary purchase price adjustments. As part of this transaction, the Group assumed Oaktree's proportionate debt of \$132,576 associated with the ABS VI Notes. The Group funded the purchase through a combination of existing and expanded liquidity and issued approximately \$83,348 in notes payable to Oaktree. Refer to Note 21 for additional information regarding debt. In the period from its acquisition to December 31, 2024 the Oaktree assets increased the Group's revenue and operating expense by \$65,708 and \$31,626, respectively.

The assets acquired and liabilities assumed were as follows:

Consideration paid		
Cash consideration	\$	177,550
Oaktree Seller's Note		83,348
Elimination of Oaktree liability		(39,238)
Total consideration	\$	221,660
Net assets acquired		
Natural gas and oil properties	\$	315,611
Asset retirement obligations, asset portion		63,770
Property, plant and equipment		457
Restricted cash		6,153
Derivative financial instruments, net		39,841
Asset retirement obligations, liability portion		(63,770)
Borrowings		(132,576)
Other current liabilities		(7,826)
Net assets acquired	\$	221,660

Other Acquisitions

On December 30, 2024 the Group acquired certain upstream assets in the Central Region that are contiguous to its existing East Texas assets. The Group paid purchase consideration of \$1,181, inclusive of customary purchase price adjustments and transaction costs. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination.

2024 Divestitures

During the year ended December 31, 2024, the Group divested certain other non-core undeveloped acreage across its operating footprint for consideration of approximately \$59,048. The consideration received exceeded the carrying value of the net assets divested resulting in a gain on natural gas and oil properties and equipment of \$26,312.

2023 Acquisitions

Tanos Energy Holdings II LLC ("Tanos II") Asset Acquisition

On March 1, 2023 the Group acquired certain upstream assets and related infrastructure in the Central Region from Tanos II. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$262,329, inclusive of transaction costs of \$936 and customary purchase price adjustments. The Group funded the purchase with proceeds from the February 2023 equity raise, cash on hand and existing availability on the Credit Facility for which the borrowing base was upsized concurrent to the closing of the Tanos II transaction. Refer to Notes 16 and 21 for additional information regarding the Group's share capital and borrowings. In the period from its acquisition to December 31, 2023 the Tanos II assets increased the Group's revenue by \$45,589.

2023 Divestitures

Sale of Equity Interest in DP Lion Equity HoldCo LLC

In November 2023, the Group formed DP Lion Equity Holdco LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue Class A and Class B asset-backed securities (collectively "ABS VII") which are secured by certain upstream producing assets in Appalachia. The Class A and B asset backed securities were issued in aggregate principal amounts of \$142,000 and \$20,000, respectively.

In December 2023, the Group divested 80% of the equity ownership in DP Lion Equity Holdco LLC to outside investors, generating cash proceeds of \$30,000. The Group evaluated the remaining 20% interest in DP Lion Equity Holdco LLC and determined that the governance structure is such that the Group does not have the ability to exercise control, joint control, or significant influence over the DP Lion Equity Holdco LLC entity. Accordingly, this entity is not consolidated within the Group's financial statements as of December 31, 2023.

The consideration exceeded the fair value of the Group's portion of the assets and liabilities divested resulting in a gain on sale of the equity interest of \$18,440. The Group's remaining investment in the LLC is accounted for as an equity instrument at fair value in accordance with IFRS 9, Financial Instruments ("IFRS 9") and was \$7,500 at December 31, 2023, which generated an unrealized gain of \$4,610.

During 2024, the Group identified that the liability for revenues to be distributed of \$7,375 associated with the divested wells in the DP Lion Holdco LLC transaction was inappropriately relieved and should have remained consolidated within the Group Financial Statements. The Group assessed the error and determined that it is immaterial, quantitatively and qualitatively, to the 2023 and 2024 Group Financial Statements. Accordingly, the error has been corrected as an out of period adjustment in the current year within the "Gain (loss) on sale of equity interest" line item in the Group's Statement of Comprehensive Income.

Other 2023 Divestitures

On July 17, 2023, the Group sold undeveloped acreage in Oklahoma, within the Group's Central Region, for net consideration of approximately \$16,060. The consideration received exceeded the fair value of the net assets divested resulting in a gain on natural gas and oil properties and equipment of \$13,619.

On June 27, 2023, the Group sold certain non-core, non-operated assets within its Central Region for gross consideration of approximately \$37,589. The divested assets were located in Texas and Oklahoma and consisted of non-operated wells and the associated leasehold acreage that was acquired as

part of the ConocoPhillips Asset Acquisition in September 2022. This sale of non-operated and non-core assets aligns with the Group's application of the Smarter Asset Management strategy and its strategic focus on operated proved developed producing assets.

Additionally, during the year ended December 31, 2023, the Group divested certain other non-core undeveloped acreage across its operating footprint for consideration of approximately \$12,100. The consideration received exceeded the fair value of the net assets divested resulting in a gain on natural gas and oil properties and equipment of \$10,547.

2022 Acquisitions

ConocoPhillips Asset Acquisition

On September 27, 2022 the Group acquired certain upstream assets and related facilities within the Central Region from ConocoPhillips. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$209,766, including customary purchase price adjustments. Transaction costs associated with the acquisition were negligible. The Group funded the purchase with available cash on hand and a draw on the Credit Facility. In the period from its acquisition to December 31, 2022 the ConocoPhillips assets increased the Group's revenue by \$25,217.

East Texas Asset Acquisition ("East Texas I")

On April 25, 2022, the Group acquired a proportionate 52.5% working interest in certain upstream assets and related facilities within the Central Region from a private seller in conjunction with Oaktree, via the previously disclosed participation agreement between the two parties. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination, the Group performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$47,468, including customary purchase price adjustments. Transaction costs associated with the acquisition were \$1,550. The Group funded the purchase with available cash on hand and a draw on the Credit Facility.

Other 2022 Acquisitions

During the period ended December 31, 2022 the Group acquired three asset retirement companies for an aggregate consideration of \$13,949, inclusive of customary purchase price adjustments. The Group also paid an additional \$3,150 in deferred consideration through November 2024. During the year ended December 31, 2024 and 2023, the Group paid \$1,050 and \$2,100, respectively, of the deferred consideration. When evaluating these transactions, the Group determined they did not have significant asset concentrations and as a result it had acquired identifiable sets of inputs, processes and outputs and concluded the transactions were business combinations.

On April 1, 2022 the Group acquired certain midstream assets, inclusive of a processing facility, in the Central Region that are contiguous to its existing East Texas assets. The Group paid purchase consideration of \$10,139, inclusive of customary purchase price adjustments and transaction costs. When evaluating the transaction, the Group determined it did not have significant asset concentration and as a result it had acquired an identifiable set of inputs, processes and outputs and accordingly concluded the transaction was a business combination. The fair value of the net assets acquired was \$10,742 generating a bargain purchase gain of \$603.

On November 21, 2022 the Group acquired certain midstream assets in the Central Region that are contiguous to its existing East Texas assets. The Group paid purchase consideration of \$7,438, inclusive of customary purchase price adjustments and transaction costs. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination.

Transaction costs associated with the other acquisitions noted above were insignificant and the Group funded the aggregate cash consideration with existing cash on hand.

Subsequent Events

On February 27, 2025, the Group announced the completion of its previously announced acquisition of certain upstream assets and related infrastructure within Virginia, West Virginia, and Alabama of the Appalachian Region from Summit for a gross purchase price of approximately \$45,000 before customary purchase price adjustments. The transaction was funded through the new ABS X Notes collateralized, in part, by the acquired assets. Refer to Note 21 for additional information regarding debt.

On March 14, 2025, the Group announced the completion of its previously announced Maverick acquisition for a gross purchase price of approximately \$1,275,000. The transaction was funded through the assumption of approximately \$700,000 of Maverick debt outstanding, the issuance of 21,194,213 new ordinary shares direct to the unitholders of Maverick, and approximately \$207,000 in cash on hand. Refer to Notes 16 and 21 for additional information regarding share capital and debt.

Note 6 - Revenue

(Amounts in thousands, except share, per share and per unit data)

The Group extracts and sells natural gas, NGLs and oil to a variety of customers and operates most of the wells on behalf of customers and other working interest owners. Additionally, the Group offers gathering and transportation services, as well as asset retirement and other services to third parties. All revenue is generated within the U.S.

The following table reconciles the Group's revenue for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Natural gas	\$ 464,600	\$ 557,167	\$ 1,544,658
NGLs	150,513	141,321	188,733
Oil	117,146	103,911	139,620
Total commodity revenue	\$ 732,259	\$ 802,399	\$ 1,873,011
Midstream	32,535	30,565	32,798
Other ^(a)	30,047	35,299	13,540
Total revenue	\$ 794,841	\$ 868,263	\$ 1,919,349

(a) Includes \$16,305, \$28,360, and \$9,246 in third party plugging revenue and \$13,742, \$6,939, and \$4,294 in other revenue for the years ended December 31, 2024, 2023, and 2022, respectively. Refer to Note 3 for additional information.

A significant portion of the Group's trade receivables stem from sales of natural gas, NGLs and oil, as well as operational services. These receivables are uncollateralized and typically collected within 30 to 60 days.

For the years ended December 31, 2024, 2023 and 2022, no single customer accounted for more than 10% of total revenues.

Note 7 - Expenses by Nature

(Amounts in thousands, except share, per share and per unit data)

The table below details the Group's expenses for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
LOE ^(a)	\$ 231,651	\$ 213,078	\$ 182,817
Production taxes ^(b)	36,043	61,474	73,849
Midstream operating expenses ^(c)	70,747	69,792	71,154
Transportation expenses ^(d)	90,461	96,218	118,073
Total operating expenses	\$ 428,902	\$ 440,562	\$ 445,893
Depreciation and amortization	59,358	56,453	51,877
Depletion	197,126	168,093	170,380
Total depreciation, depletion and amortization	\$ 256,484	\$ 224,546	\$ 222,257
Employees, administrative costs and professional services ^(e)	86,885	78,659	77,172
Costs associated with acquisitions ^(f)	11,573	16,775	15,545
Other adjusting costs ^(g)	22,375	17,794	69,967
Non-cash equity compensation ^(h)	8,286	6,494	8,051
Total G&A	\$ 129,119	\$ 119,722	\$ 170,735
Recurring allowance for credit losses ⁽ⁱ⁾	101	8,478	—
Total expenses	\$ 814,606	\$ 793,308	\$ 838,885
Aggregate remuneration (including Directors):			
Wages and salaries	\$ 133,024	\$ 124,834	\$ 113,267
Payroll taxes	10,380	10,163	9,516
Benefits	29,252	31,912	23,828
Total employees and benefits expense	\$ 172,656	\$ 166,909	\$ 146,611

(a) LOE encompasses costs incurred to maintain producing properties. These costs include direct and contract labor, repairs and maintenance, emissions reduction initiatives, water hauling, compression, automobile, insurance, and materials and supplies expenses.

(b) Production taxes consist of severance and property taxes. Severance taxes are typically paid on produced natural gas, NGLs and oil at fixed rates set by federal, state or local taxing authorities. Property taxes are generally based on the valuation of the Group's natural gas and oil properties and midstream assets by the taxing jurisdictions.

(c) Midstream operating expenses are the daily costs of operating the Group's owned midstream assets, including employee and benefit expenses.

(d) Transportation expenses are the daily costs incurred from third-party systems to gather, process, and transport the Group's natural gas, NGLs and oil.

(e) Employees, administrative costs and professional services include payroll and benefits for our administrative and corporate staff, costs of maintaining administrative and corporate offices, managing our production operations, franchise taxes, public company costs, fees for audit and other professional services, and legal compliance.

(f) Costs associated with acquisitions are related to the integration of acquisitions, which vary for each acquisition. For acquisitions classified as business combinations,

these costs include transaction costs directly associated with a successful acquisition. They also encompass costs related to transition service arrangements, where the Group pays the seller of the acquired entity a fee to manage G&A functions until full integration of the assets. Additionally, these costs include costs to cover expenses for integrating IT systems, consulting, and internal workforce efforts directly related to incorporating acquisitions into the Group's systems.

- (g) Other adjusting costs for the year ended December 31, 2024, were primarily associated with legal and professional fees related to the U.S. listing, legal fees for certain litigation, and expenses associated with unused firm transportation agreements. For the year ended December 31, 2023, these costs were primarily related to legal and professional fees for the U.S. listing, legal fees for certain litigation, and expenses for unused firm transportation agreements. For the year ended December 31, 2022, these costs mainly included \$28,345 in contract terminations, which enabled the Group to secure more favorable future pricing, and \$31,099 in deal breakage and/or sourcing costs for acquisitions.
- (h) Non-cash equity compensation represents the expense recognition for share-based compensation provided to key members of the management team. Refer to Note 17 for additional details on non-cash share-based compensation.
- (i) Allowance for credit losses consists of the recognition and reversal of credit losses. Refer to Note 14 for additional information regarding credit losses.

The following table presents the number of employees as of the dates presented (employee count not shown in thousands):

	As of		
	December 31, 2024	December 31, 2023	December 31, 2022
Number of production support employees, including Executive Directors	402	389	362
Number of production employees	1,187	1,214	1,220
Workforce	1,589	1,603	1,582

The following table presents the average number of employees for the periods presented (employee count not shown in thousands):

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Average workforce, including Executive Directors	1,571	1,593	1,512

The Group defines key management personnel as the executive and non-executive Directors. Bradley G. Gray is excluded from the executive Director remuneration below for the year ended December 31, 2024 and is included for the years ended December 31, 2023 and 2022. Mr. Gray was a Director through September 15, 2023. The fixed pay figures included in the table represent Mr. Gray's prorated compensation for the year ended December 31, 2023. The Directors' remuneration was as follows for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Executive Directors			
Salary	\$ 780	\$ 1,073	\$ 1,157
Taxable benefits ^(a)	17	20	24
Benefit plan ^(b)	42	46	73
Bonus ^(c)	1,160	1,130	1,631
Long-term incentives ^(c)	1,541	2,322	3,193
Total Executive Directors' remuneration	3,540	4,591	6,078
Non-Executive Directors			
Fees	1,050	994	911
Total Non-Executive Directors' remuneration	1,050	994	911
Total remuneration	\$ 4,590	\$ 5,585	\$ 6,989

(a) Taxable benefits were comprised of Group paid life insurance premiums and automobile reimbursements.

(b) Reflects matching contributions under the Group's 401(k) plan and health insurance benefits.

(c) Further details of the bonus outcome for 2024 and long-term incentives can be found in the [Remuneration Committee's Report](#) within this Annual Report.

Details of the highest paid Director's aggregate emoluments and amounts receivable under long-term incentive schemes are disclosed in the [Remuneration Committee's Report](#) within this Annual Report.

Auditors' remuneration for the periods presented was as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Auditors' remuneration			
Fees payable to the Group's external auditors and their associates for the audit of the consolidated financial statements ^(a)	\$ 3,198	\$ 2,140	\$ 1,790
Fees payable for the audit of the financial statements of the Company's subsidiaries ^(b)	100	150	160
Audit-related assurance services ^(c)	756	1,078	874
Other assurance services	9	13	—
Total auditors' remuneration	\$ 4,063	\$ 3,381	\$ 2,824

(a) The 2024 and 2023 fees include \$348 and \$249, respectively, for additional fees agreed upon and billed after signing the 2023 and 2022 consolidated accounts, respectively.

(b) The 2022 fees were revised to reflect additional scope change for the audit of the subsidiary accounts.

(c) Fees related to the Group's interim review and capital market activities, which are outside the scope of the audit of the consolidated financial statements. The 2022 fees were revised to reflect additional work performed for the interim review.

Note 8 - Taxation

(Amounts in thousands, except share, per share and per unit data)

The Group files a consolidated U.S. federal tax return, multiple state tax returns, and a separate UK tax return for the Parent entity. The consolidated taxable income includes an allocable portion of income from the Group's previous co-investment with Oaktree and its investment in the Chesapeake Granite Wash Trust. Income taxes are provided for the tax effects of transactions reported in the Group Financial Statements and consist of taxes currently due, plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting.

For the taxable years ended December 31, 2024, 2023, and 2022, the Group had a tax benefit of \$136,951, an expense of \$240,643, and a benefit of \$178,904, respectively. The effective tax rate used for the year ended December 31, 2024 was 61.2%, compared to 24.1% for the year ended December 31, 2023, and 22.4% for the year ended December 31, 2022.

The effective tax rate for December 31, 2024 was primarily influenced by the recognition of the federal marginal well tax credit available to qualified producers. The effective tax rate for December 31, 2023 was mainly affected by changes in state taxes due to acquisitions and recurring permanent differences. The effective tax rate for December 31, 2022 was primarily impacted by changes in state taxes resulting from acquisitions.

The federal government provides marginal well tax credits to encourage companies to continue operating lower-volume wells during periods of low prices, thereby maintaining the jobs they create and the state and local tax revenues they generate for communities to support schools, social programs, law enforcement, and other public services. These credits, prescribed by Internal Revenue Code Section 45I, are available for certain natural gas production from qualifying wells. These credits benefit wells producing less than 90 Mcfe per day when market prices for natural gas in the previous tax year are relatively low. The Group benefited from these credits due to its portfolio of long-life, low-decline conventional wells. These credits were not available for the tax years 2023 and 2022 due to improved commodity prices during 2022 and 2021.

The provision for income taxes in the Consolidated Statement of Comprehensive Income is summarized below:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Current income tax (benefit) expense			
Federal (benefit) expense	\$ (18,238)	\$ 7,289	\$ (513)
State (benefit) expense	1,122	5,902	2,841
Foreign - UK (benefit) expense	234	—	107
Total current income tax (benefit) expense	\$ (16,882)	\$ 13,191	\$ 2,435
Deferred income tax (benefit) expense			
Federal (benefit) expense	\$ (111,003)	\$ 202,133	\$ (169,531)
State (benefit) expense	(9,016)	25,460	(11,863)
Foreign - UK (benefit) expense	(50)	(141)	55
Total deferred income tax (benefit) expense	\$ (120,069)	\$ 227,452	\$ (181,339)
Total income tax (benefit) expense	\$ (136,951)	\$ 240,643	\$ (178,904)

The effective tax rates and differences between the statutory U.S. federal income tax rate and the effective tax rates are summarized as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Income (loss) before taxation	\$ (223,952)	\$ 1,000,344	\$ (799,502)
Income tax benefit (expenses)	136,951	(240,643)	178,904
Effective tax rate	61.2%	24.1%	22.4%

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Expected tax at statutory U.S. federal income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	3.7%	3.1%	1.2%
Federal credits	41.3%	0.0%	0.0%
Other, net	(4.8%)	0.0%	0.2%
Effective tax rate	61.2%	24.1%	22.4%

The Group had a net deferred tax asset of \$251,276 at December 31, 2024, compared to a net deferred tax asset of \$131,206 at December 31, 2023. This change was primarily due to a poor commodity price environment generating unrealized gains for unsettled derivatives not recognized for tax purposes as well as the recognition on marginal well credits. The Group had a net deferred tax asset of \$131,206 at December 31, 2023, compared to a net deferred tax asset of \$358,666 at December 31, 2022. This change was primarily due to a poor commodity price environment generating unrealized gains for unsettled derivatives not recognized for tax purposes. The balance sheet presentation considers the offsetting of deferred tax assets and liabilities within the same tax jurisdiction, where permitted. The overall deferred tax position in a particular tax jurisdiction determines if a deferred tax balance related to that jurisdiction is presented within deferred tax assets or liabilities.

The table below presents the components of the net deferred tax asset (liability) included in non-current assets (liabilities) as of the periods presented:

	December 31, 2024	December 31, 2023
Deferred tax asset		
Asset retirement obligations	\$ 157,035	\$ 103,998
Derivative financial instruments	191,512	153,057
Allowance for doubtful accounts	4,099	4,235
Net operating loss carryover	4,425	686
Federal tax credits carryover	233,969	163,158
163(j) interest expense limitation	41,031	24,324
Total deferred tax asset	\$ 632,071	\$ 449,458
Deferred tax liability		
Amortization and depreciation	\$ (352,059)	\$ (252,587)
Investment in partnerships	(5,233)	(60,067)
Other	(23,503)	(5,598)
Total deferred tax liability	\$ (380,795)	\$ (318,252)
Net deferred tax asset (liability)	\$ 251,276	\$ 131,206
Balance sheet presentation		
Deferred tax asset	\$ 259,287	\$ 144,860
Deferred tax liability	(8,011)	(13,654)
Net deferred tax asset (liability)	\$ 251,276	\$ 131,206

In assessing the realizability of deferred tax assets, the Group considers whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on generating future taxable income during the periods in which those temporary differences become deductible or before credits expire. The Group evaluates the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. At this time, the Group has determined it will have sufficient future taxable income to recognize its deferred tax assets.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2024:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 103,998	\$ 53,037	\$ —	\$ 157,035
Allowance for doubtful accounts	4,235	(136)	—	4,099
Net operating loss carryover	686	3,739	—	4,425
Federal tax credits carryover	163,158	70,811	—	233,969
Property, plant, and equipment and natural gas and oil properties	(252,587)	(99,472)	—	(352,059)
Derivative financial instruments	153,057	38,455	—	191,512
Investment in partnerships	(60,067)	54,834	—	(5,233)
163(j) interest expense limitation	24,324	16,707		41,031
Other	(5,598)	(17,906)	1	(23,503)
Total deferred tax asset (liability)	\$ 131,206	\$ 120,069	\$ 1	\$ 251,276

(a) Amounts primarily relate to deferred taxes acquired as part of acquisition purchase accounting.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2023:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 92,393	\$ 11,605	\$ —	\$ 103,998
Allowance for doubtful accounts	2,378	1,857	—	4,235
Net operating loss carryover	3,865	(3,179)	—	686
Federal tax credits carryover	184,975	(21,817)	—	163,158
Property, plant, and equipment and natural gas and oil properties	(255,440)	2,853	—	(252,587)
Derivative financial instruments	378,918	(225,861)	—	153,057
Investment in partnerships	(82,930)	8,570	14,293	(60,067)
163(j) interest expense limitation	15,573	8,751		24,324
Other	18,934	(10,231)	(14,301)	(5,598)
Total deferred tax asset (liability)	\$ 358,666	\$ (227,452)	\$ (8)	\$ 131,206

(a) Amounts primarily relate to a deferred taxes reclass for comparative purposes.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2022:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 114,182	\$ (21,789)	\$ —	\$ 92,393
Allowance for doubtful accounts	1,734	644	—	2,378
Net operating loss carryover	562	3,360	(57)	3,865
Federal tax credits carryover	183,460	1,515	—	184,975
Property, plant, and equipment and natural gas and oil properties	(266,987)	11,360	187	(255,440)
Derivative financial instruments	202,802	176,116	—	378,918
Investment in partnerships	(72,105)	(11,068)	243	(82,930)
163(j) interest expense limitation	—	15,573	—	15,573
Other	13,306	5,628	—	18,934
Total deferred tax asset (liability)	\$ 176,954	\$ 181,339	\$ 373	\$ 358,666

(a) Amounts primarily relate to deferred taxes acquired as part of acquisition purchase accounting.

The Group's material deferred tax assets and liabilities all originate in the U.S.

For U.S. federal tax purposes, the Group is taxed as a single consolidated entity. The Group's co-investments with Oaktree and its investment in the Chesapeake Granite Wash Trust are taxed as partnerships that pass through to the Group's consolidated return. The Group is also subject to additional taxes in its domiciled jurisdiction of the UK. For the years ended December 31, 2024, 2023, and 2022, the Group incurred an expense of \$234, no tax impact, and an expense of \$107 in the UK, respectively.

The Organization for Economic Cooperation and Development ("OECD") has proposed model rules for a global minimum tax of 15% of reported profits ("Pillar Two") that has been agreed upon in principle by over 140 countries. While the U.S. has not yet enacted rules implementing Pillar Two, the U.K. has. This is relevant to the Company as it is resident in the U.K. for corporation tax purposes. The Finance (No. 2) Act 2023 (the "UK Act") was enacted on July 11, 2023, and implements the OECD's Base Erosion & Profit Shifting ("BEPS") Pillar Two Income Inclusion Rule and a 'Qualifying Domestic Minimum Top-up Tax' for accounting periods beginning on or after December 31, 2023. The UK Act also includes a transitional safe harbor election for accounting periods beginning on or before December 31, 2026. Although the Pillar Two rules can lead to additional taxes, including taxes on our profits in the U.S., the Group anticipates qualifying for a transitional safe harbor under the Pillar Two rules. We have undertaken an assessment and evaluated the impact of these rules based on the Group's results for the year ended December 31, 2024 and the Group believes it will not have a material impact on its financial position, results of operations, or cash flows due to the availability of a transitional safe harbor for the year ended December 31, 2024. The Group will continue to evaluate the potential consequences of Pillar Two on its longer-term financial position. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group had no uncertain tax position liabilities as of December 31, 2024, 2023 or 2022.

As of December 31, 2024, the Group had U.S. federal net operating loss carryforwards ("NOLs") of approximately \$1,570, of which \$1,474 are subject to limitation. Additionally, the Group had \$6,494 U.S. state NOLs.

The Group had U.S. marginal well tax credit carryforwards of approximately \$233,969 as of December 31, 2024, compared to \$163,158 as of December 31, 2023, and \$184,975 as of December 31, 2022. As discussed earlier, the federal tax credit is intended to benefit wells producing less than 90 Mcfe per day when market prices for natural gas are relatively low. Due to the low commodity price environment in 2023, the Group generated federal tax credits of \$91,831 for the year ended December 31, 2024. These tax credits expire between 2040 and 2044.

The Group had \$14,203 U.S. federal capital loss carryforwards as of December 31, 2024, compared to none as of December 31, 2023, and \$21,401 as of December 31, 2022. For the year ended December 31, 2024, no capital loss carryforwards expired. The Group utilized some existing capital loss carryforward in the amount of \$10 in 2024, resulting in a capital loss carryforward going into 2025.

The Group completed a Section 382 study through December 31, 2024 in accordance with the Internal Revenue Code of 1986, as amended. The study concluded that the Group has not experienced an ownership change since the last ownership change on January 31, 2018. If the Group experiences an ownership change, tax credit carryforwards can be utilized but are limited each year and could expire before being fully utilized. The Directors expect the tax credit carryforwards, limited by the January 31, 2018 ownership change, to be fully available for utilization by 2025.

Note 9 - Earnings (Loss) Per Share

(Amounts in thousands, except share, per share and per unit data)

Basic earnings (loss) per share are calculated based on net income (loss) and the weighted average number of shares outstanding during the period. Diluted earnings per share is based on net income and the weighted average number of shares outstanding, plus the weighted average number of shares that would be issued if dilutive share-based compensation awards were converted into shares on the last day of the reporting period. For both basic and diluted earnings (loss) per share calculations, the weighted average number of shares outstanding excludes shares held as treasury shares in the Employee Benefit Trust ("EBT"), which are treated the same as shares held in the treasury reserve for accounting purposes. Refer to Note 16 for additional information regarding the EBT.

Basic and diluted earnings (loss) per share were calculated as follows for the periods presented:

	Calculation	Year Ended		
		December 31, 2024	December 31, 2023	December 31, 2022
Net income (loss) attributable to Owners of Diversified Energy Company PLC	A	\$ (88,272)	\$ 758,018	\$ (625,410)
Weighted average shares outstanding - basic	B	48,031,916	47,165,380	42,203,974
Dilutive impact of potential shares		—	349,141	—
Weighted average shares outstanding - diluted	C	48,031,916	47,514,521	42,203,974
Earnings (loss) per share - basic	= A/B	\$ (1.84)	\$ 16.07	\$ (14.82)
Earnings (loss) per share - diluted	= A/C	\$ (1.84)	\$ 15.95	\$ (14.82)
Potentially dilutive shares ^(a)		640,568	54,133	766,723

(a) Outstanding share-based compensation awards excluded from the diluted EPS calculation because their effect would have been anti-dilutive.

Note 10 - Natural Gas & Oil Properties

(Amounts in thousands, except share, per share and per unit data)

The following table summarizes the Group's natural gas and oil properties for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Costs			
Beginning balance	\$ 3,206,739	\$ 3,062,463	\$ 2,866,353
Additions ^(a)	655,080	353,888	219,490
Disposals ^(b)	(42,627)	(209,612)	(23,380)
Ending balance	\$ 3,819,192	\$ 3,206,739	\$ 3,062,463
Depletion and impairment			
Beginning balance	\$ (716,364)	\$ (506,655)	\$ (336,275)
Depletion expense	(197,126)	(168,093)	(170,380)
Impairment	—	(41,616)	—
Ending balance	\$ (913,490)	\$ (716,364)	\$ (506,655)
Net book value	\$ 2,905,702	\$ 2,490,375	\$ 2,555,808

(a) For the year ended December 31, 2024, the Group added \$613,401 from material acquisitions and \$6,521 from normal revisions to the Group's asset retirement obligations. The remaining changes were primarily due to recurring capital expenditures. In 2023, the Group added \$266,306 from acquisitions and \$42,650 from normal revisions to the Group's asset retirement obligations. The remaining changes were primarily due to recurring capital expenditures. In 2022, the Group added \$285,212 from acquisitions and \$98,802 from normal revisions to the Group's asset retirement obligations. The remaining additions were primarily due to capital expenditures for completing five Tapstone wells under development as of December 31, 2021, and seven additional wells in which the Group participated with a non-operating interest in Appalachia. The remaining changes were primarily due to recurring capital expenditures.

(b) For the year ended December 31, 2024, the Group divested \$32,736 in undeveloped acreage. In 2023, the Group divested \$202,886 in natural gas and oil properties related to the sale of equity interest in DP Lion Equity Holdco LLC, the divested assets previously acquired as part of the ConocoPhillips Asset Acquisition, and other proved properties and undeveloped acreage divestitures. Disposals for the year ended December 31, 2022 were associated with divestitures of natural gas and oil properties in the normal course of business, none of which were material.

Impairment Assessment for Natural Gas and Oil Properties

For the period ended December 31, 2024, the Directors assessed indicators of impairment, noting that commodity prices showed moderate strengthening. As a result of this assessment, no indicators of impairment were identified for the year ended December 31, 2024.

For the year ended December 31, 2023, the Group determined that the carrying amounts of certain proved properties for two fields were not recoverable from future cash flows and recognized an impairment charge of \$41,616. No such impairment was recorded during the year ended December 31, 2022.

Note 11 - Property, Plant & Equipment

(Amounts in thousands, except share, per share and per unit data)

The following tables summarize the Group's property, plant and equipment for the periods presented:

	Year Ended December 31, 2024					
	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment	Total
Costs						
Beginning balance	\$ 48,255	\$ 32,236	\$ 71,175	\$ 455,128	\$ 26,293	\$ 633,087
Additions ^(a)	2,978	3,066	19,243	22,597	2,614	50,498
Disposals	(1,391)	(3,577)	(7,473)	(1,575)	(658)	(14,674)
Ending balance^(b)	\$ 49,842	\$ 31,725	\$ 82,945	\$ 476,150	\$ 28,249	\$ 668,911
Accumulated depreciation						
Beginning balance	\$ (4,161)	\$ (8,722)	\$ (36,142)	\$ (123,458)	\$ (4,396)	\$ (176,879)
Period changes	(1,626)	(3,400)	(13,990)	(31,054)	(3,412)	(53,482)
Disposals	599	2,325	5,935	1,473	658	10,990
Ending balance	\$ (5,188)	\$ (9,797)	\$ (44,197)	\$ (153,039)	\$ (7,150)	\$ (219,371)
Net book value	\$ 44,654	\$ 21,928	\$ 38,748	\$ 323,111	\$ 21,099	\$ 449,540

Year Ended December 31, 2023

	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment	Total
Costs						
Beginning balance	\$ 47,682	\$ 30,369	\$ 66,389	\$ 433,484	\$ 23,743	\$ 601,667
Additions ^(a)	1,134	3,964	11,715	21,644	4,039	42,496
Disposals	(561)	(2,097)	(6,929)	—	(1,489)	(11,076)
Ending balance^(b)	\$ 48,255	\$ 32,236	\$ 71,175	\$ 455,128	\$ 26,293	\$ 633,087
Accumulated depreciation						
Beginning balance	\$ (3,607)	\$ (7,627)	\$ (29,194)	\$ (95,826)	\$ (2,553)	\$ (138,807)
Period changes	(581)	(3,024)	(12,887)	(27,632)	(2,720)	(46,844)
Disposals	27	1,929	5,939	—	877	8,772
Ending balance	\$ (4,161)	\$ (8,722)	\$ (36,142)	\$ (123,458)	\$ (4,396)	\$ (176,879)
Net book value	\$ 44,094	\$ 23,514	\$ 35,033	\$ 331,670	\$ 21,897	\$ 456,208

Year Ended December 31, 2022

	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment	Total
Costs						
Beginning balance	\$ 41,684	\$ 9,492	\$ 45,562	\$ 398,663	\$ 16,039	\$ 511,440
Additions ^(a)	9,421	20,886	22,399	34,835	7,704	95,245
Disposals	(3,423)	(9)	(1,572)	(14)	—	(5,018)
Ending balance^(b)	\$ 47,682	\$ 30,369	\$ 66,389	\$ 433,484	\$ 23,743	\$ 601,667
Accumulated depreciation						
Beginning balance	\$ (2,078)	\$ (4,089)	\$ (20,186)	\$ (69,501)	\$ (1,606)	\$ (97,460)
Period changes	(1,819)	(3,547)	(10,270)	(26,330)	(947)	(42,913)
Disposals	290	9	1,262	5	—	1,566
Ending balance	\$ (3,607)	\$ (7,627)	\$ (29,194)	\$ (95,826)	\$ (2,553)	\$ (138,807)
Net book value	\$ 44,075	\$ 22,742	\$ 37,195	\$ 337,658	\$ 21,190	\$ 462,860

(a) Of the \$50,498 in additions for 2024, \$2,036 was related to acquisitions and \$19,007 was associated with right-of-use asset additions for new leases. Of the \$42,496 in additions for 2023, \$234 was related to acquisitions and \$13,279 was associated with right-of-use asset additions for new leases. Of the \$95,245 in additions for 2022, \$26,815 was related to acquisitions and \$11,295 was associated with right-of-use asset additions for new leases. The remaining capital expenditures were due to recurring capital needs and enhanced sustainability efforts. Refer to Notes 5 and 20 for additional information regarding acquisitions and leases, respectively. The remaining additions were related to routine capital projects on the Group's compressor and gathering systems, as well as vehicle and equipment additions.

(b) Buildings and leasehold improvements and motor vehicles include right-of-use assets associated with the Group's leases. Refer to Note 20 for additional information regarding leases.

The Group continued to utilize certain fully depreciated assets during the years ended December 31, 2024, 2023 and 2022 with an original cost basis of \$29,179, \$6,546 and \$9,222, respectively.

Note 12 - Intangible Assets

(Amounts in thousands, except share, per share and per unit data)

Intangible assets consisted of the following for the periods presented:

	Year Ended December 31, 2024		
	Software	Other Acquired Intangibles	Total
Costs			
Beginning balance	\$ 44,449	\$ 4,224	\$ 48,673
Additions ^(a)	1,883	—	1,883
Disposals	(3,990)	(362)	(4,352)
Ending balance	\$ 42,342	\$ 3,862	\$ 46,204
Accumulated amortization			
Beginning balance	\$ (28,500)	\$ (822)	\$ (29,322)
Period changes	(5,554)	(500)	(6,054)
Disposals	3,990	362	4,352
Ending balance	\$ (30,064)	\$ (960)	\$ (31,024)
Net book value	\$ 12,278	\$ 2,902	\$ 15,180

	Year Ended December 31, 2023		
	Software	Other Acquired Intangibles	Total
Costs			
Beginning balance	\$ 39,306	\$ 7,124	\$ 46,430
Additions ^(a)	5,949	—	5,949
Disposals	(806)	(2,900)	(3,706)
Ending balance	\$ 44,449	\$ 4,224	\$ 48,673
Accumulated amortization			
Beginning balance	\$ (22,517)	\$ (2,815)	\$ (25,332)
Period changes	(6,789)	(907)	(7,696)
Disposals	806	2,900	3,706
Ending balance	\$ (28,500)	\$ (822)	\$ (29,322)
Net book value	\$ 15,949	\$ 3,402	\$ 19,351

	Year Ended December 31, 2022		
	Software	Other Acquired Intangibles	Total
Costs			
Beginning balance	\$ 28,095	\$ 2,900	\$ 30,995
Additions ^(a)	11,211	4,224	15,435
Disposals	—	—	—
Ending balance	\$ 39,306	\$ 7,124	\$ 46,430
Accumulated amortization			
Beginning balance	\$ (15,192)	\$ (1,669)	\$ (16,861)
Period changes	(7,325)	(1,146)	(8,471)
Disposals	—	—	—
Ending balance	\$ (22,517)	\$ (2,815)	\$ (25,332)
Net book value	\$ 16,789	\$ 4,309	\$ 21,098

(a) For the years ended December 31, 2024, 2023 and 2022 additions were related to software enhancements and other acquired intangibles.

Note 13 - Derivative Financial Instruments

(Amounts in thousands, except share, per share and per unit data)

The Group faces volatility in market prices and basis differentials for natural gas, NGLs and oil, affecting the predictability of its cash flows from commodity sales. Additionally, the Group's cash flows related to interest payments variable rate debt obligations can be impacted by fluctuations in interest rate markets, depending on its debt structure. To manage these risks, the Group utilizes various derivative financial instruments. As of December 31, 2024, these instruments included swaps, collars, basis swaps, stand-alone put and call options, and swaptions. Below is a description of these instruments:

- Swaps:** When the Group sells a swap, it agrees to receive a fixed price for the contract while paying a floating market price to the counterparty;
- Collars:** Arrangements that include a fixed floor price (purchased put option) and a fixed ceiling price (sold call option) based on an index price have no net costs overall. At the contract settlement date, (1) when the index price is higher than the ceiling price, the Group pays the counterparty the difference between the index price and ceiling price, (2) when the index price is between the floor and ceiling prices, no payments are due from either party, and (3) when the index price is below the floor price, the Group will receive the difference between the floor price and the index price.
- Some collar arrangements may also include a sold put option with a strike price below the purchased put option. Known as a three-way collar, the structure operates similarly to the standard collar. However, when the index price settles below the sold put option, the Group pays the counterparty the difference between the index price and sold put option, effectively enhancing realized pricing by the difference between the price of the sold and purchased put options;
- Basis swaps:** Arrangements that guarantee a price differential for commodities from a specified delivery point. When the Group sells a basis swap, it receives a payment from the counterparty if the price differential exceeds the stated terms of the contract. Conversely, if the price differential is less than the stated terms, the Group pays the counterparty;
- Put options:** The Group purchases and sells put options in exchange for a premium. When the Group purchases a put option, it receives from the counterparty the excess amount (if any) by which the market price falls below the strike price of the put option at the time of settlement. If the market price is above the put option's strike price, no payment is required from either party. Conversely, when the Group sells a put option, it pays the counterparty the excess amount (if any) by which the market price falls below the strike price of the put option at the time of settlement. If the market price is above the put option's strike price, no payment is required from either party;
- Call options:** The Group purchases and sells call options in exchange for a premium. When the Group purchases a call option, it receives from the counterparty the excess amount (if any) by which the market price exceeds the strike price of the call option at the time of settlement. If the market price is below the call option's strike price, no payment is required from either party. When the Group sells a call option, it pays the counterparty the excess amount (if any) by which the market price exceeds the strike price of the call option at the time of settlement. If the market price is below the call option's strike price, no payment is required from either party; and
- Swaptions:** When the Group sells a swaption, the counterparty receives the option to enter into a swap contract at a specified price to be paid on the exercise date. If the counterparty exercises the swaption, the Group pays a floating market price to the counterparty and receives the fixed swap price from the counterparty.

The Group may elect to enter into offsetting transactions for the above instruments for the purpose of cancelling or terminating certain positions.

The following tables summarize the Group's calculated net fair value of derivative financial instruments as of the reporting date as follows:

	Volume	Weighted Average Price per Mcfe ^(a)						Fair Value at
			Sold	Purchased	Sold	Purchased	Basis	
Natural Gas Contracts	(Mmbtu)	Swaps	Puts	Puts	Calls	Calls	Differential	December 31, 2024
2025								
Swaps	213,686	\$ 3.30	\$ —	\$ —	\$ —	\$ —	\$ —	(67,387)
Two-way collars	3,650	—	—	—	3.83	3.63	—	171
Three-way collars	7,300	—	2.18	3.21	3.63	—	—	(1,635)
Stand-alone calls, net ^(b)	9,464	—	—	—	3.59	—	—	(10,689)
Basis swaps	232,542	—	—	—	—	—	(0.62)	(23,810)
2026								
Swaps	171,222	3.25	—	—	—	—	—	(124,800)
Two-way collars	3,650	—	—	—	5.18	3.11	—	(443)
Stand-alone calls, net ^(b)	19,777	—	—	—	3.63	—	—	(36,803)
Basis swaps	107,801	—	—	—	—	—	(0.53)	(7,508)
2027								
Swaps	147,104	3.25	—	—	—	—	—	(92,004)
Two-way collars	6,409	—	—	3.55	5.94	—	—	929
Stand-alone calls, net ^(b)	10,950	—	—	—	3.63	—	—	(28,776)
Basis swaps	23,301	—	—	—	—	—	(0.46)	(1,810)

Natural Gas Contracts	Volume (Mmbtu)	Weighted Average Price per Mcfe ^(a)					Basis Differential	Fair Value at December 31, 2024
		Swaps	Sold Puts	Purchased Puts	Sold Calls	Purchased Calls		
2028								
Swaps	109,226	2.86	—	—	—	—	—	(90,554)
Two-way collars	10,502	—	—	4.14	6.68	—	—	6,578
Stand-alone calls, net ^(b)	3,660	—	—	—	3.83	—	—	(4,166)
Purchased puts	7,978	—	—	3.11	—	—	—	2,890
Sold puts	7,978	—	3.11	—	—	—	—	(2,890)
Basis swaps	7,557	—	—	—	—	—	(0.36)	(662)
2029								
Swaps	73,265	2.70	—	—	—	—	—	(58,058)
Two-way collars	28,251	—	—	3.76	5.07	—	—	7,948
Basis swaps	3,594	—	—	—	—	—	(0.39)	(449)
2030								
Swaps	19,448	2.78	—	—	—	—	—	(13,352)
Two-way collars	30,099	—	—	3.63	4.26	—	—	5,934
Three-way collars	6,276	—	1.86	3.14	3.89	—	—	(1,306)
2031								
Two-way collars	38,595	—	—	3.63	4.24	—	—	9,728
Three-way collars	5,909	—	1.86	3.14	3.89	—	—	(974)
2032								
Two-way collars	9,190	—	—	3.63	4.24	—	—	(327)
Three-way collars	2,824	—	1.86	3.14	3.89	—	—	(428)
Swaptions								
4/1/2026-3/31/2030 ^(c)	82,171	2.49	—	—	—	—	—	(89,575)
4/1/2030-3/31/2032 ^(d)	42,627	2.49	—	—	—	—	—	(37,307)
Total natural gas contracts	1,446,006						\$	(661,535)

(a) Rates have been converted from Btu to Mcfe using a Btu conversion factor of 1.04.

(b) Future cash settlements for deferred premiums.

(c) Option expires on March 23, 2026.

(d) Option expires on March 22, 2030.

NGLs Contracts	Volume (MBbls)	Weighted Average Price per Bbl		Fair Value at December 31, 2024
		Swaps	Sold Calls	
2025				
Swaps	3,692	\$ 33.98	\$ —	\$ (13,667)
Stand-alone calls	913	—	30.07	(5,013)
2026				
Swaps	3,195	32.38	—	(6,626)
Stand-alone calls	913	—	27.83	(6,757)
2027				
Swaps	2,249	32.29	—	(3,459)
2028				
Swaps	267	28.91	—	(623)
Total NGLs contracts	11,229			\$ (36,145)

Oil Contracts	Volume (MBbls)	Weighted Average Price per Bbl			Fair Value at December 31, 2024
		Swaps	Purchased Puts	Sold Calls	
2025					
Swaps	1,409	\$ 62.44	\$ —	\$ —	(7,379)
Sold calls	110	—	—	70.50	(509)
2026					
Swaps	779	62.44	—	—	(2,946)
Sold calls	110	—	—	67.50	(832)
2027					
Swaps	623	62.67	—	—	(1,236)
Total oil contracts	3,031				\$ (12,902)

Interest	Principal Hedged	Fixed-Rate	Fair Value at December 31, 2024
SOFR Interest Rate Swap	\$ 5,520	4.15%	235
Net fair value of derivative financial instruments as of December 31, 2024			\$ (710,347)

When derivative assets and liabilities are with the same counterparty and a legal right of set-off exists under a master netting arrangement, netting their fair values for financial reporting purposes is permitted. The Directors have elected to present these derivative assets and liabilities on a net basis when these conditions are satisfied. The following table outlines the Group's net derivatives as of the periods presented:

Derivative Financial Instruments	Consolidated Statement of Financial Position	December 31, 2024	December 31, 2023
Assets:			
Non-current assets	Derivative financial instruments	\$ 28,439	\$ 24,401
Current assets	Derivative financial instruments	33,759	87,659
Total assets		\$ 62,198	\$ 112,060
Liabilities			
Non-current liabilities	Derivative financial instruments	\$ (608,869)	\$ (623,684)
Current liabilities	Derivative financial instruments	(163,676)	(45,836)
Total liabilities		\$ (772,545)	\$ (669,520)
Net assets (liabilities):			
Net assets (liabilities) - non-current	Other non-current assets (liabilities)	\$ (580,430)	\$ (599,283)
Net assets (liabilities) - current	Other current assets (liabilities)	(129,917)	41,823
Total net assets (liabilities)		\$ (710,347)	\$ (557,460)

The Group presents the fair value of derivative contracts on a net basis in the Consolidated Statement of Financial Position. Below is the impact of this presentation on the Group's recognized assets and liabilities for the specified periods:

	December 31, 2024		
	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
Non-current assets	\$ 90,635	\$ (62,196)	\$ 28,439
Current assets	77,801	(44,042)	33,759
Total assets	\$ 168,436	\$ (106,238)	\$ 62,198
Non-current liabilities	(671,300)	62,431	(608,869)
Current liabilities	(207,483)	43,807	(163,676)
Total liabilities	\$ (878,783)	\$ 106,238	\$ (772,545)
Total net assets (liabilities)	\$ (710,347)	\$ —	\$ (710,347)

	December 31, 2023		
	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
Non-current assets	\$ 103,008	\$ (78,607)	\$ 24,401
Current assets	198,806	(111,147)	87,659
Total assets	\$ 301,814	\$ (189,754)	\$ 112,060
Non-current liabilities	(678,053)	54,369	(623,684)
Current liabilities	(181,221)	135,385	(45,836)
Total liabilities	\$ (859,274)	\$ 189,754	\$ (669,520)
Total net assets (liabilities)	\$ (557,460)	\$ —	\$ (557,460)

The Group recorded the following gains (losses) on derivative financial instruments in the Consolidated Statement of Comprehensive Income for the specified periods:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net gain (loss) on commodity derivatives settlements ^(a)	\$ 151,289	\$ 178,064	\$ (895,802)
Net gain (loss) on interest rate swaps ^(a)	190	(2,722)	(1,434)
Gain (loss) on foreign currency hedges ^(a)	—	(521)	—
Total gain (loss) on settled derivative instruments	\$ 151,479	\$ 174,821	\$ (897,236)
Gain (loss) on fair value adjustments of unsettled financial instruments ^(b)	(189,030)	905,695	(861,457)
Total gain (loss) on derivative financial instruments	\$ (37,551)	\$ 1,080,516	\$ (1,758,693)

(a) Represents the cash settlement of hedges that were settled during the period.

(b) Represents the change in fair value of financial instruments, net of the carrying value of hedges that were settled during the period.

All derivatives are defined as Level 2 instruments because their valuation relies on inputs other than quoted prices, that are observable for the assets and liabilities.

Commodity Derivative Contract Modifications and Extinguishments

Occasionally, such as during the acquisition of producing assets, the completion of ABS financings, or in response to fluctuating price environments, the Group may strategically modify, offset, terminate, or expand certain existing hedge positions. These modifications can involve changes to the volume of production covered by contracts, the swap or strike price of specific derivative contracts, and other similar aspects of the derivative agreements. The Group manages distinct, long-dated derivative contract portfolios for its ABS financings and Term Loans. Additionally, the Group maintains a separate derivative contract portfolio for assets secured by the Credit Facility. These derivative contract portfolios associated with the Group's ABS financings, Term Loans, and Credit Facility are presented in the Group's Statement of Financial Position.

The Group made no modifications in 2024.

2023 Modifications and Extinguishments

In February 2023, the Group sold puts in ABS III for approximately \$9,045 and replaced them with swaps to maintain the appropriate level and composition of derivatives at both the legal entity and full-company level. In August 2023, the Group monetized \$9,240 in purchased puts associated with its ABS hedge books and transitioned the monetized positions into long-dated swap agreements. The Group also monetized an additional \$8,401 in net modifications, primarily comprised of swap terminations. As these modifications were made in the normal course of business for the year ended December 31, 2023, they are presented as an operating activity in the Consolidated Statement of Cash Flows.

In November 2023, the Group adjusted portions of its commodity derivative portfolio across its legal entities to ensure that it maintained the appropriate level and composition at both the legal entity and full-Group level for the completion of the ABS VII financing arrangement. These portfolio adjustments included novations of certain contracts to the legal entities holding the ABS VII Notes. The Group paid \$6,376 for these portfolio adjustments. As these modifications were associated with a borrowing transaction, these amounts are presented as a financing activity in the Consolidated Statement of Cash Flows. Refer to Note 21 for additional information regarding ABS financing arrangements.

2022 Modifications and Extinguishments

In February 2022, the Group adjusted portions of its commodity derivative portfolio across its legal entities to ensure that it maintained the appropriate level and composition at both the legal entity and full-Group level for the completion of the ABS III and ABS IV financing arrangements. The Group completed these adjustments by entering into new commodity derivative contracts and novating certain derivative contracts to the legal entities holding the ABS III and ABS IV notes. The Group paid \$41,823 for these portfolio adjustments, driven primarily by the purchase of long-dated puts for ABS III and ABS IV that collectively increased the value of the Group's derivative position by an equal amount, and were required under the respective ABS III and ABS IV indentures. The Group recorded payments for offsetting positions as new derivative financial instruments and applied extinguishment payments against the existing commodity contracts in its Consolidated Statement of Financial Position.

In May 2022, and in October 2022 the Group completed the ABS V and ABS VI financing arrangements, respectively, and made similar commodity derivative portfolio adjustments to maintain the appropriate level and composition of derivatives at both the legal entity and full-Group level. The Group paid \$31,250, driven primarily by the purchase of long-dated puts that increased the value of the Group's derivative position by an equal amount, and

were required under the ABS V indenture. Under the ABS VI financing, the Group paid \$32,242 from the proceeds of the financing to increase the value of certain pre-existing derivative contracts that were novated to the ABS VI legal entity at closing. The Group recorded the payments as new derivative financial instruments in its Consolidated Statement of Financial Position.

Refer to Note 21 for additional information regarding ABS financing arrangements.

Other commodity derivative contract modifications made during the normal course of business for the year ended December 31, 2022 totaled \$133,573 which the Group recorded in its Consolidated Statement of Financial Position. As these modifications were made in the normal course, the Group has presented these as an operating activity in the Consolidated Statement of Cash Flows. These modifications were primarily associated with elevating the Group's weighted average hedge floor to take advantage of the high price environment experienced in 2022 over a longer term. The trades were primarily comprised of swap enhancements and the extinguishment of standalone call options.

Note 14 - Trade & Other Receivables

(Amounts in thousands, except share, per share and per unit data)

Trade receivables include amounts due from customers, entities that purchase the Group's natural gas, NGLs and oil production, as well as amounts due from joint interest owners who hold a working interest in the properties operated by the Group. Most of these trade receivables are current, and the Group is confident in their collectibility. The table below provides a summary of the Group's trade receivables. The fair value approximates the carrying value as of the periods presented:

	December 31, 2024	December 31, 2023
Commodity receivables ^(a)	\$ 175,058	\$ 172,045
Other receivables ^(b)	75,322	34,691
Total trade receivables	\$ 250,380	\$ 206,736
Allowance for credit losses ^(c)	(15,959)	(16,529)
Total trade receivables, net	\$ 234,421	\$ 190,207

(a) Commodity receivables include trade receivables and accrued revenues.

(b) Other receivables are predominantly comprised of joint interest receivables.

(c) The allowance for credit losses mainly pertains to amounts owed by joint interest owners.

Note 15 - Other Assets

(Amounts in thousands, except share, per share and per unit data)

The following table includes details of other assets as of the periods presented:

	December 31, 2024	December 31, 2023
Other non-current assets		
Other non-current assets ^(a)	\$ 6,270	\$ 9,172
Total other non-current assets	\$ 6,270	\$ 9,172
Other current assets		
Prepaid expenses	\$ 9,077	\$ 3,955
Inventory	9,591	7,829
Total other current assets	\$ 18,668	\$ 11,784

(a) Includes the Group's investment in DP Lion Equity Holdco LLC of \$5,566 and \$7,500 as of December 31, 2024 and 2023, respectively. Refer to Notes 5 and 21 for additional information regarding the DP Lion Equity Holdco LLC equity sale.

Note 16 - Share Capital

(Amounts in thousands, except share, per share and per unit data)

The Company has one class of common shares which carry the right to one vote at annual general meetings of the Group. As of December 31, 2024, the Company had unlimited shares authorized and all shares in issue were fully paid.

Share capital represents the nominal (par) value of shares (£0.20) that have been issued. Share premium includes any premiums received on issue of share capital above par. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits. The components of share capital include:

Issuance of Share Capital

In October 2024, the Company issued 2,342,445 new ordinary shares direct to the Seller to fund a portion of the of the East Texas II transaction. The total value of the stock consideration was \$27,453 based on the Company's NYSE stock price on the closing date of the East Texas II transaction.

In August 2024, the Company issued 2,249,650 new ordinary shares direct to Crescent Pass to fund a portion of the Crescent Pass transaction. The total value of the stock consideration was \$28,413 based on the Company's NYSE stock price on the closing date of the Crescent Pass transaction.

In February 2023, the Company placed 6,422,200 new ordinary shares at \$25.34 per share (£21.00) to raise gross proceeds of \$162,757 (approximately £134,866). Associated costs of the placing were \$5,969. The Group used the proceeds to fund the Tanos II transaction.

In 2022, there were no issuances of share capital for purposes other than share-based compensation awards issued at par which were insignificant for the period.

For detailed information regarding the acquisitions mentioned above, refer to Note 5.

Treasury Shares

The Group's holdings in its own equity instruments are classified as treasury shares. The consideration paid, along with any directly attributable incremental costs, is deducted from the Group's stockholders' equity until the shares are either cancelled or reissued. No gain or loss is recognized in the Consolidated Statement of Comprehensive Income upon the purchase, sale, issuance, or cancellation of treasury shares.

Employee Benefit Trust ("EBT")

In March 2022, the Group established the EBT to benefit its employees. The Group provides funding to the EBT to facilitate the acquisition of shares. These shares are held in the EBT to fulfill awards and grants under the Group's 2017 Equity Incentive Plan and the Employee Share Purchase Plan (the "ESPP"). Shares held in the EBT are treated in the same manner as treasury shares and are thus included in the Consolidated Financial Statements as treasury shares.

During the year ended December 31, 2024, the EBT purchased 418,151 shares at an average price of \$12.51 per share (approximately £9.72) for a total consideration of \$5,229 (approximately £4,065). Additionally, the EBT issued 139,317 shares during the year ended December 31, 2024 to settle vested share-based awards and ESPP purchases. During the year ended December 31, 2023, the EBT did not purchase any shares. However, during the year ended December 31, 2023, the EBT issued 334,251 to settle vested share-based awards and ESPP purchases. As of December 31, 2024, the EBT held a total of 646,098 shares. For further details related to share-based compensation, refer to Note 17.

Repurchase of Shares

During the year ended December 31, 2024, the Group repurchased 1,219,879 treasury shares at an average price of \$13.03 per share, amounting to a total of \$15,901 and representing 2% of issued share capital as of December 31, 2024. During the year ended December 31, 2023, the Group repurchased 646,762 treasury shares at an average price of \$17.08 per share, amounting to a total of \$11,048 and representing 1% of issued share capital as of December 31, 2023.

The Group has recorded the repurchase of these shares as a reduction in the treasury reserve. All repurchased treasury shares were cancelled upon repurchase. As of December 31, 2024 and 2023, the par value of the cancelled shares amounting to \$320 and \$161, respectively, was retired into the capital redemption reserve, which is included within share-based payments and other reserves in the Consolidated Statement of Financial Position.

Settlement of Warrants

In July 2022, the Group entered into an agreement to cancel 6,581 warrants (the "Warrants") held by certain former Mirabaud Securities Limited ("Mirabaud") employees for an aggregate principal amount of approximately \$56 (approximately £46). The former employees surrendered the Warrants to the Group for cancellation. Concurrently, the Group entered into an agreement to exercise 11,176 Warrants held by certain former Mirabaud employees for an aggregate principal amount of approximately \$201 (approximately £166). The former employees surrendered the Warrants to the Group for cancellation in exchange for an equivalent number of shares of common stock. Following this purchase and exercise, no warrants remain outstanding.

In February 2022, the Group entered into an agreement to cancel 23,855 Warrants held by certain former Mirabaud Securities Limited ("Mirabaud") employees for an aggregate principal amount of approximately \$265 (approximately £196). The former employees surrendered the Warrants to the Group for cancellation. Concurrently, the Group entered into an agreement to exercise 14,519 Warrants held by certain former Mirabaud employees for an aggregate principal amount of approximately \$251 (approximately £187). The former employees surrendered the Warrants to the Group for cancellation in exchange for an equivalent number of shares of common stock. Following this purchase and exercise, 17,757 warrants remained outstanding.

The following tables summarize the Group's share capital, net of customary transaction costs, for the periods presented:

	Number of Shares	Total Share Capital	Total Share Premium
Balance as of December 31, 2021	42,482,733	\$ 11,571	\$ 1,052,959
Issuance of share capital (settlement of warrants)	25,695	5	—
Issuance of share capital (equity compensation)	39,629	7	—
Issuance of EBT shares (equity compensation)	87,998	—	—
Repurchase of shares (EBT)	(789,513)	—	—
Repurchase of shares (share buyback program)	(399,769)	(80)	—
Balance as of December 31, 2022	41,446,773	\$ 11,503	\$ 1,052,959
Issuance of share capital (equity placement)	6,422,200	1,555	155,233
Issuance of EBT shares (equity compensation)	334,251	—	—
Repurchase of shares (share buyback program)	(646,762)	(161)	—
Balance as of December 31, 2023	47,556,462	\$ 12,897	\$ 1,208,192
Issuance of share capital (acquisition consideration)	4,592,095	1,185	54,519
Issuance of EBT shares (equity compensation)	139,317	—	—
Repurchase of shares (EBT)	(418,151)	—	—
Repurchase of shares (share buyback program)	(1,219,879)	(320)	—
Balance as of December 31, 2024	50,649,844	13,762	1,262,711

Subsequent Events

On March 14, 2025, the Group announced the completion of its previously announced acquisition of Maverick. The transaction was funded in part through the issuance of 21,194,213 new ordinary shares direct to the unitholders of Maverick. Refer to Note 5 for additional information regarding acquisitions.

In February 2025, the Company issued 8,500,000 new ordinary shares at \$14.50 per share to raise gross proceeds of \$123,250. In addition, the Company has granted the underwriters a 30-day option to purchase up to an additional 850,000 ordinary shares at the public offering price, less underwriting discount. The Group used the net proceeds to repay a portion of the debt incurred in connection with the Maverick acquisition.

Note 17 - Non-Cash Share-Based Compensation

(Amounts in thousands, except share, per share and per unit data)

Equity Incentive Plan

The 2017 Equity Incentive Plan (the "Plan"), as amended through April 27, 2021, authorized and reserved for issuance 3,284,031 shares of common stock, which may be issued upon exercise of vested Options or the vesting of RSUs, PSUs and dividend equivalent units ("DEUs") that are granted under the Plan. As of December 31, 2024, 2,073,269 shares have vested and been issued to Plan participants, 2,095,156 shares have been granted but remain unvested and 461,435 DEUs have accrued and remain unvested. As of December 31, 2023, 1,648,410 shares had vested and been issued to Plan participants, 1,138,708 shares had been granted but remained unvested and 238,020 DEUs had accrued and remained unvested. Refer to the [Remuneration Committee's Report](#) within this Annual Report for additional information regarding the terms of awards issued under the Plan.

Options Awards

The following table summarizes Options award activity for the respective periods presented:

	Number of Options ^(a)	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2021	1,094,629	\$ 8.53
Exercised ^(b)	(398,666)	6.60
Forfeited	(319,999)	11.30
Balance as of December 31, 2022	375,964	\$ 8.21
Exercised ^(b)	(2,144)	6.60
Forfeited	(153,379)	8.25
Balance as of December 31, 2023	220,441	\$ 8.20
Exercised ^(b)	—	—
Forfeited	(66,810)	11.14
Balance as of December 31, 2024	153,631	\$ 6.93

(a) As of December 31, 2024, 2023 and 2022, 153,631, 162,108 and 19,000 Options were exercisable, respectively. As of December 31, 2024 all remaining Options outstanding have an exercise price ranging from £16.80 to £24.00 and a weighted average remaining contractual life of 2.4 years.

(b) No Options were exercised during 2024. The weighted average exercise date share price was \$24.29 and \$32.35 for Options exercised during 2023 and 2022, respectively.

The Group's Options ratably vested over a three-year period and contained both performance and service metrics. The performance metrics included Adjusted EPS as compared to pre-established benchmarks and a calculation that compared the Group's TSR to pre-established benchmarks. The number of units that vested ranged between 0% and 100% of the award. The fair value of the Group's Options was calculated using the Black-Scholes model as of the grant date and was uniformly expensed over the vesting periods. No Options were awarded during the years ended December 31, 2024, 2023 and 2022.

RSU Awards

The following table summarizes RSU equity award activity for the respective periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2021	206,681	\$ 26.76
Granted	198,504	27.70
Vested	(63,735)	25.92
Forfeited	(4,445)	27.24
Balance as of December 31, 2022	337,005	\$ 27.47
Granted	252,869	22.35
Vested	(181,275)	23.08
Forfeited	(102,018)	27.54
Balance as of December 31, 2023	306,581	\$ 25.82
Granted	764,411	12.40
Vested	(65,293)	30.97
Forfeited	(29,477)	20.08
Balance as of December 31, 2024	976,222	\$ 15.14

RSUs can vest either on a cliff basis or ratably, depending on the service conditions set forth. The fair value of the Group's RSUs is calculated using the stock price at the grant date. This value is then expensed uniformly over the vesting period.

PSU Awards

The following table summarizes PSU equity award activity for the respective periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2021	340,204	\$ 23.90
Granted	231,980	28.04
Forfeited	(3,695)	26.07
Balance as of December 31, 2022	568,489	\$ 25.57
Granted	349,028	16.66
Vested	(216,313)	23.85
Forfeited	(89,518)	20.30
Balance as of December 31, 2023	611,686	\$ 21.87
Granted	525,596	9.10
Vested	(93,256)	18.90
Forfeited	(78,723)	19.37
Balance as of December 31, 2024	965,303	\$ 15.41

PSUs are subject to cliff vesting based on specific performance criteria evaluated over a three-year period. These criteria include the average adjusted return on equity over three years, measured against pre-established benchmarks. Additionally, the Group's three-year TSR is compared to determined benchmarks and the TSR of a selected group of peer companies. Other performance metrics include the three-year average growth in free cash flow and the reduction in methane intensity over the same period. Depending on the achievement of these performance targets, the number of units that will vest can vary from 0% to 100% of the initial award.

The fair value of the Group's PSUs is determined using a Monte Carlo simulation model as of the grant date. This calculated fair value is then expensed uniformly over the vesting period. For PSUs granted during the respective periods presented, the inputs to the Monte Carlo model included the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Risk-free rate of interest	4.0%	3.3%	1.3%
Volatility ^(a)	38%	31%	37%
Correlation with comparator group range	0.02 - 0.32	0.01 - 0.30	0.01 - 0.36

(a) Volatility utilizes the historical volatility for the Group's share price.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "ESPP"), implemented in February 2023, authorized and reserved for issuance 300,000 shares of common stock.

During the year ended December 31, 2024, 41,330 shares were purchased by and issued to ESPP participants. During the year ended December 31, 2023, 15,132 shares were purchased by and issued to ESPP participants. As of December 31, 2024, 243,538 shares remain available to be purchased.

Share-Based Compensation Expense

The following table presents the share-based compensation expense for the respective periods presented:

	December 31, 2024	December 31, 2023	December 31, 2022
Options	\$ 49	\$ 292	\$ (749)
RSUs	4,359	2,833	4,210
PSUs	3,827	3,335	4,590
ESPP	51	34	—
Total share-based compensation expense	\$ 8,286	\$ 6,494	\$ 8,051

Note 18 - Dividends

(Amounts in thousands, except share, per share and per unit data)

The following table summarizes the Group's dividends declared and paid on the dates indicated:

Date Dividends Declared	Dividend per Share		Record Date	Pay Date	Shares Outstanding	Gross Dividends Paid
	USD	GBP				
November 15, 2023	\$ 0.875	£ 0.6844	March 1, 2024	March 28, 2024	47,221,488	\$ 41,319
April 10, 2024	\$ 0.290	£ 0.2283	May 24, 2024	June 28, 2024	47,062,984	13,648
May 9, 2024	\$ 0.290	£ 0.2211	August 30, 2024	September 27, 2024	49,005,036	14,211
August 15, 2024	\$ 0.290	£ 0.2279	November 29, 2024	December 27, 2024	50,642,261	14,686
Paid during the year ended December 31, 2024						\$ 83,864
November 14, 2022	\$ 0.875	£ 0.7220	March 3, 2023	March 28, 2023	47,868,969	\$ 41,885
March 21, 2023	\$ 0.875	£ 0.6860	May 26, 2023	June 30, 2023	48,164,650	42,144
May 9, 2023	\$ 0.875	£ 0.7040	September 1, 2023	September 29, 2023	48,157,129	42,137
September 1, 2023	\$ 0.875	£ 0.6840	December 1, 2023	December 29, 2023	47,856,570	41,875
Paid during the year ended December 31, 2023						\$ 168,041
October 28, 2021	\$ 0.850	£ 0.6500	March 4, 2022	March 28, 2022	42,502,328	\$ 36,127
March 22, 2022	\$ 0.850	£ 0.6860	May 27, 2022	June 30, 2022	42,527,424	36,148
May 16, 2022	\$ 0.850	£ 0.7320	September 2, 2022	September 26, 2022	42,294,025	35,950
August 8, 2022	\$ 0.850	£ 0.6900	November 25, 2022	December 28, 2022	41,446,769	35,230
Paid during the year ended December 31, 2022						\$ 143,455

On November 12, 2024 the Group proposed a dividend of \$0.29 per share. The dividend will be paid on March 31, 2025 to shareholders on the register on February 28, 2025. This dividend was not approved by shareholders, thereby qualifying it as an "interim" dividend. No liability was recorded in the Group Financial Statements in respect of this interim dividend as of December 31, 2024.

Dividends are waived on shares held in the EBT.

Subsequent Events

On March 17, 2025 the Directors recommended a dividend of \$0.29 per share. The dividend will be subject to shareholder approval at the AGM. Provided this dividend was not approved by shareholders as of the reporting date, this represents an "interim" dividend. No liability has been recorded in the Group Financial Statements in respect of this dividend as of December 31, 2024.

Note 19 - Asset Retirement Obligations

(Amounts in thousands, except share, per share and per unit data)

The Group records a liability for the present value of the estimated future decommissioning costs associated with its natural gas and oil properties. Although productive life of wells varies within our portfolio, we currently anticipate that all existing wells will reach the end of their productive lives and be retired by approximately 2098, in alignment with our reserve calculations, which have been independently evaluated by independent reserves auditors. Additionally, the Group records a liability for the future decommissioning costs of its production facilities and pipelines when required by contract, statute, or constructive obligation. For the years ended December 31, 2024, 2023 and 2022, no state contractual agreements or statutes related to production facilities and pipelines are expected to impose material obligations on the Group.

In estimating the present value of future decommissioning costs for its natural gas and oil properties, the Group considers several factors, including the number and state jurisdictions of wells, current decommissioning costs by state and well type, and the Group's retirement plan, which is based on state

requirements and the Group's capacity to retire wells over their productive lives. The Directors' assumptions are grounded in the current economic environment and are believed to provide a reasonable basis for estimating the future liability. However, actual decommissioning costs will ultimately depend on future market prices at the time the decommissioning services are performed. Additionally, the timing of decommissioning will vary based on when the fields cease to produce economically, which is influenced by future natural gas and oil prices, factors that are inherently uncertain.

The Group incorporates annual inflationary cost increases into its current cost expectations and then discounts the resulting cash flows using a credit-adjusted risk-free discount rate. The inflationary adjustment is based on the U.S. long-term 10-year rate, sourced from consensus economics. In determining the discount rate of the liability, the Group considers treasury rates as well as the Bloomberg 15-year U.S. Energy BB and BBB bond index, which aligns economically with the underlying long-term and unsecured liability. Based on this evaluation, the net discount rates used in the calculation of the decommissioning liability were 3.7% for 2024, 3.4% for 2023, and 3.6% for 2022.

The composition of the provision for asset retirement obligations as of the reporting date is detailed below for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 506,648	\$ 457,083	\$ 525,589
Additions ^(a)	111,265	3,250	24,395
Accretion	30,868	26,926	27,569
Asset retirement costs	(6,724)	(5,961)	(4,889)
Disposals ^(b)	—	(17,300)	(16,779)
Revisions to estimate ^(c)	6,521	42,650	(98,802)
Balance at end of period	\$ 648,578	\$ 506,648	\$ 457,083
Less: Current asset retirement obligations	6,436	5,402	4,529
Non-current asset retirement obligations	\$ 642,142	\$ 501,246	\$ 452,554

(a) For further details regarding acquisitions and divestitures, refer to Note 5.

(b) Disposals are related to the divestiture of natural gas and oil properties. For additional information, refer to Note 10.

(c) As of December 31, 2024, the Group performed normal revisions to its asset retirement obligations, which resulted in a \$6,521 increase in the liability. This increase was comprised of a \$94,957 increase for cost revisions and a \$382 increase attributed to retirement timing. Partially offsetting the increase was a \$88,818 decrease attributable to a higher discount rate as a result of an increase in bond yield volatility during the year. As of December 31, 2023, the Group performed normal revisions to its asset retirement obligations, which resulted in a \$42,650 increase in the liability. This increase was comprised of a \$27,830 increase attributable to a lower discount rate as a result of slightly decreased bond yields as compared to 2022 as inflation began to increase at a lower rate and a \$16,059 increase for cost revisions. Partially offsetting this increase was a \$1,239 change attributed to retirement timing. As of December 31, 2022, the Group performed normal revisions to its asset retirement obligations, which resulted in a \$98,802 decrease in the liability. This decrease was comprised of a \$144,656 decrease attributable to a higher discount rate as a result of macroeconomic factors spurred by the increase in bond yields which have elevated with U.S. treasuries to combat the current inflationary environment. Partially offsetting this decrease was \$29,357 in cost revisions and a \$16,497 timing revision for the acceleration of the Group's retirement plans made possible by asset retirement acquisitions that improved the Group's asset retirement capacity through the growth of its operational capabilities.

Changes to assumptions used in estimating the Group's asset retirement obligations could significantly affect the carrying value of the liability. A reasonably possible adjustment in these assumptions could have the following impact on the Group's asset retirement obligations as of December 31, 2024:

ARO Sensitivity	Scenario 1^(a)	Scenario 2^(b)
Discount rate	\$ (159,039)	\$ 1,189,627
Timing	41,072	(44,722)
Cost	64,956	(64,956)

(a) Scenario 1 assumes an increase of the BBB 15-year discount rate to approximately 7% (which is one of the highest rates observed since 2020), a 10% increase in cost and a 10% increase in timing by assuming the addition of one plugging rig, which would accelerate retirement plans. All of these scenarios have been either historically observed or are considered reasonably possible.

(b) Scenario 2 assumes a decrease of the BBB 15-year discount rate to approximately 3% (which is one of the lowest rates observed since 2020), a 10% decrease in cost and a 10% decrease in timing by assuming the loss of one plugging rig, which would delay retirement plans. All of these scenarios have been either historically observed or are considered reasonably possible.

As of December 31, 2024 and 2023, the Group had no midstream asset retirement obligations.

Note 20 - Leases

(Amounts in thousands, except share, per share and per unit data)

The Group leased automobiles, equipment and real estate for the periods indicated below. The following is a reconciliation of leases arising from financing activities, along with the balance sheet classification of future minimum lease payments as of the reporting periods presented:

	Present Value of Minimum Lease Payments		
	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 31,122	\$ 28,862	\$ 27,804
Additions ^(a)	19,253	14,430	11,269
Interest expense ^(b)	2,649	1,661	1,022
Cash inflows ^(c)	8,568	—	—
Cash outflows ^(d)	(16,992)	(13,831)	(11,233)
Balance at end of period	\$ 44,600	\$ 31,122	\$ 28,862
Classified as:			
Current liability	\$ 13,776	\$ 10,563	\$ 9,293
Non-current liability	30,824	20,559	19,569
Total	\$ 44,600	\$ 31,122	\$ 28,862

(a) The lease additions of \$19,253, \$14,430 and \$11,269 for the years ended December 31, 2024, 2023 and 2022, respectively, were primarily due to the expansion of the Group's fleet, driven by ongoing growth.

(b) Included as a component of finance cost.

(c) Cash inflows consisted of proceeds from a lease modification for our fleet that was executed in 2024.

(d) Cash outflows consisted of \$14,343, \$12,169, and \$10,211 in principal payments for the years ended December 31, 2024, 2023 and 2022, respectively, and \$2,649, \$1,661, and \$1,022 in interest payments for the same periods, respectively.

Outlined below is the movement in the Group's right-of-use assets, along with their balance sheet classification as of the reporting periods presented:

	Right-of-Use Assets		
	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 30,014	\$ 27,959	\$ 26,908
Additions ^(a)	19,007	13,279	11,295
Depreciation	(12,965)	(11,224)	(10,244)
Balance at end of period	\$ 36,056	\$ 30,014	\$ 27,959
Classified as:			
Motor vehicles	\$ 32,843	\$ 25,592	\$ 23,782
Midstream	1,785	3,136	3,801
Buildings and leasehold improvements	1,428	1,286	376
Total	\$ 36,056	\$ 30,014	\$ 27,959

(a) The lease additions of \$19,007, \$13,279 and \$11,295 for the years ended December 31, 2024, 2023 and 2022, respectively, were attributable to the expansion of the Group's fleet, driven by ongoing growth.

The range of discount rates applied in calculating right-of-use assets and the corresponding lease liabilities, based on the lease term, is detailed below:

	December 31, 2024	December 31, 2023	December 31, 2022
Discount rates range	2.9% - 7.3%	1.8% - 7.1%	1.8% - 6.3%

Expenses related to short-term and low-value lease exemptions applied under IFRS 16, primarily associated with short-term compressor rentals, amounted to \$31,129, \$30,024 and \$25,153 for the years ended December 31, 2024, 2023 and 2022, respectively. These expenses have been included in the Group's operating expenses, with a significant portion allocated to LOE.

The table below illustrates the maturity schedule of leases as of the periods presented:

	December 31, 2024	December 31, 2023	December 31, 2022
Not Later Than One Year	\$ 13,776	\$ 10,563	\$ 9,293
Later Than One Year and Not Later Than Five Years	30,733	20,559	19,569
Later Than Five Years	91	—	—
Total	\$ 44,600	\$ 31,122	\$ 28,862

Note 21 - Borrowings

(Amounts in thousands, except share, per share and per unit data)

The Group's borrowings consist of the following amounts as of the reporting periods presented:

	December 31, 2024	December 31, 2023
Credit Facility (interest rate of 8.63% and 8.66%, respectively) ^(a)	\$ 284,400	\$ 159,000
Term Loan I (interest rate of 6.50%)	88,948	106,470
Term Loan II (interest rate of 8.83%) ^(a)	83,851	—
ABS I Notes (interest rate of 5.00%)	80,157	100,898
ABS II Notes (interest rate of 5.25%)	102,431	125,922
ABS III Notes (interest rate of 4.875%)	—	274,710
ABS IV Notes (interest rate of 4.95%)	79,653	99,951
ABS V Notes (interest rate of 5.78%)	—	290,913
ABS VI Notes (interest rate of 7.50%) ^(b)	242,010	159,357
ABS VIII Notes (interest rate of 7.28%)	585,747	—
ABS IX Notes (interest rate of 6.891%)	75,316	—
Other miscellaneous borrowings ^(c)	113,060	7,627
Total borrowings	\$ 1,735,573	\$ 1,324,848
Less: Current portion of long-term debt	(209,463)	(200,822)
Less: Deferred financing costs	(34,115)	(41,123)
Less: Original issue discounts	(8,216)	(7,098)
Total non-current borrowings, net	\$ 1,483,779	\$ 1,075,805

(a) Represents the variable interest rate as of period end.

(b) Includes \$132,576 for the assumption of Oaktree's proportionate share of the ABS VI debt as part of the Oaktree transaction as of December 31, 2024. Refer to Note 5 for additional information regarding the Oaktree transaction.

(c) Includes \$76,100 in notes payable issued as part of the consideration in the Oaktree transaction, and \$30,000 in notes payable issued by a third party financial institution in November 2024, collateralized by two natural gas processing plants and various natural gas compressors and related support equipment in the Central Region, as of December 31, 2024. Refer to Note 5 for additional information regarding the Oaktree transaction.

Credit Facility

The Group maintains a revolving loan facility (the "Credit Facility") with a lending syndicate, where the borrowing base is redetermined semi-annually or as needed. The Group's wholly-owned subsidiary, DP RBL Co LLC, serves as the borrower under its Credit Facility. The borrowing base is primarily determined by the value of the natural gas and oil properties that serve as collateral for the lending arrangement, and it may fluctuate due to changes in collateral, which can result from acquisitions or the establishment of ABS, term loans, or other lending structures.

In August 2022, the Group amended and restated the credit agreement governing its Credit Facility. This amendment aligned the agreement with the Group's ESG initiatives by incorporating sustainability performance targets ("SPTs") similar to those included in the ABS IV, VI and VIII notes, and extended the maturity of the Credit Facility to August 2026. During the semi-annual redetermination in October 2024, the borrowing base was reaffirmed at \$385,000.

The Credit Facility carries an interest rate of SOFR plus an additional spread ranging from 2.75% to 3.75%, depending on utilization, and is payable quarterly. As of December 31, 2024, available borrowings under the Credit Facility were \$86,690, which includes the impact of \$13,910 in letters of credit issued to certain vendors.

The Credit Facility contains certain customary representations, warranties, and both affirmative and negative covenants. These covenants cover areas such as maintenance of books and records, financial reporting and notification, compliance with laws, maintenance of properties and insurance, and limitations on incurrence of indebtedness, liens, fundamental changes, international operations, asset sales, certain debt payments and amendments, restrictive agreements, investments, restricted payments, and hedging. The restricted payment provision governs the Group's ability to make discretionary payments, such as dividends, share repurchases, or other discretionary payments. DP RBL Co LLC must meet the following criteria to make discretionary payments: (i) leverage is less than 1.5x and borrowing base availability is >25%; (ii) leverage is between 1.5x and 2.0x, free cash flow must be positive, and borrowing base availability must be >15%; (iii) leverage is between 2.0x and 2.5x, free cash flow must be positive, and borrowing base availability must be >20%; (iv) when leverage exceeds 2.0x, restricted payments are prohibited.

Additional covenants require DP RBL Co LLC to maintain a total debt to EBITDAX ratio of no more than 3.25 to 1.00 and a current assets (with certain adjustments) to current liabilities ratio of no less than 1.00 to 1.00 as of the last day of each fiscal quarter.

As of December 31, 2024, the Group was in compliance with all covenants for its Credit Facility.

Term Loan I

In May 2020, the Group acquired DP Bluegrass LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to facilitate a securitized financing agreement for \$160,000, structured as a secured term loan (the "Term Loan I"). The Group issued Term Loan I at a 1% discount, resulting in net proceeds of \$158,400, which were used to fund the 2020 Carbon and EQT acquisitions. Term Loan I is secured by certain producing assets acquired in connection with these acquisitions.

Term Loan I accrues interest at an annual rate of 6.50% and has a maturity date of May 2030. Both interest and principal payments on Term Loan I are made on a monthly basis.

Term Loan II

In August 2024, the Group formed DP Yellow Jacket Holdco LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary to enter into a securitized financing agreement for a \$60,000 term loan and a \$5,000 revolving loan for a total borrowing base of \$65,000 (the "Term Loan II"). The proceeds from Term Loan II were used, in part, to fund the Crescent Pass acquisition. For additional information regarding acquisitions, refer to Note 5.

In October 2024, the Group amended the Term Loan II and expanded the term loan to \$82,651 and the revolving loan to \$12,349 for a total borrowing base of \$95,000. This amendment was accounted for as an extinguishment, which resulted in a loss of \$2,470 and which has been recorded in 'loss on early retirement of debt' in the Statement of Comprehensive Income. The expanded borrowing capacity was used to fund a portion of the East Texas II acquisition, and the acquired assets additionally collateralized the expanded Term Loan II. As of December 31, 2024, available borrowings under the revolving loan were \$11,149.

The Term Loan II is secured by the Crescent Pass and East Texas II assets and carries an interest at SOFR plus an additional spread ranging from 3.75% to 4.75% and is payable quarterly. The term loan is subject to fixed amortization with monthly principal payments of \$500 beginning in February 2025 and escalating to \$1,000 beginning in July 2025 with the remaining unpaid principal balance due upon maturity in August 2027. The Term Loan II is to be prepaid if the Group receives cash in connection with an issuance of equity interest or ABS monetization.

ABS I Notes

In November 2019, the Group formed Diversified ABS LLC ("ABS I"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB-rated asset-backed securities with a total principal amount of \$200,000 at par value (the "ABS I Notes"). These notes are secured by specific upstream producing assets in the Appalachian region owned by the Group. At the time of the agreement, 85% of the natural gas production from these assets was hedged through long-term derivative contracts. The ABS I Notes carry an annual interest rate of 5% and have a legal final maturity date of January 2037, with an amortizing maturity date of December 2029. Both interest and principal payments on the ABS I Notes are made on a monthly basis.

If ABS I generates cash flow exceeding the required payments, it must allocate between 50% to 100% of this excess cash flow towards additional principal payments, depending on certain performance metrics, with any remaining excess cash flow retained by the Group. Specifically, (a) for any payment date before March 1, 2030, (i) if the debt service coverage ratio (the "DSCR") on that date is at least 1.25 to 1.00, then 25% of the excess cash flow, (ii) if the DSCR is between 1.15 to 1.00 and 1.25 to 1.00, then 50%, and (iii) if the DSCR is below 1.15 to 1.00, the production tracking rate for ABS I is below 80%, or the loan to value ratio exceeds 85%, then 100% of the excess cash flow must be used for additional principal payments; and (b) for any payment date on or after March 1, 2030, 100% of the excess cash flow must be used for additional principal payments.

ABS II Notes

In April 2020, the Group formed Diversified ABS Phase II LLC ("ABS II"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB-rated asset-backed securities with a total principal amount of \$200,000 (the "ABS II Notes"). These notes were issued at a 2.775% discount. The Group utilized the net proceeds of \$183,617, after accounting for the discount, capital reserve requirement, and debt issuance costs, to reduce its Credit Facility. The ABS II Notes are secured by specific upstream producing assets in the Appalachian region owned by the Group. At the time of the agreement, 85% of the natural gas production from these assets was hedged through long-term derivative contracts. The ABS II Notes carry an annual interest rate of 5.25% and have a legal final maturity date of July 2037, with an amortizing maturity date of September 2028. Both interest and principal payments on the ABS II Notes are made on a monthly basis.

If ABS II generates cash flow exceeding the required payments, it must allocate between 50% to 100% of this excess cash flow towards additional principal, depending on certain performance metrics, with any remaining excess cash flow retained by the Group. Specifically, (a) (i) if the DSCR on any payment date is below 1.15 to 1.00, then 100% of the excess cash flow must be used for additional principal payments, (ii) if the DSCR is between 1.15 to 1.00 and 1.25 to 1.00, then 50%, or (iii) if the DSCR is at least 1.25 to 1.00, then 0%; (b) if the production tracking rate for ABS II is below 80%, then 100%, otherwise 0%; (c) if the loan-to-value ratio (the "LTV") exceeds 65.0%, then 100%, otherwise 0%; (d) for any payment date after July 1, 2024 and before July 1, 2025, if the LTV exceeds 40% and ABS II has executed hedging agreements for a minimum period of 30 months starting July 2026 covering production volumes of at least 85% but no more than 95% (the "Extended Hedging Condition"), then 50%, otherwise 0%; (e) for any payment date after July 1, 2025, and before October 1, 2025, if the LTV exceeds 40% or ABS II has not satisfied the Extended Hedging Condition, then 50%, otherwise 0%; and (f) for any payment date after October 1, 2025, if the LTV exceeds 40% or ABS II has not satisfied the Extended Hedging Condition, then 100%, otherwise 0%.

ABS III Notes

In February 2022, the Group formed Diversified ABS III LLC ("ABS III"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities with a total principal amount of \$365,000 at par value (the "ABS III Notes"). These notes were secured by certain upstream producing and midstream assets in the Appalachian region owned by the Group. The ABS III Notes carried an interest rate of 4.875% and had a legal final maturity date of April 2039, with an amortizing maturity date of November 2030. Both interest and principal payments on the ABS III Notes were made on a monthly basis.

If ABS III generated cash flow exceeding the required payments, it was obligated to allocate between 50% to 100% of this excess cash flow towards additional principal payments, depending on certain performance metrics, with any remaining excess cash flow retained by the Group. Specifically, (a) (i) if the DSCR on any payment date was at least 1.25 to 1.00, then 0% of the excess cash flow was used for additional principal payments, (ii) if the

DSCR was between 1.15 to 1.00 and 1.25 to 1.00, then 50%, and (iii) if the DSCR was below 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS III was below 80%, then 100%, otherwise 0%; and (c) if the LTV for ABS III exceeded 65%, then 100%, otherwise 0%.

In May 2024, the Group utilized proceeds from the ABS VIII Notes to repay the outstanding principal of the ABS III & ABS V notes, thereby retiring these notes from the Group's outstanding debt. The transaction resulted in a loss on the early retirement of debt amounting to \$10,649. Concurrently, ABS III and ABS V were dissolved. The ABS VIII Notes are secured by the collateral that previously secured the ABS III & ABS V notes.

ABS IV Notes

In February 2022, the Group formed Diversified ABS IV LLC ("ABS IV"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities with a total principal amount of \$160,000 at par value (the "ABS IV Notes"). These notes are secured by a portion of the upstream producing assets acquired through the Blackbeard Acquisition. The ABS IV Notes carry an annual interest rate of 4.95% and have a legal final maturity date of February 2037, with an amortizing maturity date of September 2030. Both interest and principal payments on the ABS IV Notes are made on a monthly basis.

If ABS IV generates cash flow exceeding the required payments, it must allocate between 50% to 100% of this excess cash flow towards additional principal payments, depending on certain performance metrics, with any remaining excess cash flow retained by the Group. Specifically, (a) (i) if the DSCR on any payment date is at least 1.25 to 1.00, then 0% of the excess cash flow was used for additional principal payments, (ii) if the DSCR is between 1.15 to 1.00 and 1.25 to 1.00, then 50%, and (iii) if the DSCR is below 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS IV is below 80%, then 100%, otherwise 0%; and (c) if the LTV for ABS IV exceeds 65%, then 100%, otherwise 0%.

ABS V Notes

In May 2022, the Group formed Diversified ABS V LLC ("ABS V"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities with a total principal amount of \$445,000 at par value (the "ABS V Notes"). These notes are secured by a majority of the Group's remaining upstream assets in the Appalachian region that were not included in previous ABS transactions. The ABS V Notes carry an annual interest rate of 5.78% and have a legal final maturity date of May 2039, with an amortizing maturity date of December 2030. Both interest and principal payments on the ABS V Notes are made on a monthly basis.

If ABS V generates cash flow exceeding the required payments, it must allocate between 50% to 100% of this excess cash flow towards additional principal payments, depending on certain performance metrics, with any remaining excess cash flow retained by the Group. Specifically, (a) (i) if the DSCR on any payment date is at least 1.25 to 1.00, then 0% of the excess cash flow was used for additional principal payments, (ii) if the DSCR is between 1.15 to 1.00 and 1.25 to 1.00, then 50%, and (iii) if the DSCR is below 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS V is below 80%, then 100%, otherwise 0%; and (c) if the LTV for ABS V exceeds 65%, then 100%, otherwise 0%.

In May 2024, the Group utilized proceeds from the ABS VIII Notes to repay the outstanding principal of the ABS III & ABS V notes, thereby retiring these notes from the Group's outstanding debt. The transaction resulted in a loss on the early retirement of debt amounting to \$10,649. Concurrently, ABS III and ABS V were dissolved. The ABS VIII Notes are secured by the collateral that previously secured the ABS III & ABS V notes.

ABS VI Notes

In October 2022, the Group formed Diversified ABS VI LLC ("ABS VI"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue, jointly with Oaktree, BBB+ rated asset-backed securities with a total principal amount of \$460,000. The Group's share amounted to \$235,750 before fees, reflecting its 51.25% ownership interest in the collateral assets (the "ABS VI Notes"). The ABS VI Notes were issued at a 2.63% discount and are primarily secured by the upstream assets jointly acquired with Oaktree in the Tapstone acquisition. The Group recorded its proportionate share of the ABS VI Notes in its Consolidated Statement of Financial Position. In June, 2024, as part of the Oaktree transaction, the Group assumed Oaktree's proportionate debt of \$132,576 associated with the ABS VI Notes. For additional details regarding the Oaktree transaction, refer to Note 5.

These notes carry an annual interest rate of 7.50% and have a legal final maturity date of November 2039, with an amortizing maturity date of October 2031. Both interest and principal payments on the ABS VI Notes are made on a monthly basis.

If ABS VI achieves certain performance metrics, it is required to allocate 50% to 100% of any excess cash flow towards additional principal payments. Specifically, (a) (i) If the DSCR as of the applicable payment date is below 1.15 to 1.00, then 100% of the excess cash flow was used for additional principal payments, (ii) if the DSCR is between 1.15 to 1.00 and 1.25 to 1.00, then 50%, or (iii) if the DSCR is at least 1.25 to 1.00, then 0%; (b) if the production tracking rate for ABS VI is below 80%, then 100%, otherwise 0%; and (c) if the LTV for ABS VI exceeds 75%, then 100%, else 0%.

ABS VII Notes

In November 2023, the Group formed DP Lion Equity Holdco LLC ("ABS VII"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue Class A and Class B asset-backed securities (the "Class A Notes," "Class B Notes," and collectively the "ABS VII Notes"). These notes are secured by certain upstream producing assets in the Appalachia region. The ABS VII Class A Notes, rated BBB+, were issued with a total principal amount of \$142,000, while the ABS VII Class B Notes, rated BB-, were issued with a total principal amount of \$20,000. The Class A Notes carry an annual interest rate of 8.243% and have a legal final maturity date of November 2043, with an amortizing maturity date of February 2034. The Class B Notes carry an annual interest rate of 12.725% and have a legal final maturity date of November 2043, with an amortizing maturity date of August 2032. Both interest and principal payments on the Class A and Class B Notes are made on a monthly basis.

In December 2023, the Group divested 80% of the equity ownership in ABS VII to outside investors, generating cash proceeds of \$30,000. Upon evaluating the remaining 20% interest in ABS VII, the Group determined that the governance structure does not allow it to exercise control, joint control, or significant influence over the entity. Consequently, ABS VII is not consolidated within the Group's financial statements. The Group's remaining investment in ABS VII, initially valued at \$7,500 was accounted for at fair value in accordance with IFRS 9, Financial Instruments ("IFRS 9"). For additional information regarding the ABS VII equity sale, refer to Note 5. As of December 31, 2024, the Group's investment in ABS VII was valued at \$5,566.

ABS VIII Notes

In May 2024, the Group formed Diversified ABS VIII LLC ("ABS VIII"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue Class A-1 and Class A-2 asset-backed securities (the "Class A-1 Notes," "Class A-2 Notes," and collectively the "ABS VIII Notes"). The Class A-1 Notes, rated A, were issued with a total principal amount of \$400,000, while the Class A-2 Notes, rated BBB+, were issued with a total principal amount of \$210,000. The proceeds from these issuances were used to repay the outstanding principal of the ABS III & ABS V notes, effectively retiring those notes from the Group's outstanding debt. Consequently, ABS III and ABS V were dissolved. The ABS VIII Notes are secured by the collateral that previously secured the

ABS III and ABS V notes, which includes certain upstream producing and midstream assets in the Appalachian region owned by the Group, and the remaining upstream assets in the Appalachian region that were not securitized by previous ABS transactions.

The Class A-1 Notes carry an annual interest rate of 7.076% and have a legal final maturity date of May 2044. The Class A-2 Notes carry an annual interest rate of 7.670% and have a legal final maturity date of May 2044. Both interest and principal payments on the ABS VIII Notes are made on a monthly basis.

If ABS VIII achieves certain performance metrics, it is required to allocate 25% to 100% of any excess cash flow towards additional principal payments. Specifically, (a) (i) if the DSCR as of the applicable payment date is below 1.45 to 1.00, then 100%, (ii) if the DSCR is between 1.45 to 1.00 and 1.50 to 1.00, then 50%, or (iii) if the DSCR is at least 1.50 to 1.00, then 25%; (b) if the production tracking rate for ABS VIII is below 80%, then 100%, otherwise 25%; or (c) if the LTV for ABS VIII exceeds 75%, then 100%, otherwise 25%.

ABS IX Notes

In June 2024, the Group formed DP Mustang Holdco LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary ("ABS IX," formerly "ABS Facility Warehouse"), to secure a bridge loan facility (the "ABS Facility Warehouse Notes"). The initial draw on the ABS Facility Warehouse Notes amounted to \$71,000, which included \$66,343 in net proceeds, \$3,060 in restricted cash interest reserve, and \$1,597 in debt issuance costs. The ABS Facility Warehouse Notes were secured by certain producing assets that previously collateralized the Credit Facility. It carried an interest rate of SOFR plus an additional 3.75% and had a legal final maturity date of May 2029. Both interest and principal payments on the ABS Facility Warehouse Notes were made on a monthly basis.

In September 2024, the Group issued Class A and Class B asset-backed securities (the "Class A Notes," "Class B Notes," and collectively the "ABS IX Notes") with a total principal amount of \$76,500. The Class A Notes were issued with a total principal amount of \$71,000, while the Class B Notes were issued with a total principal amount of \$5,500. The proceeds from these issuances were used to repay the outstanding principal of the ABS Facility Warehouse Notes, effectively retiring it from the Group's outstanding debt and resulting in a loss on the early retirement of debt amounting to \$1,634. The Class A Notes carry an annual interest rate of 6.555% and have an amortizing maturity date of December 2034. The Class B Notes carry an annual interest rate of 11.235% and have an amortizing maturity date of September 2030. Both interest and principal payments on the ABS IX Notes are made on a monthly basis.

Oaktree Seller's Notes

In June 2024, the Group partially funded the purchase price of the Oaktree transaction with deferred consideration in the form of an unsecured seller's note from Oaktree (the "Oaktree Seller's Note"). The Group issued \$83,348 in notes at an annual interest rate of 8%, with a legal final maturity date of December 2025. Deferred interest and principal payments were scheduled in three installments: December 2024, June 2025, and December 2025.

In October 2024, the Group modified the terms of the Oaktree Seller's Note, increasing the rate to 9%, extending the maturity date to September 2026, and changing the payment schedule to monthly interest and principal payments.

The Oaktree Seller's Note contains certain customary representations and warranties, as well as affirmative and negative covenants. As of December 31, 2024, the Group was in compliance with all covenants associated with the Oaktree Seller's Note. For additional information regarding the Oaktree transaction, refer to Note 5.

Debt Covenants

ABS I, II, IV, VI, VIII and IX Notes (collectively, The "ABS Notes") and Term Loan I and Term Loan II (collectively, the "Term Loans")

The ABS Notes and Term Loans are governed by a series of covenants and restrictions typical for such transactions, including (i) the requirement for the issuer to maintain specified reserve accounts to ensure the payment of interest on the ABS Notes and Term Loans, (ii) provisions for optional and mandatory prepayments, specified make-whole payments under certain conditions, (iii) indemnification payments in the event that the assets pledged as collateral for the ABS Notes and Term Loans are found to be defective or ineffective, (iv) covenants related to recordkeeping, access to information, and similar matters, and (v) compliance with all applicable laws and regulations, including the Employee Retirement Income Security Act ("ERISA"), environmental laws, and the USA Patriot Act (specific to ABS IV only).

The ABS Notes and Term Loans are also subject to customary accelerated amortization events as outlined in the indenture. These events include failure to maintain specified debt service coverage ratios, failure to meet certain production metrics, certain change of control and management termination events, and the failure to repay or refinance the ABS Notes and Term Loans by the scheduled maturity date.

Additionally, the ABS Notes and Term Loans are subject to customary events of default, which include non-payment of required interest, principal, or other amounts due, failure to comply with covenants within specified time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments.

As of December 31, 2024 the Group was in compliance with all financial covenants related to the ABS Notes and Term Loans.

Sustainability-Linked Borrowings

Credit Facility

The Credit Facility contains three sustainability-linked performance targets ("SPTs") that can influence the applicable margin on borrowings based on the Group's performance. These targets are:

- **GHG Emissions Intensity:** This target measures the Group's consolidated Scope 1 emissions and Scope 2 emissions, expressed as MT CO₂e per MMcf;
- **Asset Retirement Performance:** This target tracks the number of wells the Group successfully retires during any fiscal year; and
- **TRIR Performance:** This target is based on the TRIR, calculated as the arithmetic average of the two preceding fiscal years and current period. The TRIR is computed by multiplying the total number of recordable cases (as defined by OSHA) by 200,000 and then dividing by the total hours worked by all employees during any fiscal year.

The goals set by the Credit Facility for each of these categories are aspirational and represent higher thresholds than those the Group has publicly set for itself. The economic impact of meeting or failing to meet these thresholds is relatively minor, with adjustments to the applicable margin level ranging from a reduction of five basis points to an increase of five basis points in any given fiscal year.

An independent third-party assurance provider is required to certify the Group's performance against the SPTs.

ABS IV

In connection with the issuance of the ABS IV Notes, the Group engaged an independent international provider of sustainability research and services to establish and maintain a "sustainability score" for the Group. If this score falls below a minimum threshold set at the time of issuance of the ABS IV Notes, the interest payable for the subsequent interest accrual period will increase by five basis points. This score is based on an overall assessment of the Group's corporate sustainability profile and is not contingent upon the Group meeting or exceeding specific sustainability performance metrics.

Additionally, the sustainability score is not influenced by the use of proceeds from the ABS IV Notes, and there are no restrictions on the use of these proceeds beyond the terms outlined in the Group's Credit Facility. The Group provides updates to the ABS IV note holders through monthly note holder statements, informing them of any changes in the interest rate payable on the ABS IV Notes resulting from changes in the sustainability score.

ABS VI & VIII

A "second party opinion provider" has certified that the terms of the ABS VI and ABS VIII notes align with the International Capital Markets Association ("ICMA") framework for sustainability-linked bonds. This framework applies to bond instruments whose financial and/or structural characteristics vary based on the achievement of predefined sustainability objectives, or SPTs. The framework comprises five key components (1) the selection of key performance indicators ("KPIs"), (2) the calibration of SPTs, (3) the variation of bond characteristics depending on whether the KPIs meet the SPTs, (4) regular reporting on the status of the KPIs and whether the SPTs have been met, and (5) independent verification of SPT performance by an external reviewer, such as an auditor or environmental consultant. Unlike the ICMA's framework for green bonds, the framework for sustainability-linked bonds do not mandate a specific use of proceeds.

The ABS VI & ABS VIII Notes contain two SPTs. The Group must achieve and have certified by May 28, 2027, for the ABS VI Notes, and by December 31, 2029, for the ABS VIII Notes, the following targets: (1) a reduction in Scope 1 and Scope 2 GHG emissions intensity to 2.85 MT CO₂e/MMcfe for the ABS VI Notes and 2.73 MT CO₂e/MMcfe for the ABS VIII Notes, and/or (2) a reduction in Scope 1 methane emissions intensity to 1.12 MT CO₂e/MMcfe for the ABS VI Notes and 0.75 MT CO₂e/MMcfe for the ABS VIII Notes. If the Group fails to meet or have these SPTs certified by an external verifier by the respective deadlines, the interest rate payable on the ABS VI and ABS VIII notes will increase by 25 basis points for each unmet or uncertified SPT. An independent third-party assurance provider will be required to certify the Group's performance against these SPTs by the applicable deadlines.

Compliance

As of December 31, 2024, the Group successfully met or was in compliance with all sustainability-linked debt metrics.

Future Maturities

The table below presents a reconciliation of the Group's undiscounted future maturities of its total borrowings as of the reporting date:

	December 31, 2024	December 31, 2023
Not later than one year	\$ 209,463	\$ 200,822
Later than one year and not later than five years	940,780	864,264
Later than five years	585,330	259,762
Total borrowings	\$ 1,735,573	\$ 1,324,848

Finance Costs

The table details the Group's finance costs for each of the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Interest expense, net of capitalized and income amounts ^(a)	\$ 120,773	\$ 117,808	\$ 86,840
Amortization of discount and deferred finance costs	16,870	16,358	13,903
Other	—	—	56
Total finance costs	\$ 137,643	\$ 134,166	\$ 100,799

(a) Includes payments related to both borrowings and leases.

Interest Incurred

The table below represents the interest incurred related to the Group's amortizing debt structures for each of the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Term Loan I	\$ 6,531	\$ 7,573	8,643
ABS I Notes	4,571	5,660	\$ 7,110
ABS II Notes	6,787	8,040	9,286
ABS III Notes	5,507	14,515	15,325
ABS IV Notes	4,440	5,703	6,235
ABS V Notes	6,792	19,332	14,319
ABS VI Notes	17,953	15,433	3,300
ABS VIII Notes	25,375	—	—
ABS IX Notes	1,460	—	—
Other miscellaneous borrowings ^(a)	4,106	—	—
Total interest incurred on amortizing debt	\$ 83,522	\$ 76,256	\$ 64,218

(a) Includes \$3,947 and \$159 of interest incurred on the Oaktree Seller's Note and other notes payable, respectively.

Fair Value

The table below represents the fair value of the Group's debt structures as of the periods presented:

	As of	
	December 31, 2024	December 31, 2023
Credit Facility ^(a)	\$ 284,400	\$ 159,000
Term Loan I	86,277	101,706
Term Loan II ^(a)	83,851	—
ABS I Notes	76,821	94,517
ABS II Notes	98,273	119,519
ABS III Notes	—	250,158
ABS IV Notes	74,064	92,345
ABS V Notes	—	274,061
ABS VI Notes	240,150	158,284
ABS VIII Notes	593,653	—
ABS IX Notes	73,897	—
Other miscellaneous borrowings ^(a)	107,588	—
Total fair value of outstanding debt	\$ 1,718,974	\$ 1,249,590

(a) Carrying value approximates fair value.

Excess Cash Flow Payments

The table below represents excess cash flow payments based on the achievement of certain performance metrics related to the Group's debt structures for each of the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
ABS I Notes	\$ 2,401	\$ 7,892	\$ 10,736
ABS VIII Notes	14,753	—	—
ABS IX Notes	884	—	—
Total excess cash flow payments	\$ 18,038	\$ 7,892	\$ 10,736

Financing Activities

The table below presents a reconciliation of borrowings arising from financing activities for each of the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 1,276,627	\$ 1,440,329	\$ 1,010,355
Acquired as part of an acquisition	215,924	—	2,437
Sale of equity interest	—	(154,966)	—
Proceeds from borrowings	1,844,768	1,537,230	2,587,554
Repayments of borrowings	(1,653,489)	(1,547,912)	(2,139,686)
Costs incurred to secure financing	(20,267)	(13,776)	(34,234)
Amortization of discount and deferred financing costs	16,870	16,358	13,903
Cash paid for interest	(123,141)	(116,784)	(83,958)
Finance costs and other	135,950	116,148	83,958
Balance at end of period	\$ 1,693,242	\$ 1,276,627	\$ 1,440,329

Subsequent Event

On February 27, 2025, the Group formed Diversified ABS Phase X LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary ("ABS X"), to issue asset-backed securities with a total principal amount of \$530,000 at par value ("the ABS X Notes"). The Group utilized the proceeds from the ABS X Notes to refinance the ABS I Notes, ABS II Notes, and Term Loan I, and to fund the Summit transaction. Refer to Note 5 for additional information regarding acquisitions.

On March 14, 2025, in connection with the close of the Maverick acquisition, the Group amended and restated the credit agreement governing its Credit Facility. The amendment extended the maturity of the Credit Facility to March 2029 and increased the borrowing base to \$900,000, primarily resulting from the additional collateral acquired from Maverick. There were no other material changes to pricing or terms. The Group utilized the proceeds from the upsized borrowing base to fund a portion of the Maverick acquisition and repay the outstanding principal on Term Loan II.

Note 22 - Trade & Other Payables

(Amounts in thousands, except share, per share and per unit data)

The table below details the Group's trade and other payables. The fair value approximates the carrying value as of the periods presented:

	December 31, 2024	December 31, 2023
Trade payables	\$ 31,896	\$ 49,487
Other payables	3,117	4,003
Total trade and other payables	\$ 35,013	\$ 53,490

Trade and other payables are unsecured, do not bear interest, and are settled as they become due.

Note 23 - Other Liabilities

(Amounts in thousands, except share, per share and per unit data)

The table below details the Group's other liabilities as of the periods presented:

	December 31, 2024	December 31, 2023
Other non-current liabilities		
Other non-current liabilities	\$ 5,384	\$ 2,224
Total other non-current liabilities	\$ 5,384	\$ 2,224
Other current liabilities		
Accrued expenses ^(a)	\$ 120,532	\$ 99,723
Net revenue clearing ^(b)	40,935	79,056
Asset retirement obligations - current	6,436	5,402
Revenue to be distributed ^(c)	136,631	93,322
Total other current liabilities	\$ 304,534	\$ 277,503

(a) As of December 31, 2024 accrued expenses increased primarily due to an \$8,347 increase in accrued capital expenditures and a \$6,890 increase in hedge settlement payables. As of December 31, 2023 accrued expenses decreased primarily due to a \$50,541 decrease in hedge settlements payables, resulting from lower commodity prices during that year. For more detailed information on year-over-year changes in other liabilities and their fixed and variable nature, refer to the [Financial Review](#).

(b) Net revenue clearing represents the estimated revenue that is payable to third-party working interest owners. The year-over-year decrease in net revenue clearing was primarily due to the Oaktree acquisition in June 2024.

- (c) Revenue to be distributed refers to revenue that is payable to third-party working interest owners but has not yet been paid due to unresolved title, legal, ownership, or other issues. The Group releases the underlying liability as these issues are resolved. Since the timing of resolution is uncertain, the Group records this balance as a current liability. The year-over-year increase in revenue to be distributed was attributed to the Group's growth.

Note 24 - Fair Value & Financial Instruments

(Amounts in thousands, except share, per share and per unit data)

Fair Value

The fair value of an asset or liability is defined as the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction in the principal market (or most advantageous market if a principal market is not available) for that asset or liability. In estimating fair value, the Group employs valuation techniques that align with the market approach, income approach, and/or cost approach, ensuring consistent application of these techniques. The inputs to these valuation techniques include assumptions that market participants would use when pricing an asset or liability. IFRS 13, Fair Value Measurement ("IFRS 13"), establishes a fair value hierarchy for valuation inputs, prioritizing quoted prices in active markets for identical assets or liabilities as the highest level of input, and unobservable inputs as the lowest level. The fair value hierarchy is defined as follows:

- Level 1:** Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2:** Inputs (other than quoted prices included in Level 1) can include the following:
- (1) Observable prices in active markets for similar assets or liabilities;
 - (2) Prices for identical assets or liabilities in markets that are not active;
 - (3) Directly observable market inputs for substantially the full term of the asset or liability; and
 - (4) Market inputs that are not directly observable but are derived from or corroborated by observable market data.
- Level 3:** Unobservable inputs which reflect the Directors' best estimates of what market participants would use in pricing the asset or liability at the measurement date.

Financial Instruments

Working Capital

The carrying values of cash and cash equivalents, trade receivables, other current assets, accounts payable, and other current liabilities in the Consolidated Statement of Financial Position approximate their fair value due to their short-term nature. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires the recognition of expected lifetime losses from the initial recognition of the receivables. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

For borrowings, derivative financial instruments, and leases, the following methods and assumptions were used to estimate fair value:

Borrowings

The fair values of the Group's ABS Notes and Term Loans are considered to be Level 2 measurements within the fair value hierarchy. The carrying values of the borrowings under the Group's Credit Facility (to the extent utilized) and Term Loan II approximate fair value because the interest rate is variable and reflective of market rates. The Group also considers the fair value of its Credit Facility to be a Level 2 measurement within the fair value hierarchy.

Leases

The Group initially measures the lease liability at the present value of the future lease payments. These lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate to discount the lease payments.

Derivative Financial Instruments

The Group measures the fair value of its derivative financial instruments using a pricing model that incorporates market-based inputs. These inputs include, but are not limited to, the contractual price of the underlying position, current market prices, natural gas and liquids forward curves, discount rates such as the U.S. Treasury yields, the SOFR curve, and volatility factors.

The Group classifies its derivative financial instruments into the fair value hierarchy based on the data used to determine their fair values. The Group's fixed price swaps (Level 2) are estimated using third-party discounted cash flow calculations, utilizing the NYMEX futures index for natural gas and oil derivatives, and OPIS for NGLs derivatives. For valuing its interest rate derivatives (Level 2), the Group employs discounted cash flow models. The net derivative values attributable to the Group's interest rate derivative contracts as of December 31, 2024 are based on (i) the contracted notional amounts, (ii) active market-quoted SOFR yield curves, and (iii) the applicable credit-adjusted risk-free rate yield curve.

The Group's call options, put options, collars and swaptions (Level 2) are valued using the Black-Scholes model, an industry-standard option valuation model. This model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of NYMEX and OPIS futures, interest rates, volatility and creditworthiness. Inputs to the Black-Scholes model, including the volatility input, are obtained from a third-party pricing source, with independent verification of the most significant inputs on a monthly basis. A change in volatility would result in a corresponding change in fair value measurement.

The Group's basis swaps (Level 2) are estimated using third-party calculations based on forward commodity price curves.

There were no transfers between fair value levels for the year ended December 31, 2024.

The following table includes the Group's financial instruments as of the periods presented:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 5,990	\$ 3,753
Trade receivables, net	234,421	190,207
Other non-current assets	6,270	9,172
Other non-current liabilities ^(a)	(5,384)	(1,946)
Other current liabilities ^(b)	(298,098)	(272,101)
Derivative financial instruments at fair value	(710,347)	(557,460)
Leases	(44,600)	(31,122)
Borrowings	(1,718,974)	(1,249,590)
Total	\$ (2,530,722)	\$ (1,909,087)

(a) Excludes \$278 for the long-term portion of the value associated with the upfront promote received from Oaktree for the year ended December 31, 2023.

(b) Includes accrued expenses, net revenue clearing, and revenue to be distributed. Excludes asset retirement obligations.

Note 25 - Financial Risk Management

(Amounts in thousands, except share, per share and per unit data)

The Group is exposed to various financial risks, including market risk, credit risk, liquidity risk, capital risk, and collateral risk. To manage these risks, the Group continuously monitors the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Group's principal financial liabilities consist of borrowings, leases, and trade and other payables, which are primarily used to finance and provide financial guarantees for its operations. The Group's principal financial assets include cash and cash equivalents, as well as trade and other receivables derived from its operations.

Additionally, the Group also enters into derivative financial instruments, which are recorded as assets or liabilities depending on market dynamics. The Group leverages its internal resources to design and manage its derivative-related risk management activities, but also engages with third party providers to assist with the execution of derivative transactions and provide commodity trading and risk management applications.

Market Risk

Market risk refers to the possibility that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of two main types of risk: interest rate risk and commodity price risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

To manage market price risks resulting from changes in commodity prices and foreign exchange rates, the Group uses both derivative and non-derivative financial instruments. These instruments help mitigate the potential negative effects on the Group's assets, liabilities, or future expected cash flows.

Interest Rate Risk

The Group is subject to market risk exposure related to changes in interest rates. The Group's borrowings primarily consist of fixed-rate amortizing notes and its variable rate Credit Facility and Term Loan II, as illustrated below.

	December 31, 2024		December 31, 2023	
	Borrowings	Interest Rate ^(a)	Borrowings	Interest Rate ^(a)
ABS Notes, Term Loan I, & other ^(b)	\$ 1,443,013	7.01 %	\$ 1,158,221	5.67 %
Credit Facility & Term Loan II	\$ 368,251	8.68 %	\$ 159,000	8.66 %

(a) The interest rate on the ABS Notes, Term Loan I and other notes payable represents the weighted average fixed rate of the notes, while the interest rate presented for the Credit Facility and Term Loan II represents the floating rate as of December 31, 2024 and 2023, respectively.

(b) Includes \$76,100 in notes payable issued as part of the consideration in the Oaktree transaction, and \$30,000 in notes payable issued by a third party financial institution in November 2024 collateralized by two natural gas processing plants and various natural gas compressors and related support equipment in the Central Region, as of December 31, 2024. Refer to Note 5 for additional information regarding the Oaktree transaction.

For additional information regarding the ABS Notes, Term Loan I, Term Loan II, and Credit Facility, refer to Note 21. The table below illustrates the impact of a 100 basis point adjustment in the borrowing rate for the Credit Facility and Term Loan II and the corresponding effect on finance costs. This represents a reasonably possible change in interest rate risk.

Credit Facility & Term Loan II Interest Rate Sensitivity	December 31, 2024	December 31, 2023
+100 Basis Points	\$ 3,683	\$ 1,590
-100 Basis Points	\$ (3,683)	\$ (1,590)

The Group strives to maintain a prudent balance of floating and fixed-rate borrowing exposure, particularly during uncertain market conditions. As part of the Group's risk mitigation strategy, the Group occasionally enters into swap arrangements to adjust its exposure to floating or fixed interest rates, depending on changes in the composition of borrowings in its portfolio. Consequently, the total principal hedged through the use of derivative financial instruments varies from period to period.

As of December 31, 2024 and 2023, the fair value of the Group's interest rate swaps represents an asset of \$235 and an asset of \$315, respectively. For additional information regarding derivative financial instruments, refer to Note 13.

Commodity Price Risk

The Group's revenues are primarily derived from the sale of its natural gas, NGLs, and oil production, making the Group subject to commodity price risk. Commodity prices for natural gas, NGLs and oil can be volatile and may fluctuate due to relatively small changes in supply, weather conditions, economic conditions, and government actions. For the years ended December 31, 2024, 2023 and 2022, the Group's commodity revenue was \$732,259, \$802,399, and \$1,873,011, respectively.

To mitigate the risk of fluctuations in commodity prices, the Group enters into derivative financial instruments. The total volumes hedged through the use of these instruments vary from period to period. Generally the Group's objective is to hedge at least 65% of its anticipated production volumes for the next 12 months, at least 50% for months 13 to 24, and a minimum of 30% for months 25 to 36. For additional information regarding derivative financial instruments, refer to Note 13.

By removing price volatility from a significant portion of the Group's expected production through 2032, the Group has mitigated, but not eliminated, the potential effects of changing prices on its operating cash flow for those periods. While these derivative contracts help mitigate the negative effects of falling commodity prices, they also limit the benefits the Group would receive from increases in commodity prices.

Credit and Counterparty Risk

The Group is exposed to credit and counterparty risk from the sale of its natural gas, NGLs and oil. Trade receivables from customers represent amounts due for the purchase of these commodities, and their collectability depends on the financial condition of each customer. The Group reviews the financial condition of customers before extending credit and generally does not require collateral to support their trade receivables. As of December 31, 2024 and 2023, the Group had no customers that comprised over 10% of its total trade receivables. The Group's trade receivables from customers, net of the applicable allowance for credit losses, were \$199,788 and \$168,913, respectively, as of December 31, 2024 and 2023.

The Group is also exposed to credit risk from joint interest owners, which are entities that own a working interest in the properties operated by the Group. Joint interest receivables are classified under trade receivables, net, in the Consolidated Statement of Financial Position. The Group has the ability to withhold future revenue payments to recover any non-payment of joint interest receivables. As of December 31, 2024 and 2023, the Group's joint interest receivables, net of the applicable allowance for credit losses, were \$34,633 and \$21,294, respectively.

Trade receivables are current, and the Group believes these net receivables are collectible. For additional information, refer to Note 3.

Liquidity Risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group manages this risk by maintaining adequate cash reserves through the use of cash from operations and borrowing capacity on the Credit Facility. Additionally, the Group continuously monitors its forecast and actual cash flows to ensure it maintains an appropriate level of liquidity. The amounts disclosed in the following table represent the Group's contractual undiscounted cash flows.

	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
For the year ended December 31, 2024				
Trade and other payables	\$ 35,013	\$ —	\$ —	\$ 35,013
Borrowings	209,463	940,780	585,330	1,735,573
Leases	16,080	33,215	139	49,434
Other liabilities ^(a)	161,467	5,384	—	166,851
Total	\$ 422,023	\$ 979,379	\$ 585,469	\$ 1,986,871
For the year ended December 31, 2023				
Trade and other payables	\$ 53,490	\$ —	\$ —	\$ 53,490
Borrowings	200,822	864,264	259,762	1,324,848
Leases	12,358	22,531	—	34,889
Other liabilities ^(a)	178,779	2,224	—	181,003
Total	\$ 445,449	\$ 889,019	\$ 259,762	\$ 1,594,230

(a) Includes accrued expenses and net revenue clearing. Excludes asset retirement obligations and revenue to be distributed.

Capital Risk

The Group defines capital as the total of equity shareholders' funds and long-term borrowings net of available cash balances. The Group's objectives when managing capital are to provide returns for shareholders, maintain appropriate leverage and safeguard the ability to continue as a going concern. Additionally, the Group aims to pursue opportunities for growth by identifying and evaluating potential acquisitions and constructing new infrastructure on existing proved leaseholds.

The Directors do not establish a quantitative return on capital criteria, but instead promote year-over-year adjusted EBITDA growth. The Group actively manages its balance sheet and seeks to maintain a long-term leverage ratio approximately 2.5x.

Collateral Risk

As of December 31, 2024, the Group has pledged 100% of its upstream natural gas and oil properties in the Appalachian and Central regions, along with certain midstream assets, to fulfill the collateral requirements for borrowings under its debt instruments. The fair value of the collateral is based on an independent petroleum engineering firm's reserves calculation, which uses estimated cash flows discounted at 10% and a commodities futures price schedule. For additional information regarding acquisitions and borrowings, refer to Notes 5 and 21, respectively.

Note 26 - Commitments & Contingencies

(Amounts in thousands, except share, per share and per unit data)

Delivery Commitments

We have contractually agreed to deliver firm quantities of natural gas to various customers, which we expect to fulfill with production from existing reserves. To ensure we meet these commitments, we regularly monitor our proved developed reserves.

The following table summarizes our total gross commitments, compiled using best estimates based on our sales strategy, as of December 31, 2024.

	Natural gas (MMcf)
2025	77,187
2026	52,802
2027	130,911
Thereafter	242,276

Litigation and Regulatory Proceedings

The Group is involved in various pending legal issues that have arisen in the ordinary course of business. The Group accrues for litigation, claims, and proceedings when a liability is both probable and the amount can be reasonably estimated. As of December 31, 2024 and 2023, the Group did not have any material amounts accrued related to litigation or regulatory matters.

For any matters not accrued for, it is not possible to estimate the amount of any additional loss or range of loss that is reasonably possible. However, based on the nature of the claims, management believes that current litigation, claims, and proceedings are not, individually or in aggregate, after considering insurance coverage and indemnification, likely to have a material adverse impact on the Group's financial position, results of operations, or cash flows.

The Group has no other contingent liabilities that would have a material impact on the Group's financial position, results of operations, or cash flows.

Environmental Matters

The Group's operations are subject to environmental laws and regulations in all the jurisdictions where it operates, and it was in compliance as of December 31, 2024 and 2023. However, the Group is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether they would adversely affect its operations. The Group can offer no assurance regarding the significance or cost of compliance associated with any new environmental legislation or regulation once implemented.

Note 27 - Related Party Transactions

(Amounts in thousands, except share, per share and per unit data)

The Group had no related party activity in 2024, 2023 or 2022.

Note 28 - Subsequent Events

(Amounts in thousands, except share, per share and per unit data)

The Group determined the need to disclose the following material transactions that occurred subsequent to December 31, 2024, which have been described within each relevant footnote as follows:

Description	Footnote
Acquisitions & Divestitures	Note 5
Share Capital	Note 16
Dividends	Note 18
Borrowings	Note 21

Company Financial Statements

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Company Statement of Financial Position

(Amounts in thousands, except share, per share and per unit data)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets:			
Investments in subsidiaries	4	£ 1,077,222	£ 1,055,908
Other non-current assets		138	102
Total non-current assets		1,077,360	1,056,010
Current assets:			
Cash and cash equivalents		17	562
Other current assets		—	109
Total current assets		17	671
Total assets		£ 1,077,377	£ 1,056,681
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	5	£ 10,254	£ 9,586
Share premium	5	973,407	931,102
Treasury reserve		(95,656)	(82,877)
Share based payment and other reserves		15,795	11,346
Retained earnings (accumulated deficit)		171,487	183,009
Equity attributable to owners of the Parent		1,075,287	1,052,166
Total equity		1,075,287	1,052,166
Current liabilities:			
Trade and other payables		2,090	4,515
Total current liabilities		2,090	4,515
Total liabilities		2,090	4,515
TOTAL EQUITY & LIABILITIES		£ 1,077,377	£ 1,056,681

The profit for the 2024 financial year of the Company was £56,864 (2023: £93,725).

The notes on pages 139 to 141 are an integral part of the Company Financial Statements.

The Company Financial Statements were approved by the Board of Directors and authorized for issuance on March 17, 2025 and were signed on its behalf by:

/s/ David E. Johnson

David E. Johnson

Chairman of the Board

Registered in England and Wales, No. 9156132

Company Statement of Changes in Equity

(Amounts in thousands, except share, per share and per unit data)

	Note	Share Capital	Share Premium	Treasury Reserve	Share- Based Payment and Other Reserves	Retained Earnings (Accumulated Deficit)	Total Equity
Balance as of January 1, 2022		£ 8,492	£ 802,889	£ (54,017)	£ 11,320	£ 127,215	£ 895,899
Income after taxation		—	—	—	—	217,698	217,698
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 217,698	£ 217,698
Issuance of share capital (settlement of warrants)	5	4	—	—	353	—	357
Issuance of share capital (equity compensation)	5	6	—	—	4,713	(2,704)	2,015
Issuance of EBT shares (equity compensation)	5	—	—	2,007	(2,007)	—	—
Repurchase of shares (EBT)	5	—	—	(19,388)	—	—	(19,388)
Repurchase of shares (share buyback program)	5	(71)	—	(10,371)	71	—	(10,371)
Dividends	6	—	—	—	—	(116,285)	(116,285)
Cancellation of warrants		—	—	—	(242)	—	(242)
Transactions with shareholders		£ (61)	£ —	£ (27,752)	£ 2,888	£ (118,989)	£ (143,914)
Balance as of December 31, 2022		£ 8,431	£ 802,889	£ (81,769)	£ 14,208	£ 225,924	£ 969,683
Income after taxation		—	—	—	—	93,725	93,725
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 93,725	£ 93,725
Issuance of share capital (equity placement)	5	1,284	128,213	—	—	—	129,497
Issuance of share capital (equity compensation)	5	—	—	—	4,739	(2,407)	2,332
Issuance of EBT shares (equity compensation)		—	—	7,730	(7,730)	—	—
Repurchase of shares (share buyback program)	5	(129)	—	(8,838)	129	—	(8,838)
Dividends	6	—	—	—	—	(134,233)	(134,233)
Transactions with shareholders		£ 1,155	£ 128,213	£ (1,108)	£ (2,862)	£ (136,640)	£ (11,242)
Balance as of December 31, 2023		£ 9,586	£ 931,102	£ (82,877)	£ 11,346	£ 183,009	£ 1,052,166
Income after taxation		—	—	—	—	56,864	56,864
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 56,864	£ 56,864
Issuance of share capital (acquisition consideration)	5	918	42,305	—	—	—	43,223
Issuance of share capital (equity compensation)		—	—	—	7,809	(2,948)	4,861
Issuance of EBT shares (equity compensation)	5	—	—	3,610	(3,610)	—	—
Repurchase of shares (EBT)	5	—	—	(4,065)	—	—	(4,065)
Repurchase of shares (share buyback program)	5	(250)	—	(12,324)	250	—	(12,324)
Dividends	6	—	—	—	—	(65,438)	(65,438)
Transactions with shareholders		£ 668	£ 42,305	£ (12,779)	£ 4,449	£ (68,386)	£ (33,743)
Balance as of December 31, 2024		£ 10,254	£ 973,407	£ (95,656)	£ 15,795	£ 171,487	£ 1,075,287

The notes on pages [139](#) to [141](#) are an integral part of the Company Financial Statements.

Notes to the Company Financial Statements

(Amounts in thousands, except share, per share and per unit data)

Note 1 - General Information

(Amounts in thousands, except share, per share and per unit data)

Diversified Energy Company PLC (the "Parent" or "Company"), and its wholly owned subsidiaries (the "Group") is an independent energy company engaged in the production, transportation and marketing of primarily natural gas related to its synergistic U.S. onshore upstream and midstream assets. The Group's assets are located within the Appalachian Region and Central Region in the U.S.

The Company was incorporated on July 31, 2014 in the United Kingdom and is registered in England and Wales under the Companies Act 2006 as a public limited company under company number 09156132. The Group's registered office is located at 4th floor Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB, UK.

In May 2020, the Company's shares were admitted to trading on the LSE's Main Market for listed securities under the ticker "DEC". In December 2023, the Company's shares were admitted to trading on NYSE under the ticker "DEC." As of December 31, 2024, the principal trading market for the Company's ordinary shares was the LSE.

Note 2 - Accounting Policies

(Amounts in thousands, except share, per share and per unit data)

Basis of Preparation

The Company Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "FRS 102" and the Companies Act 2006 under the historical cost basis. The preparation of Company Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in applying the Company's accounting policies (refer to Note 3).

The Company Financial Statements are presented in British pound sterling ("£") and rounded to the nearest thousand, unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions:

- As permitted by Section 408 of the Companies Act 2006 the Company has not included a Profit and Loss account in the Company Financial Statements.
- As permitted by The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS") 102 Section 7 "Statement of Cash Flows" and Section 11 "Financial Instruments" the company has not included a Statement of Cash Flows as well as other limited disclosures.
- As permitted by FRS 102 Section 33 "Related Party Disclosures" the financial statements do not disclose transactions with any wholly owned subsidiary undertakings. There were no other related party transactions to report

Going Concern

The Company Financial Statements have been prepared on the going concern basis, which contemplates the health of the Company, as well as the continuity of normal business activity and the realization of assets and the settlement of liabilities in the normal course of business. The Directors have reviewed the Company's overall position and outlook and are of the opinion that it is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of the Company Financial Statements. Refer to Note 2 to the Group Financial Statements for additional information.

New or Amended Accounting Standards - Not Yet Adopted

At the date of authorization of the Company Financial Statements, the following standard, which has not been applied in the Company Financial Statements, was in issue but not yet effective. It is expected that where applicable, this standard will be adopted on the effective date. The Group is still assessing the effect of this standard, though it is not expected to have a material impact.

Standard	Amendment	Effective Date
FRS 102	The Financial Reporting Standard applicable in the UK and Republic of Ireland	Annual periods beginning on or after January 1, 2026

Significant Accounting Policies

Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

Investments in subsidiaries represents contributions of capital to subsidiaries and are held at cost less accumulated impairment losses.

Share-Based Payments

The Company accounts for share-based payments under FRS 102. All of the Company's share-based awards are equity settled. The fair value of the awards are determined at the date of grant. As of December 31, 2024, 2023 and 2022, the Company had three types of share-based payment awards, RSUs, PSUs and Options. The fair value of the Company's RSUs is measured using the stock price at the grant date. The fair value of the Company's PSUs is measured using a Monte Carlo simulation model as of the grant date. The fair value of the Company's Options are calculated using the Black-Scholes model as of the grant date. The fair value of each award is expensed uniformly over the vesting period.

Note 3 - Significant Accounting Judgments & Estimates

(Amounts in thousands, except share, per share and per unit data)

In preparing the Company Financial Statements, the Directors considered that the key judgment is the evaluation of the carrying value of the investments in subsidiaries for impairment. Investments in subsidiaries were £1,077,222 and £1,055,908 as of December 31, 2024 and 2023, respectively. When considering indicators for impairment of the Company's investments the Directors evaluate the impairment indicators for the Group's

financial statements on the basis that the Group's subsidiaries hold the natural gas and oil properties which generate the Group's cash flows. These cash flows are ultimately linked to the subsidiaries' ability to pay dividends back to the Company.

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. The Directors undertook an impairment trigger assessment in line with their accounting policy. As a result of this evaluation, the Directors determined that the sustained decline in the Group's market capitalization represented an impairment trigger for the year ended December 31, 2024. Accordingly, the Directors performed an assessment of the recoverable amount of the investment in subsidiaries. As a result of this assessment, the Directors determined that the investment was fully recoverable and no impairment was recognized. The Directors also assessed the sensitivity of the impairment analysis and noted that no reasonable change in assumptions would cause an impairment.

For the year ended December 31, 2023, the Group determined that the carrying amounts of certain proved properties for two fields were not recoverable from future cash flows and recognized an impairment charge of \$41,616. No such impairment was recorded during the year ended December 31, 2022. Refer to Note 5 to the Group Financial Statements.

In evaluating the outcome of this assessment, the Directors also reviewed the borrowing obligations of the subsidiaries and their capacity to generate cash flows that contribute to distributable reserves. Following this review, it was determined that the carrying value of natural gas and oil properties did not require impairment in any fields. Additionally, there were no signs that the subsidiaries would be unable to meet their obligations.

Note 4 - Investments

(Amounts in thousands, except per share and per unit data)

The Company fully owns the issued share capital of Diversified Gas & Oil Corporation, which is incorporated in Delaware, U.S. As of December 31, 2024 and 2023, the carrying value as of the investments held was £1,077,222 and £1,055,908, respectively. The year-over-year increase was primarily due to additional capital contributions to subsidiaries, resulting from the issuance and repurchase of share capital as well as dividend payments.

A detailed list of the Company's subsidiaries can be found in Note 2 of the Group Financial Statements. The registered office for Diversified Gas & Oil Corporation, along with all its subsidiaries, is located at 1600 Corporate Drive, Birmingham, Alabama, U.S.

Note 5 - Share Capital

(Amounts in thousands, except per share and per unit data)

The table below provides a summary of the Company's share capital for the periods presented. For more detailed information on share capital and other reserves, refer to Notes 16 and 17 in the Group Financial Statements.

	Number of Shares	Total Share Capital	Total Share Premium
Balance as of December 31, 2021	42,482,733	£ 8,492	£ 802,889
Issuance of share capital (settlement of warrants)	25,695	4	—
Issuance of share capital (equity compensation)	39,629	6	—
Issuance of EBT shares (equity compensation)	87,998	—	—
Repurchase of shares (EBT)	(789,513)	—	—
Repurchase of shares (share buyback program)	(399,769)	(71)	—
Balance as of December 31, 2022	41,446,773	£ 8,431	£ 802,889
Issuance of share capital (equity placement)	6,422,200	1,284	128,213
Issuance of EBT shares (equity compensation)	334,251	—	—
Repurchase of shares (share buyback program)	(646,762)	(129)	—
Balance as of December 31, 2023	47,556,462	£ 9,586	£ 931,102
Issuance of share capital (acquisition consideration)	4,592,095	918	42,305
Issuance of EBT shares (equity compensation)	139,317	—	—
Repurchase of shares (EBT)	(418,151)	—	—
Repurchase of shares (share buyback program)	(1,219,879)	(250)	—
Balance as of December 31, 2024	50,649,844	£ 10,254	£ 973,407

Shares acquired and issued by the EBT do not impact share capital or share premium. For further details on the accounting treatment of EBT shares, refer to Note 16 in the Group Financial Statements.

Note 6 - Dividends

(Amounts in thousands, except per share and per unit data)

The table below summarizes the Company's dividends that were paid and declared on the specified dates.

Date Dividends Declared/Paid	Dividend per Share (GBP)	Record Date	Pay Date	Shares Outstanding	Gross Dividends Paid
November 15, 2023	£ 0.6844	March 1, 2024	March 28, 2024	47,221,488	£ 32,318
April 10, 2024	0.2283	May 24, 2024	June 28, 2024	47,062,984	10,744
May 9, 2024	0.2211	August 30, 2024	September 27, 2024	49,005,036	10,835
August 15, 2024	0.2279	November 29, 2024	December 27, 2024	50,642,261	11,541
Paid during the year ended December 31, 2024					£ 65,438
November 14, 2022	£ 0.7220	March 3, 2023	March 28, 2023	47,868,969	£ 34,601
March 21, 2023	0.6860	May 26, 2023	June 30, 2023	48,164,650	32,998
May 9, 2023	0.7040	September 1, 2023	September 29, 2023	48,157,129	33,893
September 1, 2023	0.6840	December 1, 2023	December 29, 2023	47,856,570	32,741
Paid during the year ended December 31, 2023					£ 134,233
October 28, 2021	£ 0.6500	March 4, 2022	March 28, 2022	42,502,328	£ 27,585
March 22, 2022	0.6860	May 27, 2022	June 30, 2022	42,527,424	29,143
May 16, 2022	0.7320	September 2, 2022	September 26, 2022	42,294,025	30,968
August 8, 2022	0.6900	November 25, 2022	December 28, 2022	41,446,769	28,589
Paid during the year ended December 31, 2022					£ 116,285

Dividends were proposed prior to the approval of the financial statements. For further details, refer to Note 18 in the Group Financial Statements.

Note 7 - Operating Expenses

(Amounts in thousands, except per share and per unit data)

Information regarding Directors' remuneration can be found in [Remuneration at a Glance](#) within this Annual Report. Details on Auditors' remuneration are provided in Note 7 of the Group Financial Statements.

Note 8 - Taxation

(Amounts in thousands, except per share and per unit data)

The tax assessed for the year aligns with the UK corporate tax rate, which was 25% for the year ended December 31, 2024, 23.0% for the year ending December 31, 2023, and 19% for the year ending December 31, 2022.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Profit on ordinary activities before tax	£ 57,014	£ 93,619	£ 217,825
Standard UK corporate tax on profits for the period	14,254	22,000	41,387
Non-taxable income	(15,903)	(23,331)	(42,569)
Permanent differences	1,618	1,229	1,264
Other	171	—	45
Total tax charge for the year	£ 140	£ (102)	£ 127

Non-taxable income for the years ended December 31, 2024, 2023 and 2022 pertained to dividend income received from U.S. subsidiaries, amounting to £63,610, £99,283 and £224,047, respectively.

The UK corporation tax rate increased from 19% to 23% effective April 1, 2023. This change did not have a material impact on the Company's financial statements.

Note 9 - Subsequent Events

Refer to Note 28 in the Group Financial Statements for additional information regarding subsequent events.

Additional Information (Unaudited)

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Payments to Governments Report 2024

(Amounts in thousands)

This report provides a consolidated overview of the payments made to governments by DEC for the year 2024 as required under Disclosure and Transparency Rule 4.3A issued by the UK's Financial Conduct Authority ("DTR 4.3A") and in accordance with The Reports on Payments to Governments Regulations 2014 (as amended in 2015) ("the UK Regulations"). DTR 4.3A mandates that companies listed on a UK stock exchange and operating in the extractive industry publicly disclose payments to governments in the countries where they engage in the exploration, prospection, discovery, development, and extraction of natural gas and oil deposits, or other materials.

Basis of Preparation

In accordance with the UK Regulations, DEC prepares a disclosure of payments made to governments for each financial year, covering relevant activities of both DEC and any of its subsidiary undertakings included in the Group Financial Statements.

Activities within the Scope of the Disclosure

This disclosure includes payments made to governments that pertain to DEC's activities involving the exploration, development, and production of natural gas and oil reserves ("extractive activities"). Payments made to governments for activities other than extractive activities are not included in this disclosure as they fall outside the scope defined by the UK Regulations.

Government

The term "government" encompasses any national, regional, or local authority of a country as well as any department, agency, or entity that operates as a subsidiary of a government.

Cash Basis

Payments are reported on a cash basis, meaning they are reported in the period in which they are actually paid. This is in contrast to the accrual basis, where payments are reported in the period in which the liabilities are incurred.

Project Definition

The UK Regulations mandate that payments be reported by project, which is considered a subcategory within a country. A "project" is defined as the operational activities governed by a single contract, license, lease, concession, or similar legal agreement that form the basis for payment liabilities with a government. If these agreements are substantially interconnected, they can be treated as a single project. According to the UK Regulations, "substantially interconnected" refers to a set of operationally and geographically integrated contracts, licenses, leases, concessions, or related agreements with substantially similar terms, signed with a government, that give rise to payment liabilities. The number of projects will depend on the contractual arrangements within a country, rather than the scale of activities. Additionally, a project will only be included in this disclosure if relevant payments were made during the year for that project. The UK Regulations also recognize that some payments may not be attributable to a single project and may therefore be reported at the country level. Corporate income taxes, which are typically not levied at a project level, serve as an example of such payments.

Materiality Level

For each type of payment, any total payments to a government that are below £86 are excluded from this report.

Exchange Rate

Payments made in currencies other than USD are converted for this report using the relevant quarterly average foreign exchange rate.

Payment Types

According to the UK Regulations, a "payment" is defined as an amount paid whether in money or in kind, for relevant activities. The payment must fall into one of the following categories:

Production Entitlements

Under production-sharing agreements ("PSA"), the production is divided between the host government and the other parties to the PSA. The host government usually receives its share or entitlement in kind rather than in cash. For the year ended December 31, 2024, DEC had no reportable production entitlements to a government.

Taxes

This report includes taxes levied on income, personnel, production, or profits that are withheld from dividends, royalties, and interest received by DEC. However, taxes levied on consumption, sales, procurement (contractor's withholding taxes), environmental, property, customs, and excise are not reportable under the UK Regulations.

Royalties

Payments for the rights to extract natural gas and oil resources are typically calculated as a set percentage of revenue, minus any allowable deductions. These payments can be made in cash or in kind (valued similarly to production entitlement).

Dividends

Dividend payments, except for those paid to a government as a shareholder of an entity, are not included unless they are paid in lieu of production entitlements or royalties. For the year ended December 31, 2024, DEC had no reportable dividend payments to a government.

Bonuses

This report includes signature, discovery, and production bonuses, as well as other bonuses payable under licenses or concession agreements. These bonuses are typically paid upon signing an agreement or a contract, declaring a commercial discovery, commencing production, or reaching a production milestone. For the year ended December 31, 2024, DEC had no reportable bonus payments to a government.

Fees

In preparing this report, DEC has included license fees, rental fees, entry fees, and all other payments made in consideration for new and existing licenses and or concessions. Fees paid to governments for administrative services are excluded.

Infrastructure Improvements

Payments related to the construction of infrastructure, such as roads, bridges, or railways, that are not substantially dedicated to extractive activities are included. However, payments that are of a social investment nature, such as building a school or hospital, are excluded.

Payments Overview

The tables below display the relevant payments to governments made by DEC for the year ended December 31, 2024, categorized by country and payment type. Of the seven payment types required by the UK Regulations, DEC did not make any payments for production entitlements, dividends, bonuses, fees, or infrastructure improvements; therefore, those categories are not shown.

SUMMARY OF PAYMENTS TO GOVERNMENTS

(Amounts in Thousands)

Countries	Taxes	Royalties	Total
United Kingdom	\$ —	\$ —	\$ —
United States	86,049	2,735	88,784
Total	\$ 86,049	\$ 2,735	\$ 88,784

United Kingdom

Governments	Taxes	Royalties	Total
Oil and Gas Authority	\$ —	\$ —	\$ —
HM Revenue and Customs	—	—	—
The Crown Estate Scotland	—	—	—
Total	\$ —	\$ —	\$ —

United States

Governments	Taxes	Royalties	Total
Commonwealth of Pennsylvania	\$ 3,977	\$ —	\$ 3,977
Commonwealth of Virginia	1,661	—	1,661
Internal Revenue Service	18,799	—	18,799
Office of Natural Resources Revenue	—	1,427	1,427
State of Alabama	114	—	114
State of Kentucky	10,585	—	10,585
State of Louisiana	8,520	—	8,520
State of Ohio	2,168	—	2,168
State of Oklahoma	8,906	1,089	9,995
State of Tennessee	185	—	185
State of Texas	17,920	219	18,139
State of West Virginia	13,214	—	13,214
Total	\$ 86,049	\$ 2,735	\$ 88,784

Alternative Performance Measures

(Amounts in thousands, except share, per share and per unit data)

We utilize APMs to enhance the comparability of information across reporting periods and to more accurately assess cash flows. This is achieved by adjusting for uncontrollable or transactional factors that are not comparable period-over-period or by aggregating measures. This approach helps users of this Annual Report better understand the activity occurring across the Group. APMs are employed by the Directors for planning and reporting purposes and should not be viewed as a replacement for IFRS. Additionally, these measures are used in discussions with the investment analyst community and credit rating agencies.

Adjusted EBITDA

As used herein, EBITDA represents earnings before interest, taxes, depletion, depreciation, and amortization. Adjusted EBITDA further adjusts for items that are not comparable period-over-period, including accretion of asset retirement obligations, 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 other similar items.

Adjusted EBITDA should not be considered in isolation or as a substitute for operating profit (loss), net income (loss), or cash flows provided by (used in) operating, investing, and financing activities. However, we believe this measure is useful to investors 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 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 assess this metric as a percentage of our total revenue, inclusive of settled hedges, which we refer to as adjusted EBITDA margin.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net income (loss)	\$ (87,001)	\$ 759,701	\$ (620,598)
Finance costs	137,643	134,166	100,799
Accretion of asset retirement obligations	30,868	26,926	27,569
Other (income) expense ^(a)	(1,257)	(385)	(269)
Income tax (benefit) expense	(136,951)	240,643	(178,904)
Depreciation, depletion and amortization	256,484	224,546	222,257
(Gain) loss on bargain purchases	—	—	(4,447)
(Gain) loss on fair value adjustments of unsettled financial instruments	189,030	(905,695)	861,457
(Gain) loss on natural gas and oil properties and equipment ^(b)	15,308	4,014	93
(Gain) loss on sale of equity interest	7,375	(18,440)	—
Unrealized (gain) loss on investment	4,013	(4,610)	—
Impairment of proved properties ^(c)	—	41,616	—
Costs associated with acquisitions	11,573	16,775	15,545
Other adjusting costs ^(d)	22,375	17,794	69,967
Loss on early retirement of debt	14,753	—	—
Non-cash equity compensation	8,286	6,494	8,051
(Gain) loss on foreign currency hedge	—	521	—
(Gain) loss on interest rate swap	(190)	2,722	1,434
Total adjustments	\$ 559,310	\$ (212,913)	\$ 1,123,552
Adjusted EBITDA	\$ 472,309	\$ 546,788	\$ 502,954
Pro forma adjusted EBITDA^(e)	\$ 548,570	\$ 553,252	\$ 574,414

(a) Excludes \$1 million in dividend distributions received for our investment in DP Lion Equity Holdco during the year ended December 31, 2024.

(b) Excludes \$27 million, \$24 million and \$2 million in cash proceeds received for leasehold sales during the years ended December 31, 2024, 2023 and 2022, respectively, less \$14 million and \$4 million of basis in leasehold sales for the years ended December 31, 2024 and 2023, respectively.

(c) For the year ended December 31, 2023, the Group determined the carrying amounts of certain proved properties within two fields were not recoverable from future cash flows, and therefore, were impaired.

(d) Other adjusting costs for the year ended December 31, 2024, were primarily associated with legal and professional fees related to the U.S. listing, legal fees for certain litigation, and expenses associated with unused firm transportation agreements. For the year ended December 31, 2023, these costs were primarily related to legal and professional fees for the U.S. listing, legal fees for certain litigation, and expenses for unused firm transportation agreements. For the year ended December 31, 2022, these costs mainly included \$28 million in contract terminations, which enabled the Group to secure more favorable future pricing, and \$31 million in deal breakage and/or sourcing costs for acquisitions.

(e) Includes adjustments for the year ended December 31, 2024 for the Oaktree, Crescent Pass, and East Texas II acquisitions to pro forma their results for the full twelve months of operations. Similar adjustments were made for the year ended December 31, 2023 for the Tanos II Acquisition, as well as for the year ended December 31, 2022 for the East Texas I and ConocoPhillips acquisitions.

Net Debt

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

Net Debt-to-Adjusted EBITDA

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

	As of		
	December 31, 2024	December 31, 2023	December 31, 2022
Total debt^(a)	\$ 1,693,242	\$ 1,276,627	\$ 1,440,329
LESS: Cash	5,990	3,753	7,329
LESS: Restricted cash ^(b)	46,269	36,252	55,388
Net debt	\$ 1,640,983	\$ 1,236,622	\$ 1,377,612
Adjusted EBITDA	\$ 472,309	\$ 546,788	\$ 502,954
Pro forma adjusted EBITDA^(c)	\$ 548,570	\$ 553,252	\$ 574,414
Net debt-to-pro forma adjusted EBITDA^(d)	3.0x	2.2x	2.4x

(a) Includes adjustments for deferred financing costs and original issue discounts, consistent with presentation on the Statement of Financial Position.

(b) The increase of restricted cash as of December 31, 2024, is due to the addition of \$21 million and \$3 million in restricted cash for the ABS VIII Notes and ABS IX Notes, respectively, offset by \$7 million and \$9 million for the retirement of the ABS III Notes and ABS V Notes, respectively.

(c) Includes adjustments for the year ended December 31, 2024 for the Oaktree, Crescent Pass, and East Texas II acquisitions to pro forma their results for the full twelve months of operations. Similar adjustments were made for the year ended December 31, 2023 for the Tanos II Acquisition, as well as for the year ended December 31, 2022 for the East Texas I and ConocoPhillips acquisitions.

(d) Does not include adjustments for working capital which are often customary in the market.

Total Revenue, Inclusive of Settled Hedges

As used herein, total revenue, inclusive of settled hedges, accounts for 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.

Adjusted EBITDA Margin

As used herein, adjusted EBITDA margin is calculated as adjusted EBITDA expressed as a percentage of total revenue, inclusive of settled hedges. Adjusted EBITDA margin encompasses the direct operating costs and the portion of general and administrative costs required to produce each Mcfe. This metric includes operating expense, employee costs, administrative costs and professional services, and recurring allowance for credit losses, which cover both 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 evaluates the Group on a more comparable basis period-over-period, especially given our frequent involvement in transactions that are not comparable between periods.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Total revenue	\$ 794,841	\$ 868,263	\$ 1,919,349
Net gain (loss) on commodity derivative instruments ^(a)	151,289	178,064	(895,802)
Total revenue, inclusive of settled hedges	\$ 946,130	\$ 1,046,327	\$ 1,023,547
Adjusted EBITDA	\$ 472,309	\$ 546,788	\$ 502,954
Adjusted EBITDA margin	50%	52%	49%

(a) Net gain (loss) on commodity derivative settlements represents the 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.

Free Cash Flow

As used herein, free cash flow represents net cash provided by operating activities, less expenditures on natural gas and oil properties and equipment, and cash paid for interest. We believe that free cash flow is a useful indicator of our ability to generate cash that is available for activities beyond capital expenditures. The Directors believe that free cash flow provides investors with an important perspective on the cash available to service debt obligations, make strategic acquisitions and investments, and pay dividends.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net cash provided by operating activities	\$ 345,663	\$ 410,132	\$ 387,764
LESS: Expenditures on natural gas and oil properties and equipment	(52,100)	(74,252)	(86,079)
LESS: Cash paid for interest	(123,141)	(116,784)	(83,958)
Free cash flow	\$ 170,422	\$ 219,096	\$ 217,727

Adjusted Operating Cost per Mcfe

Adjusted operating cost per Mcfe is a metric that allows us to measure the direct operating costs and the portion of general and administrative costs required to produce each Mcfe. Similar to adjusted EBITDA margin, this metric includes operating expenses, employee costs, administrative costs and professional services, and recurring allowance for credit losses, encompassing both fixed and variable cost components.

Employees, administrative costs and professional services

As used herein, employees, administrative costs and professional services represents total administrative expenses, excluding costs associated with acquisitions, other adjusting costs, and non-cash expenses. We use this measure because it excludes items that affect the comparability of results or are not indicative of trends in the ongoing business.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Total production (MMcfe)	289,586	299,632	296,121
Total operating expense	\$ 428,902	\$ 440,562	\$ 445,893
Employees, administrative costs and professional services	86,885	78,659	77,172
Recurring allowance for credit losses	101	8,478	—
Adjusted operating cost	\$ 515,888	\$ 527,699	\$ 523,065
Adjusted operating cost per Mcfe	\$ 1.78	\$ 1.76	\$ 1.77

Officers and Professional Advisors

Directors	David E. Johnson (Non-Executive Chairman (Independent upon appointment)) Martin K. Thomas (Non-Executive Vice Chairman) Rusty Hutson, Jr. (Chief Executive Officer) David J. Turner, Jr. (Independent Non-Executive Director) Sandra M. Stash (Independent Non-Executive Director) Kathryn Z. Klaber (Independent Non-Executive Director) Sylvia Kerrigan (Senior Independent Non-Executive Director) (for the entirety of 2024 through January 24, 2025)	
Registered Number	09156132 (England and Wales)	
Registered Office	4th floor Phoenix House 1 Station Hill Reading, Berkshire, RG1 1NB United Kingdom	
Headquarters	1600 Corporate Drive Birmingham, Alabama 35242 United States	
Company Secretary	Apex Secretaries LLP 6th Floor 140 London Wall London EC2V 5DN United Kingdom	
Independent Auditors, United Kingdom	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom	
Independent Registered Public Accounting Firm, United States	PricewaterhouseCoopers LLP 569 Brookwood Village #851 Birmingham, AL 35209 United States	
Legal Advisor, United Kingdom	Latham & Watkins (London) LLP 99 Bishopsgate London ECM2 3XF United Kingdom	
Legal Advisor, United States	Gibson, Dunn & Crutcher LLP 811 Main Street Suite 3000 Houston, TX 77002	
Competent Person	Netherland, Sewell & Associates, Inc. 2100 Ross Avenue, Suite 2200 Dallas, Texas 75201 United States	
Share Registrar	ComputerShare Investor Services PLC The Pavilions, Bridgewater Road Bristol, BS13 8AE United Kingdom	
Brokers	Tennyson Securities 23rd Floor, 20 Fenchurch Street London EC3M 3BY United Kingdom Stifel Nicolaus Europe Limited 150 Cheapside London, EC2V 6ET United Kingdom	Peel Hunt LLP 7th Floor, 100 Liverpool Street London EC2M 2AT United Kingdom

Glossary of Terms

£

British pound sterling

\$

U.S. dollar

ABS

Asset-Backed Security

Adjusted EBITDA

Adjusted EBITDA is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted EBITDA margin

Adjusted EBITDA margin is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted operating cost

Adjusted operating cost is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted operating cost per Mcfe

Adjusted operating cost per Mcfe is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

AIM

Alternative Investment Market

APM

Alternative Performance Measure

Bbl

Barrel or barrels of oil or natural gas liquids

Bcfe

Billions of cubic feet equivalent

Board or BOD

Board of Directors

Boe

Barrel of oil equivalent, determined by using the ratio of one Bbl of oil or NGLs to six Mcf of natural gas. The ratio of one barrel of oil or NGLs to six Mcf of natural gas is commonly used in the industry and represents the approximate energy equivalence of oil or NGLs to natural gas, and does not represent the economic equivalency of oil and NGLs to natural gas. The sales price of a barrel of oil or NGLs is considerably higher than the sales price of six Mcf of natural gas.

Boepd

Barrels of oil equivalent per day

Btu

A British thermal unit, which is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.

CO₂

Carbon dioxide

CO₂e

Carbon dioxide equivalent

CEO

Chief Executive Officer

CFO

Chief Financial Officer

COO

Chief Operating Officer

DD&A

Depreciation, depletion and amortization

E&P

Exploration and production

EBITDA

Earnings before interest, tax, depreciation and amortization

EBITDAX

Earnings before interest, tax, depreciation, amortization and exploration expense

EHS

Environmental, health & safety

Employees, administrative costs and professional services

Employees, administrative costs and professional services is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

EPA

Environmental Protection Agency

EPS

Earnings per share

ERM

Enterprise Risk Management

ESG

Environmental, Social and Governance

EU

European Union

Free cash flow

Free cash flow is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

FTSE

Financial Times Stock Exchange

G&A

General and administrative expense

GBP

British pound sterling

Henry Hub

A natural gas pipeline delivery point that serves as the benchmark natural gas price underlying NYMEX natural gas futures contracts.

IAS

International Accounting Standard

IASB

International Accounting Standards Board

IPO

Initial public offering

IFRS

International Financial Reporting Standards

KWh

Kilowatt hour

LIBOR

London Inter-bank Offered Rate

LOE

Base lease operating expense is defined as the sum of employee and benefit expenses, well operating expense (net), automobile expense and insurance cost.

LSE

London Stock Exchange

Lost Time Incident Rate ("LTIR")

LTIR is the number of work-related lost time incidents per 200,000 work hours.

M&A

Mergers and acquisitions

Mbbls

Thousand barrels

Mboe

Thousand barrels of oil equivalent

Mboepd

Thousand barrels of oil equivalent per day

Mcf

Thousand cubic feet of natural gas

Mcfe

Thousand cubic feet of natural gas equivalent

Midstream

Midstream activities include the processing, storing, transporting and marketing of natural gas, NGLs and oil.

Mmboe

Million barrels of oil equivalent

Mmbtu

Million British thermal units

Mmcf

Million cubic feet of natural gas

Mmcfe

Million cubic feet of natural gas equivalent

Mont Belvieu

A mature trading hub with a high level of liquidity and transparency that sets spot and futures prices for NGLs.

MT CO2e

Metric ton of carbon dioxide equivalent

Motor Vehicle Accidents ("MVA")

MVA is the rate of preventable accidents per million miles driven.

MT

Metric ton

Net debt

Net debt is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Net zero

Achieving an overall balance between carbon emissions produced and carbon emissions taken out of the atmosphere, which includes making changes to reduce emissions to the lowest amount and offsetting as a last resort. For Diversified net zero means total Scope 1 and 2 GHG emissions.

NGLs

Natural gas liquids, such as ethane, propane, butane and natural gasoline that are extracted from natural gas production streams.

NYMEX

New York Mercantile Exchange

Oil

Includes crude oil and condensate

OGMP 2.0

Oil & Gas Methane Partnership 2.0 is a voluntary measurement-based methane emissions reporting initiative of the United Nations Environmental Program, where a Gold Standard recognition represents the highest levels (Level 4/5) of reporting.

OSHA

Occupational Safety and Health Administration

Performance Share Award

Performance stock unit award

PSU

Performance stock unit

PV-10

A calculation of the present value of estimated future natural gas and oil revenues, net of forecasted direct expenses, and discounted at an annual rate of 10%. This calculation does not consider income taxes and utilizes a pricing assumption consistent with the forward curve at December 31, 2024.

Realized price

The cash market price less all expected quality, transportation and demand adjustments.

Restricted Share Award

Restricted stock unit award

RSU

Restricted stock unit

SAM

Smarter Asset Management

SOFR

Secured Overnight Financing Rate

TCFD

Task Force on Climate-Related Financial Disclosures

Total Recordable Incident Rate ("TRIR")

TRIR is the number of work-related injuries per 200,000 work hours.

Total revenue, inclusive of settled hedges

Total revenue, inclusive of settled hedges, is an APM. Refer to [APMs](#) within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

TSR

Total Shareholder Return

TTM

Trailing twelve months

UK

United Kingdom

U.S.

United States

USD

U.S. dollar

WTI

West Texas Intermediate grade crude oil, used as a pricing benchmark for sales contracts and NYMEX oil futures contracts.



2023 Annual Report

Our Core Values

We CARE for each other, our communities, our industry and our country!



COMMITMENT

- Seek opportunities for continuous learning and improvement.
- Serve and support our teams and communities with passion and enthusiasm.

ACCOUNTABILITY

- Act with personal and business integrity.

RESPECT

- Value the dignity and worth of all individuals.
- Respect environmental stewardship as we make business decisions.

EXCELLENCE

- Commit to excellence in our performance.
- Exhibit courage of convictions, challenge the status quo and strive to create value.

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We have prepared our financial statements and the notes thereto in accordance with UK-adopted international accounting standards and IFRS as issued by the International Accounting Standards Board. To provide metrics that we believe enhance the comparability of our results to similar companies, throughout this Annual Report, we refer to Alternative Performance Measures ("APMs"). APMs are intended to be used in addition to, and not as an alternative for the financial information contained within the Group Financial Statements, nor as a substitute for IFRS. Within the APMs section located in the Additional Information section within this Annual Report, we define, provide calculations and reconcile each APM to its nearest IFRS measure. These APMs include "adjusted EBITDA," "net debt," "net debt-to-adjusted EBITDA," "total revenue, inclusive of settled hedges," "adjusted EBITDA margin," "free cash flow," "adjusted operating cost per Mcfe," and "employees, administrative costs and professional services"

Diversified Energy Company PLC (the “Parent” or “Company”) and its wholly owned subsidiaries (the “Group,” “DEC,” or “Diversified”) is an independent energy company engaged in the production, transportation and marketing of primarily natural gas.

Our proven business model creates sustainable value in today’s natural gas market by investing in producing assets, reducing emissions and improving asset integrity while generating significant, hedge-protected cash flows. We Acquire, Optimize, Produce and Transport natural gas, natural gas liquids and oil from existing wells then Retire our wells at the end of their life to optimally steward the resource already developed by others within our industry, reducing the environmental footprint, while sustaining important jobs and tax revenues for many local communities. While most companies in our sector are built to explore and develop new reserves, we fully exploit existing reserves through our focus on safely and efficiently operating existing wells to maximize their productive lives and economic capabilities, which in turn reduces the industry’s footprint on our planet.

Key Achievements

Accretive Growth

Investment in the Tanos II Central Region acquisition totaled \$262 million and bolstered average daily production by 8%.

Asset Monetization

Unlocked value on non-core assets through the sale of undeveloped acreage and non-operated well interests for total consideration of \$66 million.

U.S. Listing

Commenced trading on the New York Stock Exchange under the “DEC” ticker in December 2023, expanding access to U.S. investors and improving trading liquidity.

Prioritizing Sustainability

Realized 33% year-over-year reduction in Scope 1 methane intensity, achieving our 2030 goal of cumulative 50% reduction in Scope 1 methane intensity (from 2020 baseline) and driven largely by our focused and continual emissions detection, measurement and mitigation programs in both our Appalachia and Central regions.

Financing

Executed the sale of certain producing assets in Appalachia to a special purpose vehicle “SPV”, generating proceeds of approximately \$192 million through placement of an asset-backed securitization at the SPV, including the sale of an 80% equity interest in the SPV for \$30 million.

Delivering Shareholder Value

Share buybacks and distributed dividends represent \$179 million in return of capital to shareholders.

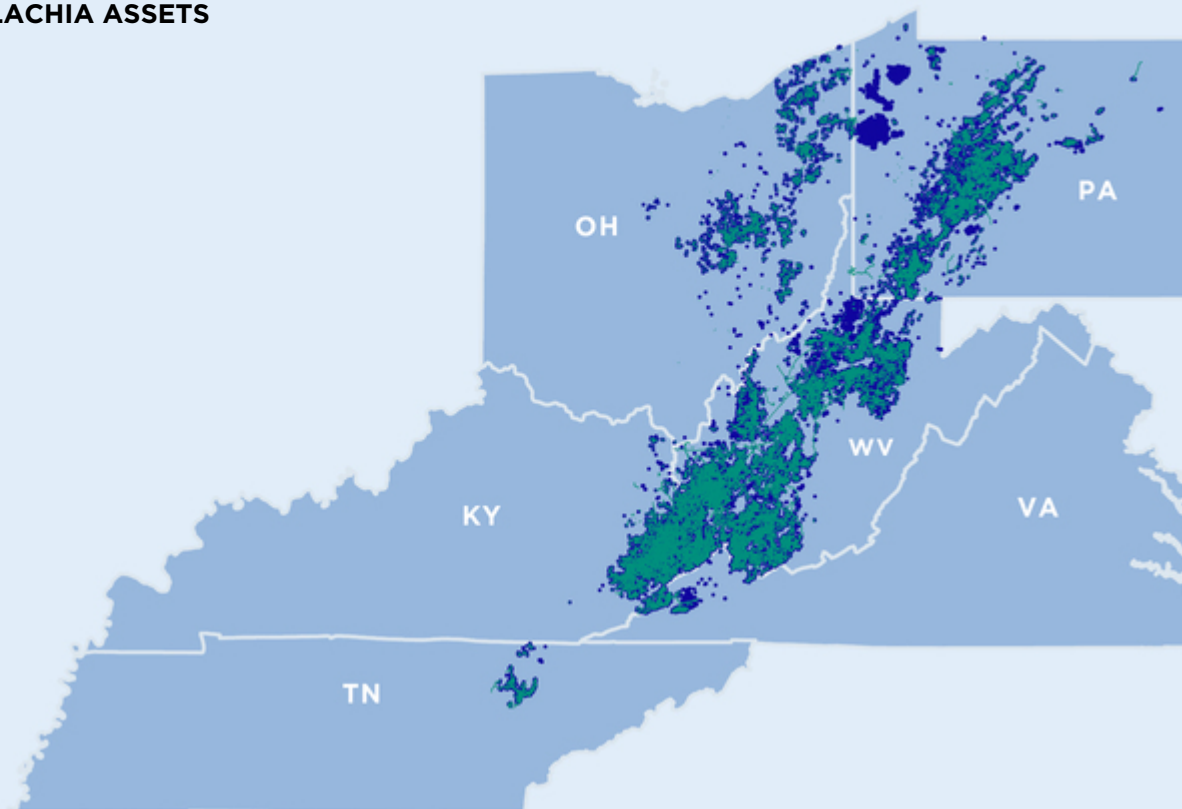


DEC at a Glance

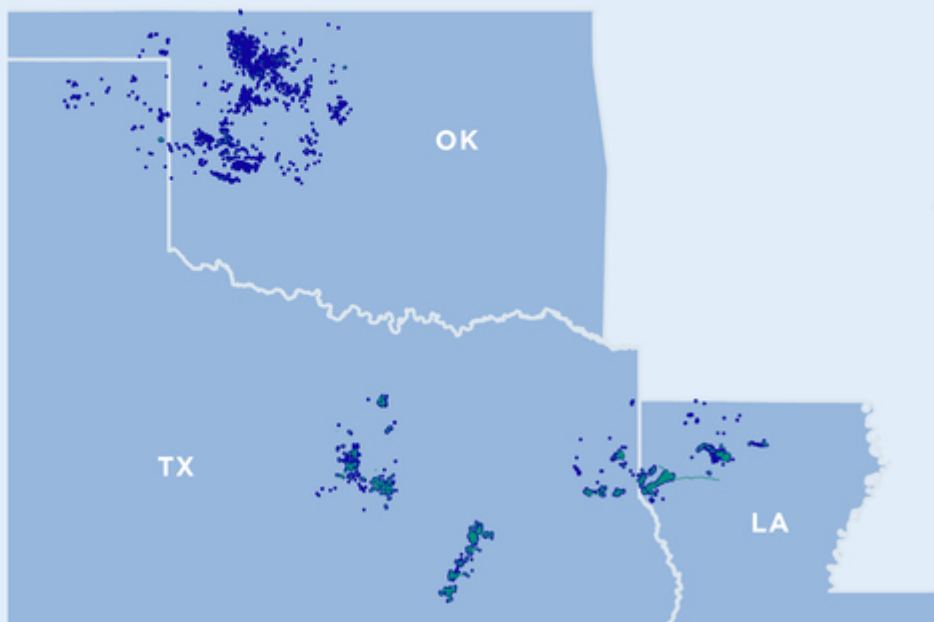
Our Assets

Our assets primarily consist of long-life, low-decline natural gas wells and gathering systems located within the Appalachian Basin and Central Region of the U.S., providing opportunistic synergies in our operations. Our headquarters are located in Birmingham, Alabama with operational and field offices located throughout the states in which we operate.

APPALACHIA ASSETS



CENTRAL ASSETS



KEY

- Upstream assets
- Midstream assets
- States in which we operate

Key Facts

ASSET FACTS

PRODUCTION MIX

86%

natural gas

12%

NGLs

2%

oil

PRODUCTION

256,378

natural gas (MMcf)

5,832

NGLs (MBbls)

1,377

oil (MBbls)

PV-10 VALUE OF RESERVES

\$3.2

billion^(a)

3,849,946

MMcfe

MIDSTREAM SYSTEM

~17,700

miles

SUSTAINABILITY FACTS

SCOPE 1 METHANE EMISSIONS INTENSITY

0.8

MT CO₂e/MMcfe

NO LEAK RATE ON SURVEYED WELLS

~98%

Group-wide

AERIALY SURVEYED MIDSTREAM MILES

~10,000

miles

REPORTABLE SPILL INTENSITY

0.08

oil & water per MBbl

FINANCIAL HIGHLIGHTS

NET INCOME

\$760

million

TOTAL REVENUE

\$868

million

ADJUSTED EBITDA MARGIN^(b)

52%

ADJUSTED EBITDA^(b)

\$543

million

^(a) Based on NYMEX strip pricing.

^(b) Please refer to the **APMs** section in **Additional Information** within this Annual Report for information on how these metrics are calculated and reconciled to IFRS measures.



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Chairman's Statement

“

Together with our resilient business model, we have been able to deliver strong results which have benefited all stakeholders.

On behalf of the Board of Directors, I am pleased to share our financial and operational results that reflect the hard work, dedication, and focus of the entire Diversified team. Their consistent execution of our strategy and management initiatives has driven another year of strong environmental, financial, and operational performance.

Throughout 2023, we continued to focus on cash flow generation, capital discipline, and balance sheet management. This, together with our resilient business model, means we have been able to deliver strong results which have benefited all stakeholders.

In addition, we are proud of the part we are playing in responsibly providing the energy needed for our communities and country, as well as meeting growing demand beyond the U.S.

Since 2017, Diversified's demonstrated track record has delivered more than \$800 million in returns to the Group's stockholders including approximately \$700 million in cash dividends paid and declared, along with approximately \$110 million in share repurchases.

The Board's dedication to shareholder returns remains an absolute priority. We continuously refine the capital allocation framework in order to balance debt reduction, sustainable fixed dividends, strategic share repurchases and accretive acquisitions. We are proposing a final fourth quarter 2023 dividend of \$0.29 which allows us to focus our cash flows on what we believe are the highest and best uses of capital. We are confident that this new level will be sustainable, and will also allow for continued debt reduction, more flexibility for alternative capital returns, and for funding future growth.

We believe that our share price has been significantly undervalued for some while and has been affected by the structural de-equitization of the UK share market. We have, therefore, also authorized a share buyback program, which we believe will be an effective use of our capital and will further increase total shareholder returns.

Part of our business model and strategy revolves around the continued addition of growth opportunities. We identified a listing on the New York Stock Exchange, in addition to the London listing, as an opportunity that could help to add significant value and were pleased to deliver on that key milestone this year. We view the NYSE listing as a great opportunity to expand access to U.S. investors and improve trading liquidity. We continue to evaluate opportunities to grow and to increasingly make Diversified the "Right Company at the Right Time."

Another important part of our focused strategy is to create value through sustainability and stewardship. Over the past year, we have made significant progress with our methane emissions program, reducing emissions by over 33% from 2022 and achieving our 2030 goal meaningfully ahead of schedule. We are proud that we received recognition from the United Nations' Oil & Gas Methane Partnership 2.0 (OGMP), being awarded the Gold rating for the second year. Our initiatives related to methane emission reductions are of paramount importance, and it gives us great confidence to see this recognized by international bodies.

Operationally, we conducted over 246,000 leak detection surveys using industry-leading and proven detection equipment, and attaining a zero emissions rate of approximately 98%, proving the positive impact of our actions to eliminate methane leaks. Next LVL Energy, our asset retirement business, has continued to grow and contribute significantly to safe and efficient well retirements, retiring a total of 404 wells. This achievement included retiring a total of 222 Diversified wells in 2023, significantly exceeding state agreements. Additionally, our partnership with states on their orphan well programs resulted in 148 retired wells. We are immensely proud of the material investments we have made to lower our methane intensity, and to safely retire wells, and we remain focused on delivering continuous improvement.

The Board and its Committees continue to operate effectively and are active in both supporting and challenging strategic discussions. There is an exceptional depth of knowledge and diversity of thinking. We again conducted a Board Performance Review during 2023 and will continue to ensure that we comply with all governance guidelines.

As we look ahead to 2024 and beyond, I would like to recognize the quality of the team we have at Diversified, across the entire Group. I am very grateful for their work and look forward to future successes as a company in the years to come. In particular, I would like to thank the Executive Team, led by Rusty Hutson, Jr., who navigated the team through a year that has seen its share of broader challenges, notably an unfavorable commodity price environment. I also wish to express gratitude to our shareholders, lenders, and other stakeholders for their trust in our commitment to deliver long-term sustainable value and their support whilst we provide essential energy security and continue to care for our communities.

D.E. Johnson

David E. Johnson
Chairman of the Board
March 19, 2024



Chief Executive's Statement

The fundamental need for natural gas is well-cemented in our domestic and global energy outlooks. Natural gas is the essential fuel to tackling global challenges – from enhancing energy security of the United States and allies around the world to addressing the universally shared need for reliable, affordable, and sustainable power, natural gas demand remains strong.

It's against this backdrop of rising global energy demand, consolidation in the U.S. energy markets, and enhanced expectations for sustainably produced energy that the case for Diversified's stewardship business model sharpens. Thanks to our approach – focused on acquiring, improving, and retiring existing, long-life U.S. energy assets and honed through two decades of field experience – Diversified is the "Right Company at the Right Time" to responsibly manage existing domestic natural gas and oil production in a manner that's consistent with environmental stewardship and a lower-carbon energy future.

We continue to aggressively pursue this mission each and every day, and 2023 was no different. From closing the Tanos II acquisition – which increased our footprint in the Central Region and aligned with our stewardship and sustainability commitments – to ending the year with dual-listing on the New York Stock Exchange, 2023 was a year focused on execution against our core business objectives.

Through our focused commitment to responsible asset management, we continue to drive methane intensities downward, while returning wells to production and gaining operational efficiencies. Compared to a 2020 baseline, upstream methane intensity has fallen over 50%, achieving our 2030 goal meaningfully ahead of schedule, and we are continuing to take aggressive steps to optimize environmental performance across our operating areas. By viewing asset retirement as a business opportunity, Diversified's Next LVL Energy subsidiary is the largest well retirement company in Appalachia. Our focus on asset retirement stands out, with our dedicated teams responsibly retiring 404 wells in 2023 alone, as no other company is addressing state orphaned and end-of-life wells head-on like we are.

This focus on sustainability principles has been validated on the domestic and global stage, with sustained Gold standard designations from the United Nation's Oil and Gas Methane Partnership 2.0 (second year), attainment of the second-highest MSCI ESG "AA" rating, and multiple sustainability awards, to name a few. Last year's sustainability report detailing our proactive approach took home the ESG Report of the Year by the international ESG Awards 2023 for speaking to "both head and heart," while also receiving the top category nomination from IR Magazine. I am proud to see the hard work of our employees recognized as industry leaders time and again.

We also continue to expand Diversified's community-giving culture in the communities where we live and work, and we're privileged to strengthen our corporate commitments to employees. We fully recognize none of this progress would be possible without our 1,600+ diligent team who work every day to ensure families across the United States have safe, clean, and reliable energy resources.

In the year ahead, we are taking a renewed focus on the values on which Diversified was founded: investing in strategic, aligned acquisitions that scale our model and deliver greater operational efficiencies, taking proactive steps to ensure the sustainability of assets, keeping costs low and de-leveraging the balance sheet – all while returning value to shareholders.

Diversified has set in motion its "Focus Five" in order to demonstrate meaningful expansion of free cash flow generation while growing the company in a disciplined manner. That plan consists of the following core objectives:

- Optimized cash flow generation
- Cost structure optimization
- Financial and operational flexibility
- Sustainability innovation
- Scale through accretive growth

I believe these principles will help differentiate the Company among its peers in unlocking corporate value throughout 2024 and into the future.

The Company has undertaken a reassessment of its capital allocation strategy to weigh the intrinsic value of the current share price level against the historical practice of returning capital through dividends. The Board and executive management team have jointly evaluated a number of potential scenarios to align the dividend level with expected future capital allocation needs, peer trends, current commodity prices and current equity market dynamics.

The result of this assessment is the Board's realignment of capital allocation and is designed to best position the Company to create long-term shareholder value through the proper combination of:

- Systematic debt reduction
- Fixed per-share dividend
- Strategic share repurchases
- Accretive strategic acquisitions

We are proud to be part of the solution to the broader challenge of existing energy infrastructure and to do our part in driving our country's energy, climate, and economic security – and we couldn't do it without our OneDEC team.



Robert R. ("Rusty") Hutson, Jr.
Chief Executive Officer
March 19, 2024

“

Diversified is the *Right Company at the Right Time* to responsibly manage existing domestic natural gas and oil production in a manner that's consistent with environmental stewardship and a lower-carbon energy future.



A Differentiated Business Model

Vertical Integration

Focused Execution

1 ACQUIRE

We maintain a disciplined approach to evaluating opportunities to ensure that we only pursue those that possess a consistent asset profile. We target existing long-life, stable assets with synergistic opportunities that produce predictable and stable cash flows, are value accretive, margin enhancing and strategically complementary.

2 OPTIMIZE

The primarily mature nature of the assets we acquire provides us with a portfolio of low-cost optimization opportunities. These optimization activities, applied through our internally developed SAM program, are strategically important as they aid in offsetting natural production declines, creating expense efficiency and reducing our emissions.

3 PRODUCE

Our culture makes the difference as our team of industry veterans strive to efficiently produce as many units as possible in a safe and environmentally responsible manner, aligning both environmental and financial best interests.

4 TRANSPORT

We seek to acquire midstream systems into which we are a large producer and more fully integrate those assets into our upstream portfolio to provide immediate and long-term synergies.

5 RETIRE

We embrace our commitment to be a responsible operator of existing assets. With safety and environmental stewardship as top priorities, we design our asset retirement program to permanently retire wells that have reached the end of their producing lives. During 2022, we made investments that allowed us to meaningfully expand our asset retirement capabilities through a series of acquisitions that we believe have provided us with the operational capacity to be a leader in asset retirement.

DAILY OPERATING PRIORITIES

Safety

No compromises. Ensuring the care and well-being of our employees, our families, our partners and communities is our top priority.



Production

Every unit counts. Ensuring that every unit we safely produce provides affordable and reliable energy to our communities and generates value for our shareholders.



Efficiency

Every dollar counts. Ensuring every dollar we spend protects our employees and communities and grows the investment of our shareholders.



Enjoyment

Have fun delivering great results. Ensuring our company is an attractive place to work, encouraging innovation and celebrating our employees' accomplishments.



STRATEGY

Acquire long-life stable assets



Operate our assets in a safe, efficient and responsible manner



Generate reliable free cash flow



Retire assets safely and responsibly



Why We Are Different

Priorities

see page 7

Strategy

see page 11

Sustainability

see page 33

Risk

see page 79

Our business model and the corporate culture we cultivate is unique among the natural gas and oil industry in that we do not engage in capital-intensive drilling and development. Rather, our stewardship model focuses on acquiring existing long-life, low-decline producing wells and, at times, their associated midstream assets, and then efficiently managing the assets to improve or restore production, reduce unit operating costs, reduce emissions and generate consistent free cash flow before safely and permanently retiring those assets at the end of their useful lives.

Value Creation

Execute Commodity Hedges to Secure Healthy Margins

Protect our ability to provide durable shareholder returns

Generate Reliable Free Cash Flow

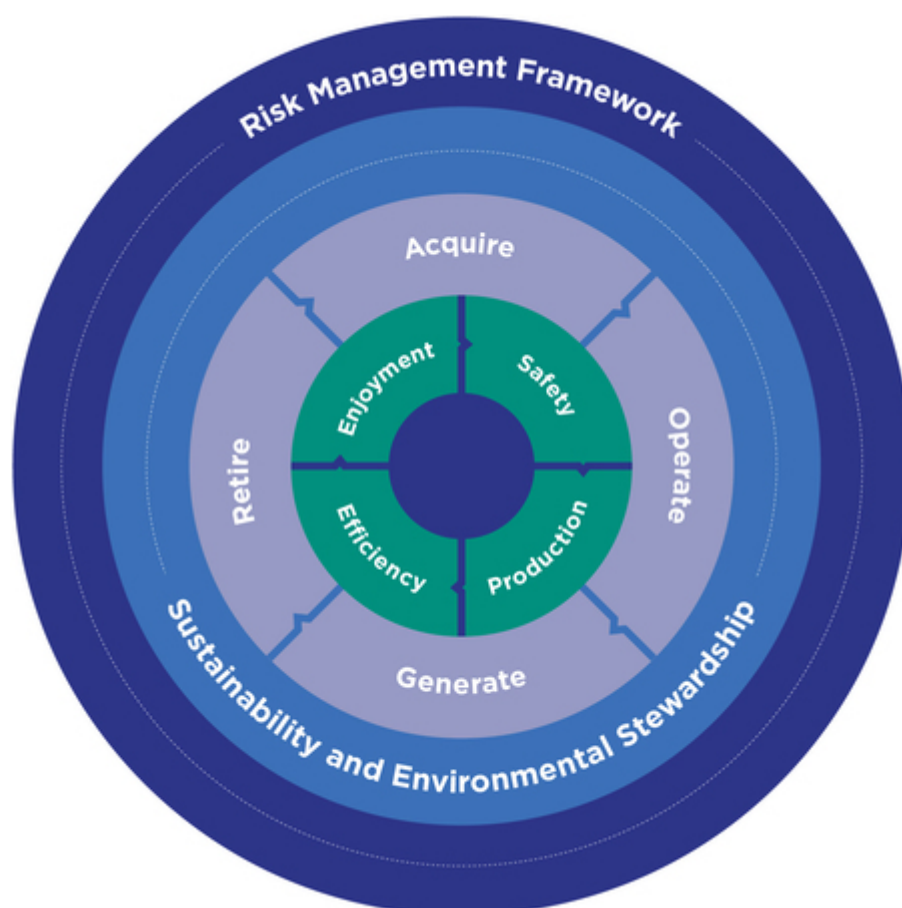
Maintain adjusted EBITDA margins, low capital intensity and low LOE per unit

Provide Durable Shareholder Returns

Create value for our shareholders via debt reduction, fixed dividends, strategic share repurchases and accretive acquisitions

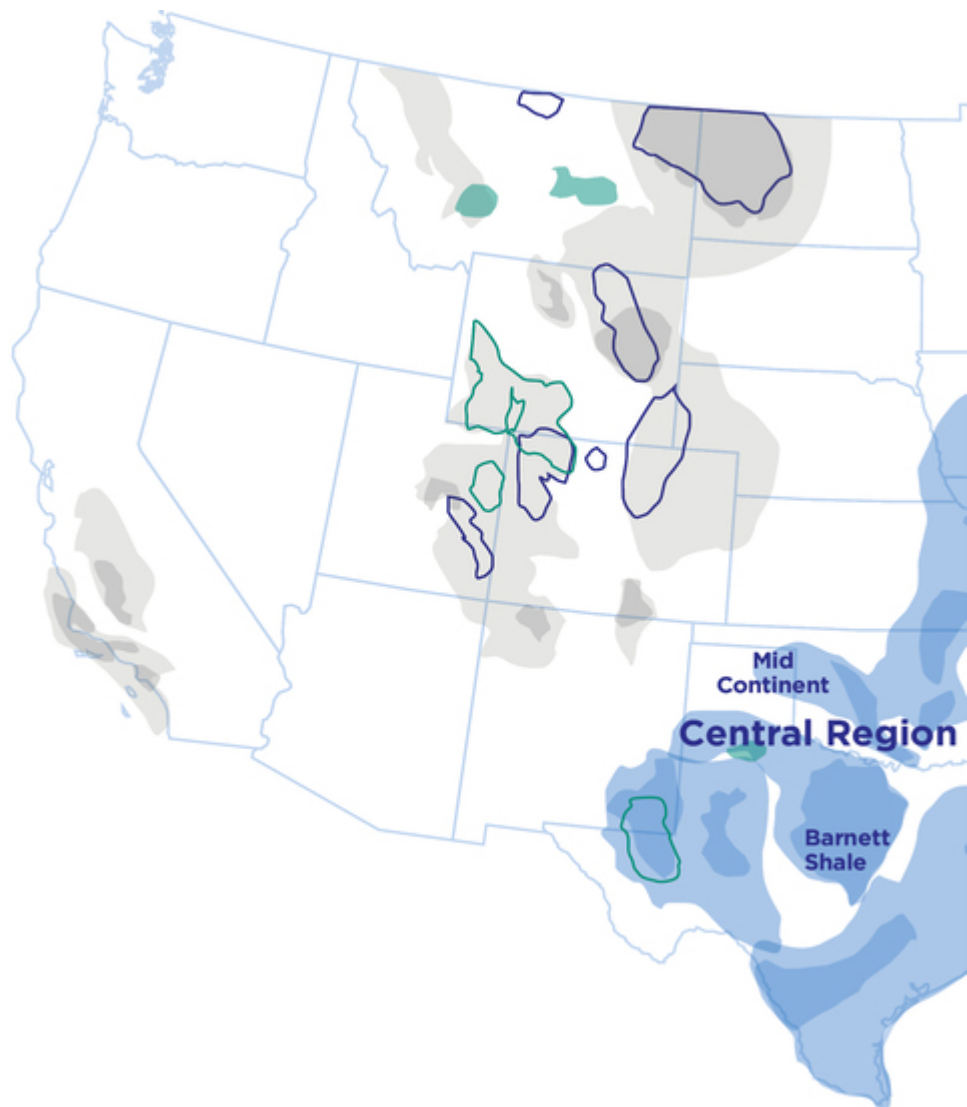
Maintain A Healthy Balance Sheet

Maintain low leverage, ample liquidity and access to additional capital for opportunistic growth



Geographic Operating Areas

U.S. NATURAL GAS PLAYS



Our Operating Areas

CENTRAL REGION

Our Central Region includes parts of Texas, Louisiana and Oklahoma, and is home to a number of asset rich natural gas and oil formations. We currently operate within Texas, Louisiana and Oklahoma in the following plays:

Haynesville, Bossier and Cotton Valley

While in a relatively similar geographic region of East Texas and West Louisiana, the Bossier shale lies directly above the Haynesville shale but beneath the Cotton Valley sandstones. A key benefit to operations in this region is the ability to access consistent natural gas pipeline transportation from the wellhead to the Gulf Coast, an area of strong demand and advantageous pricing. This access to strong pricing and takeaway capacity has made it a desirable area for developers and one of rapid growth, particularly in the Haynesville, with Cotton Valley and Bossier viewed as more mature. As the wells in this region continue to mature and decline rates continue to shallow and become more predictable, it will be a fertile ground for our continued expansion.

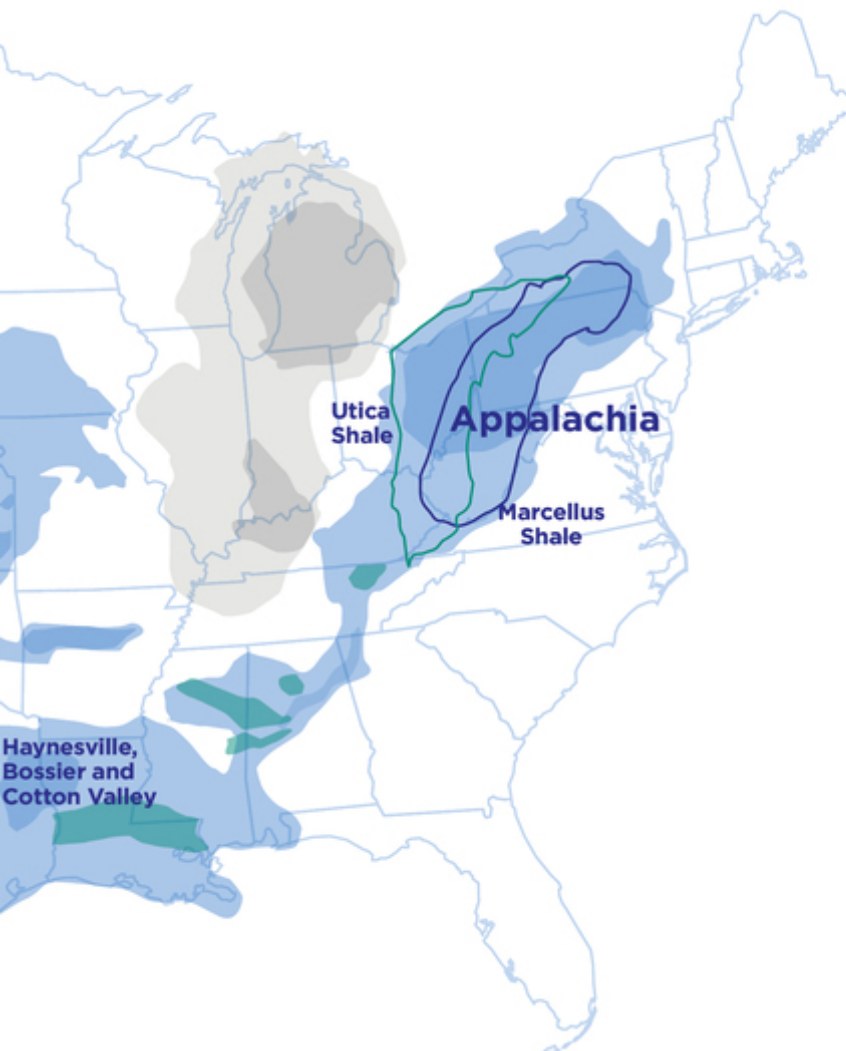
Barnett

An original shale play in the U.S., the Barnett shale is located in North Texas and is a geological formation rich in natural gas. The Barnett is home to some of the first horizontal drilling and hydraulic stimulation that occurred in the early

1990s, unlocking the U.S. shale revolution. For a time during the early 2000s, the Barnett was the largest natural gas producing shale play in the U.S. Though drilling in this area has largely subsided, the maturity of the play with its now vast portfolio of low decline rate wells makes this area available for opportunities to complement our existing mature portfolio through future acquisitions.

Mid Continent

The Mid Continent region stretches across Oklahoma, Kansas and the Texas panhandle and is generally understood to reference the Fayetteville, Woodford, Granite Wash, Springer, Sycamore and Cana Woodford shale natural gas plays along with numerous other conventional and unconventional natural gas reservoirs in the Arkoma Basin, Ardmore Basin and Anadarko Basin. This mature and developed region has undergone a redevelopment renaissance over the last several years through the use of hydraulic stimulation and horizontal drilling. It is an asset rich environment with an abundance of mature wells and developed transportation infrastructure making it a valuable complement to our current portfolio.



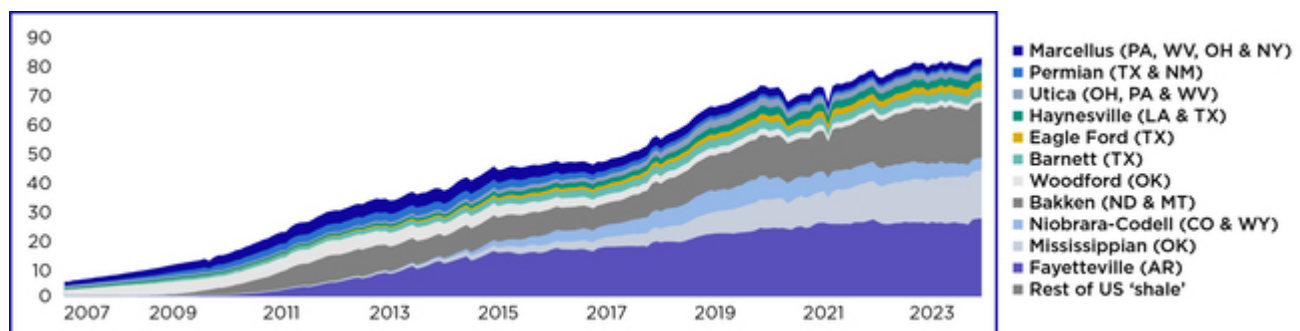
APPALACHIA

The Appalachian Basin spans Pennsylvania, Virginia, West Virginia, Kentucky, Tennessee and Ohio and consists of two productive unconventional shale formations, the Marcellus Shale and the slightly deeper Utica Shale. Together they accounted for 38% of all U.S. dry natural gas production in 2023. Diversified began operating here in 2001, more than twenty years ago, firmly establishing the Group as a consolidator of assets and exceptional operator. Appalachia is home to many mature, low-decline conventional and unconventional wells matching our target asset profile.

- Current play - oldest play
- Current play - intermedia depth/age play
- Current play - shallowest/youngest play
- Prospective play
- Basin

U.S. DRY SHALE GAS PRODUCTION

billion cubic feet per day

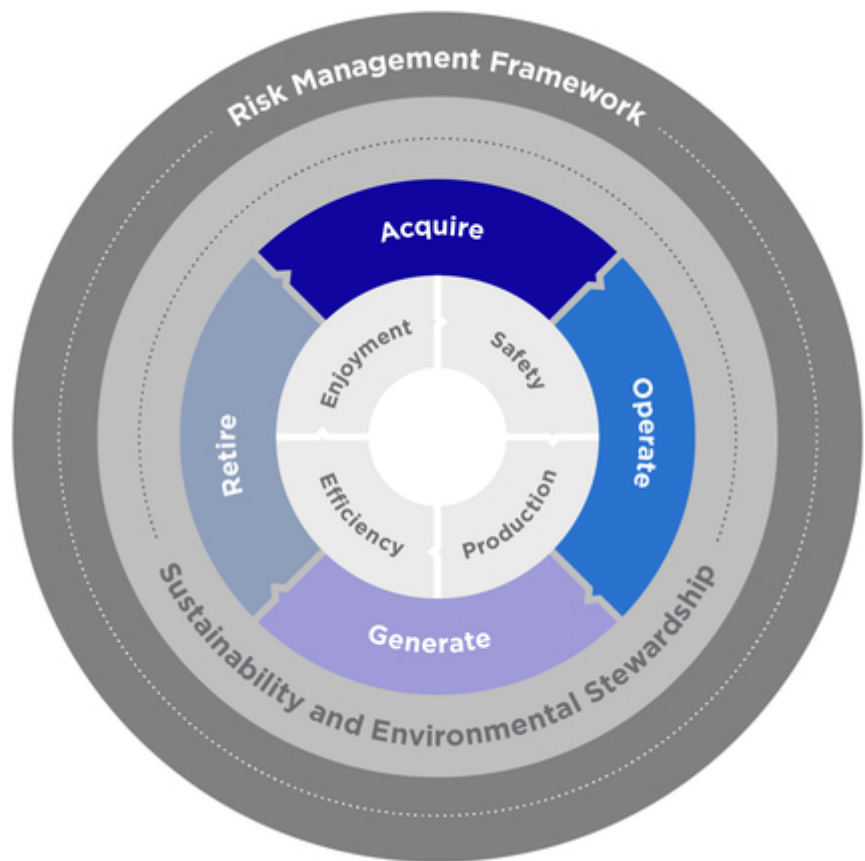


Sources: Graph by the U.S. Energy Information Administration ("EIA") based on state administrative data collected by Enverus. Data are through December 2023. The EIA updated the factors it uses to convert gross natural gas to dry natural gas based on the latest data. The update affected historical production volumes from some formations. State abbreviations indicate primary state(s).



Strategy

Our rapid growth and ability to generate consistent shareholder return stems from our unique business model and successful execution of straight-forward, low-risk, disciplined and proven operating techniques.



ACQUIRE

Acquire long-life stable assets

We practice a disciplined approach to acquire long-life stable assets by targeting low-decline producing assets that are value accretive, high margin and strategically complementary, while also applying extensive environmental, social, land and legal due diligence.



OPERATE

Operate our assets in a safe, efficient and responsible manner

Our operational strategy and success is closely aligned with the culture we created through our four guiding operational priorities: Safety, Production, Efficiency and Enjoyment. These four daily priorities are brought to life as part of our SAM program which our team lives and breathes every day as they work to safely deliver clean, affordable and reliable energy.



GENERATE

Generate reliable free cash flow

Our unique business model, coupled with the successful execution of the Acquire and Operate pillars of our corporate strategy, naturally lends itself to generating free cash flow. We aspire to make cash flows predictable and reliable so we can consistently generate shareholder return, pay down debt, fund acquisitive growth, and accomplish our sustainability goals and ambitions.



RETIRE

Retire assets safely and responsibly

At the appropriate time, through our safe and systematic asset retirement program, we safely and permanently retire wells and responsibly restore the well sites as close as possible to their original and natural condition. Our asset retirement program reflects our solid commitment to a healthy environment, the surrounding community and its citizens and state regulatory authorities.



Acquire Long-Life Stable Assets

ONE DEC

Foster a culture of operational excellence through the integration of **People, Process** and **Systems**



ACQUIRE

Target low-decline, producing assets that complement our returns-focused strategy

INTEGRATE

Onboard employees, integrate processes and systems to drive efficiencies and standardization

OPTIMIZE

Empower retained personnel to apply our SAM techniques on acquired assets

CONSOLIDATE

Enhance operating, marketing relationships with increasing scale

PRINCIPAL RISKS

- Corporate Strategy and Acquisition Risk
- Financial Strength and Flexibility Risk
- Climate Risk

2023 ACHIEVEMENTS

- Completed the Tanos II Central Region acquisition for \$262 million, contributing approximately 69 MMcfepd to 2023 production.
- Realized first full year of operations for Next LVL Energy.
-  Utilized environmental and climate screening of target assets to inform acquisition considerations.

TARGETS FOR 2024

-  We will persist in our disciplined approach to acquisitions, focusing on producing assets that align with our stringent investment criteria.
- We will maintain liquidity discipline, ensuring we remain well-positioned in the market to seize opportunities as they arise.
- Our growth strategy will continue to emphasize complementary and synergistic expansion in the Appalachian and Central regions. We will foster strong relationships with development-oriented producers in our operating areas.
- We will actively screen and execute on new basin opportunities, staying agile and responsive to emerging prospects.

KEY PERFORMANCE INDICATORS

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Emissions intensity
- Adjusted operating cost per Mcfe



Operate our Assets in a Safe, Efficient and Responsible Manner

GOAL

Improve safety, optimize production, increase expense efficiency and improve emissions profile

PROCESS

"Data + Human Interaction" coupled with production technology systems, drive activities, process enhancements, refine best practice techniques

RESULT

Practical, profit-focused **SOLUTIONS** developed by our experienced teams

ONGOING INITIATIVES



2023 ACHIEVEMENTS

- Annual production of 299,632 MMcfe.
- Adjusted EBITDA margin of 52%.
-  Achieved 2023 goal to conduct fugitive emission surveys on 100% of Central Region upstream assets.
-  Collectively, conducted ~246,000 voluntary fugitive emission detection surveys within our upstream portfolio, confirming an average ~98% no-leak rate on surveyed sites and allowing us to take meaningful steps towards reducing our emissions profile.
-  Completed aerial light detection and ranging ("LiDAR") surveys covering ~10,000 miles of midstream systems which also included ~9,000 sites (wells, compressor stations and other facilities).
-  Zero non-compliance issues cited after participating in 16 state and federal regulatory agency audits of our operational assets and compliance programs which were completed as part of routine monitoring programs.
-  Our safety-no compromises culture contributed to our preventable motor vehicle accident rate ("MVA") declining 20% year-over-year to 0.55 (accidents to million miles driven).
-  Expanding continuous remote monitoring capabilities through our Gas Control and Integrated Operations Centers promotes safety and efficiency through enhanced visibility of operations.

TARGETS FOR 2024

- We will continue to execute our guiding priorities: Safety, Production, Efficiency, and Enjoyment.
-  Our commitment to responsible stewardship remains unwavering. We will intensely focus on continuous improvement across all sustainability aspects, aiming to exceed our stakeholders' expectations.
- We will maintain our focus on the SAM program to uphold margins, offset natural declines, and capitalize on expense efficiency opportunities.

PRINCIPAL RISKS

- Corporate Strategy and Acquisition Risk
- Climate Risk
- Cybersecurity Risk
- Health and Safety Risk
- Regulatory and Political Risk
- Financial Strength and Flexibility Risk

KEY PERFORMANCE INDICATORS

- Safety Performance
- Emissions intensity
- Consistent adjusted EBITDA margin
- Adjusted operating cost per Mcfe
- Net cash provided by operating activities

 Indicates sustainability achievements and targets.



Generate Reliable Free Cash Flow

PRUDENT ALLOCATION OF CASH FLOW

Allocating Cash Flow



PRINCIPAL RISKS

- Corporate Strategy and Acquisition Risk
- Commodity Price Volatility Risk
- Financial Strength and Flexibility Risk

2023 ACHIEVEMENTS

- Raised our weighted average hedge floor on natural gas production to \$3.87 per Mcf at December 31, 2023 from \$3.63 per Mcf at December 31, 2022.
- Repaid \$277 million in asset backed securitizations illustrating the substantial cash flow generated by our assets.
- Repurchased 646,762 shares through our Share Buyback Program, representing \$11 million in shareholder value above and beyond the \$168 million in dividend distributions.
-  Delivered on our sustainability investment commitment to convert additional natural gas pneumatic devices to compressed air, converting 58 well pads exceeding our goal to convert 30 well pads. We also had significant success with our upstream emissions detection surveys, completed year two of aerial surveillance activities for our midstream assets, and contributed to tree planting and land preservation initiatives primarily with West Virginia State University.

TARGETS FOR 2024

- We will maintain our effective hedging strategy to insulate cash flows. Additionally, we'll make the most of accretive market opportunities to raise our hedge book floor.
-  Our focus remains on securing low-cost sustainability-linked financing. This will support our acquisitive growth while ensuring low leverage and ample liquidity.
-  We will continue to invest in sustainability initiatives, reinforcing our commitment to responsible practices.

KEY PERFORMANCE INDICATORS

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Consistent adjusted EBITDA margin
- Emissions intensity
- Adjusted operating cost per Mcfe
- Net cash provided by operating activities



Retire Assets Safely and Responsibly and Restore the Environment to its Natural State



**STEP 1
DEACTIVATION**
Remove product from production equipment.



**STEP 2
WELL DECOMMISSIONING**
Permanently plug and cap wellbore.



**STEP 3
SITE DECOMMISSIONING**
Remove and salvage/dispose of equipment.



**STEP 4
RECLAMATION**
Redistribute soil and revegetate for return to original state.

2023 ACHIEVEMENTS

-  We expanded our asset retirement operations from 15 to 17 rigs.
-  We successfully retired 222 DEC wells, including 21 Central Region wells. This achievement surpasses our goal of retiring 200 wells by 2023 and also exceeds our collective state commitments in Appalachia to retire 80 wells in our primary states of operation.
-  We further retired 182 third-party wells, including 148 state and federal orphan wells and 34 for other third party operators, bringing the total wells retired in Appalachia by the Next LVL team to 383 wells.
-  We permanently retired 18 wells on lands managed by the Pennsylvania Game Commission. We then restored well sites to their natural condition by planting native trees to the region. This dual effort not only reduced noise pollution but also contributed to the restoration of bird habitats.

TARGETS FOR 2024

-  Continue to safely retire wells and aim to exceed state asset retirement programme commitments by identifying and retiring wells at the end of their productive lives.
-  Continue to optimize the vertical integration benefits we can realize with our expanded internal asset retirement capacity.
-  Continue constructive and collaborative dialogue with states and industry associations to innovate and ensure best practices in the well retirement arena.

PRINCIPAL RISKS

- Health and Safety Risk
- Regulatory and Political Risk
- Climate Risk
- Financial Strength and Flexibility Risk

KEY PERFORMANCE INDICATORS

- Net cash provided by operating activities
- Meet or exceed state asset retirement goals
- Emissions intensity

Key Performance Indicators

In assessing our performance, the Directors use key performance indicators (“KPIs”) to track our success against our stated strategy. The Directors assess our KPIs on an annual basis and modify them as needed, taking into account current business developments. The following KPIs focus on corporate and environmental responsibility, consistent cash flow generation underpinned by prudent cost management, low leverage and adequate liquidity to protect the sustainability of the business.

Please refer to the **APMs** section in **Additional Information** within this Annual Report for information on how these metrics are calculated and reconciled to IFRS measures.

MAINTAIN NET DEBT-TO-ADJUSTED EBITDA AT OR BELOW 2.5x

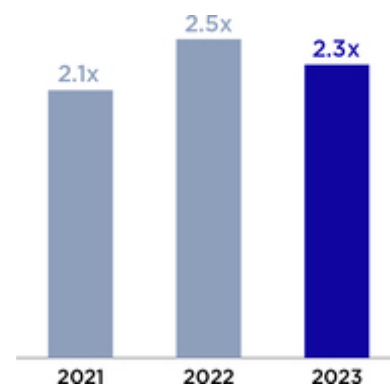
During 2023 our leverage ratio remained consistent at 2.3x and within our preferred goal of 2.0x to 2.5x.

LINK TO STRATEGY

- Acquire long-life stable assets
- Generate reliable free cash flow

^(a) 2023 is pro forma for the Tanos II acquisition completed in March 2023. 2022 is pro forma for the East Texas Assets and ConocoPhillips acquisitions. 2021 is pro forma for the Indigo, Blackbeard, Tanos and Tapstone acquisitions as well as Oaktree's subsequent participation in the Indigo transaction.

NET DEBT-TO-PRO FORMA ADJUSTED EBITDA^(a)



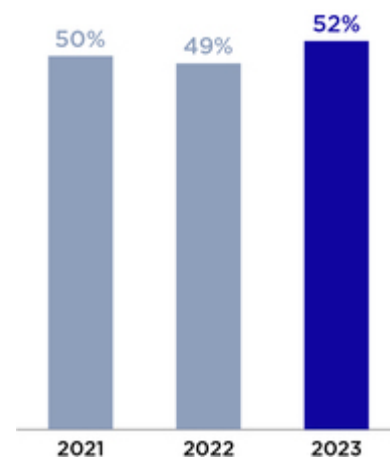
CONSISTENT ADJUSTED EBITDA MARGIN

Total revenue, inclusive of settled hedges for 2023 was \$1,046 million, an increase of 2% compared to 2022. Adjusted EBITDA for 2023 was \$543 million, an increase of 8% compared to 2022.

LINK TO STRATEGY

- Generate reliable free cash flow
- Operate our assets in a safe, efficient and responsible manner

ADJUSTED EBITDA MARGIN



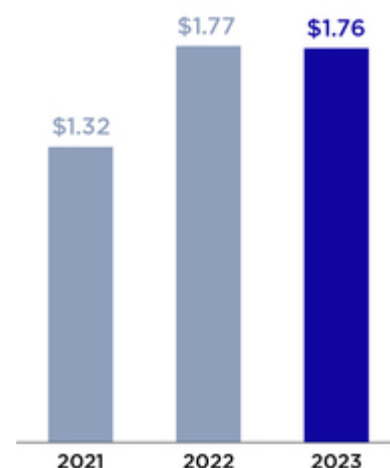
ADJUSTED OPERATING COST PER MCFE

Adjusted operating cost per Mcfe for 2023 was \$1.76, a decrease of 1% compared with 2022.

LINK TO STRATEGY

- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow

ADJUSTED OPERATING COST PER MCFE



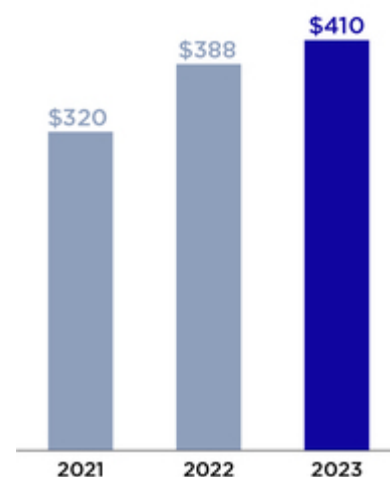
NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities for 2023 was \$410 million an increase of 6% compared with 2022.

LINK TO STRATEGY

- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow
- Retire assets safely and responsibly and restore the environment to its natural state

NET CASH PROVIDED BY OPERATING ACTIVITIES



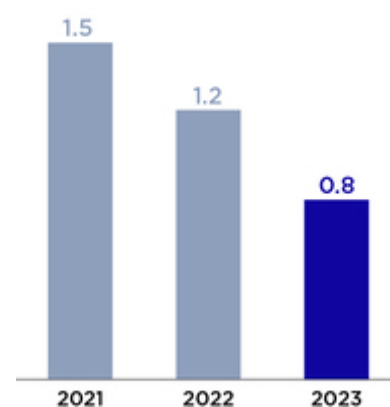
EMISSIONS INTENSITY

Significant improvement in our Scope 1 methane emissions intensity is primarily a result of our team's steadfast focus on leak detection and mitigation across our portfolio, including meeting current year objectives to survey 100% of Central Region upstream assets while continuing like surveys in Appalachia to maintain no leak rates. Conversion of natural gas-driven pneumatic devices to compressed air also supported this tremendous achievement of a 33% year-over-year reduction.

LINK TO STRATEGY

- Acquire long-life stable assets
- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow
- Retire assets safely and responsibly and restore the environment to its natural state

METHANE EMISSIONS INTENSITY (MT CO₂e/MMcfe)



MEET OR EXCEED STATE ASSET RETIREMENT GOALS

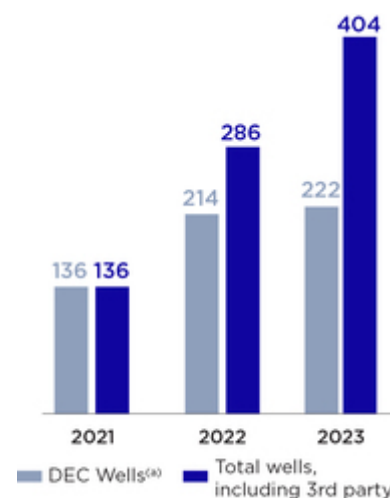
During 2023, we meaningfully expanded our asset retirement operations and permanently retired 222 wells, inclusive of our Central Regions operations. This achievement allowed us to more than double our Appalachian state requirements of 80 wells and exceed our goal to retire 200 wells by the end of 2023. Additionally, with our Next LVL Energy assets, we plugged 182 wells for third parties, including other operators and for the states of Ohio, Pennsylvania and West Virginia.

LINK TO STRATEGY

- Retire assets safely and responsibly and restore the environment to its natural state

^(a) DEC wells inclusive of 14 and 21 Central Region wells retired during 2022 and 2023, respectively.

ACTUAL WELLS RETIRED^(a)



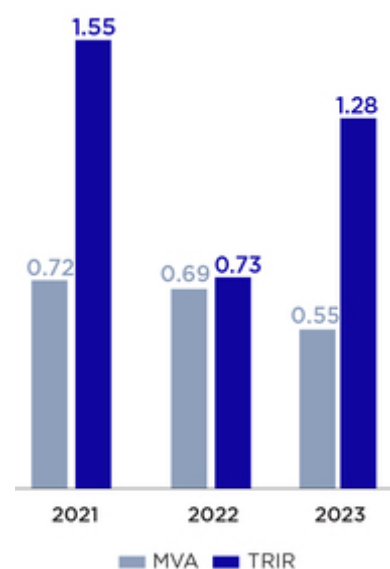
SAFETY PERFORMANCE

Our 2023 MVA rate is 0.55 incidents per million miles driven, a 20% improvement from 2022. Though five of nine operating areas incurred zero incidents in 2023, including two states who have not recorded an incident in more than four years, TRIR increased to 1.28, primarily driven by an increase in reported incidents in the remaining areas, in part a function of short-service employees with less than one year experience under the Group's safety expectations. A new Safety Strategy Committee has been created to identify and advance specific areas for improvement and accountability.

LINK TO STRATEGY

- Operate our assets in a safe, efficient and responsible manner

MOTOR VEHICLE ACCIDENTS & TOTAL RECORDABLE INCIDENT RATE



A Letter from Our Senior VP of Sustainability

“

We remain focused on environmental stewardship as well as meaningful and effective employee and community engagement, delivered with an intentional adherence to a strong foundation of good governance.”



Sustainability Review

Thank you for your interest in Diversified's sustainability journey, which we believe aligns with not only our stewardship business model but also value creation for our stakeholders. I am pleased to share this annual review of the successes and challenges on our 2023 journey, inclusive of updates on key environmental, social and governance objectives.

Of primary importance and consideration to our sustainability efforts is our environmental impact, and specifically our emissions footprint. During 2023, our well tenders and midstream personnel remained focused on progressing voluntary leak detection and repairs and other emission reduction initiatives, while our environmental teams were equally focused on identifying, researching and field testing a multitude of emission abatement or reduction technology alternatives for consideration in our near- and long-term emissions reduction roadmap in order to achieve our stated 2040 net zero goal.

These diligent efforts benefited the Group alongside both our long-standing, proven Smarter Asset Management optimization and efficiency improvement actions and the increasingly demonstrable environmental and risk mitigation wins from our multiple remote monitoring Gas Control and Integrated Operating centers.

As we have said before, we are committed to reporting transparently on our performance, even when it falls short of our expectations. For example, our 2023 personal safety performance did not meet our high standards as it relates specifically to Total Recordable Incident Rate which increased year-over-year as a result of an increase in reported incidents. While our OneDEC corporate culture and number one daily priority of 'Safey-No Compromises' remains steadfast, what is changing is our approach of how improvement is best achieved.

Much like we did previously when liquids spill rates were not meeting our expectations, we have already begun dedicating focused time, attention and manpower to this matter to ascertain how best to move forward with making improvements. Having identified accountability as a key contributor to this shortfall, we have already begun

addressing accountability with both field leadership and staff. We look forward to sharing more about these actions as we work towards delivering on the high expectations we set for ourselves.

During 2023, we also updated our periodic materiality assessment with both internal and external stakeholders, the results of which reflected that employee safety remains our top priority across the stakeholder groups. These results reinforce our desire and drive to promptly and appropriately address all matters related to employee safety, beginning with our work thus far on TRIR.

We remain committed to setting appropriate objectives related to our sustainability journey and reporting transparently on the same. This priority is being recognized in the marketplace as evidenced by our 2022 Sustainability Report receiving the ESG Report of the Year award from ESG Awards 2023 and that same report driving an improved MSCI ESG rating score to Leadership status. Furthermore, the Oil and Gas Methane Partnership 2.0 has awarded our emissions reduction roadmap a Gold Standard Pathway designation for the second consecutive year, signaling the validity of our environmental stewardship model and transparency thereof.

2023 was another successful year in many respects, but we will not stop there as we have much more we want, and need, to do to bolster our long-term sustainability. We will remain focused on environmental stewardship (PLANET) as well as meaningful and effective employee and community engagement (PEOPLE), delivered with an intentional adherence to a strong foundation of good governance (PRINCIPLES).

The best is yet to come!

Teresa B. Odom

Teresa B. Odom

Senior Vice President - Sustainability
March 19, 2024

Additional information on our climate, environmental, safety and social performance will be available in our separate sustainability communications on our [website](#).

Our Strategy Supports Sustainability

Our sustainability strategy is centered around prudent risk management, asset integrity, employee safety, environmental protection, and emissions reduction. From the wellhead to the boardroom, we are committed to our role as responsible stewards of the natural resources we manage, the people we employ and the environment in which we operate. We strive to adhere to quality operating standards with a strong focus on the environment, the health and safety of employees and positive engagement with our local communities.

We believe our efforts to connect the meaningful and differentiated attributes associated with our natural gas will increasingly be recognized by the market as value is progressively placed on highly responsible operators of natural gas assets. We are committed to addressing key climate and environmental issues for our **PLANET** and likewise relevant social issues for the **PEOPLE** across our operations, and doing so with a constant focus on the values and **PRINCIPLES** under which we were founded and continue to operate.



Commitment to Leadership and Transparency

Responsible stewardship and sustainability go hand-in-hand and are at the core of our operations. Through sustainability leadership and our unique business model, we systematically strengthen our performance and execute on our sustainability plans and commitments. We work diligently to foster a culture of stewardship and transparency, and a key aspect of our approach is to seek stakeholder input while also keeping them apprised of progress against our sustainability ambitions.

In 2023, we updated our periodic, formal multi-stakeholder materiality assessment, utilizing our prior materiality assessment, stakeholder outreach and peer benchmarking to identify 29 relevant topics spread among eight key clusters that include health and safety, climate change, environmental management, resource management, socio-economic value creation, our employees, suppliers and partners, and risks and compliance.

We engaged both internal stakeholders such as Board members and employees at all levels and locations as well as external stakeholders across our value chain such as equity and debt investors, financial service providers, trade associations, customers, contractors and suppliers. The assessment was conducted via a third-party, anonymous online survey and the results were then compiled for distribution and review by management and the Sustainability & Safety Committee.

Among the relevant topics, the survey reflected that eight topics of the top ten shared highest materiality among both internal and external stakeholders, including the following:

- Employee safety
- Driver safety
- Cybersecurity
- Legal compliance
- Accident prevention
- Ethical behavior
- Access to funding
- Incident management

Survey over survey, the protection and safety of employees continues to be a top priority while cybersecurity and related data protection protocols was the single largest upward mover and is now a top five priority for internal stakeholders and likewise a top ten priority for external stakeholders. Safe and efficient asset retirement fell out of the top five relevance for both internal and external stakeholders, though remains a top ten priority for external stakeholders. For external stakeholders, emissions control and reductions also fell in relevance, settling among their top 20 material topics. Importantly, all of these issues should not be viewed in isolation as they are increasingly interconnected and can often impact each other.



Our Approach to Sustainability

Our approach to sustainability encompasses consideration of our climate, environmental and social impacts as well as our responsibility to conduct business in accordance with the highest standards of governance. These topics remain front of mind as we proudly accept the responsibility and privilege to be part of the solution to the significant challenges of our country's energy, climate and economic security. To that end,

- by providing a reliable supply of abundant domestic energy from assets that have a significantly smaller environmental footprint than newly drilled wells, we support our nation's **energy security**.
- by making investments and implementing measures to reduce emissions at the facilities we acquire, producing differentiated natural gas through our industry-recognized emissions detection, measurement and mitigation processes, and retiring orphan wells for several states, we are part of the solution for **climate security**.
- by providing an affordable and sustainable domestic energy supply while also providing both direct and

indirect employment, paying mineral royalties, and supporting tax revenues for the communities where we operate, we are grateful to be contributing to our country's **economic security**.

LIFE-CYCLE STEWARDSHIP

With a unique business model that reflects growth through acquisitions and an operating strategy that embodies stewardship of our natural resources and the environment, we understand the importance of a full, life-cycle focus on the assets we manage. As such, we have established an employee-driven, data-focused sustainability program which integrates sustainability considerations and actions throughout our assets' life cycles, beginning with pre-acquisition diligence screening and continuing until we safely and permanently retire the acquired assets at the end of their productive lives. These considerations are the very heart of the operational priorities that collectively represent our proven SAM program, which is designed to increase efficiencies, reduce fugitive greenhouse gas ("GHG") emissions, and deliver improvements in production at existing facilities.

SUPPORTING LONG-TERM SUSTAINABILITY

We view sustainability through the lens of creating long-term sustainable value for our stakeholders while ensuring our daily actions contribute to a sustainable environment and planet for society at large. We demonstrate this focus when we align our stewardship-focused business model and OneDEC culture with our commitment to continuously identify, improve and monitor our sustainability actions, as evidenced through our setting and tracking of relevant and measurable targets.

These targets include, in part, our previously disclosed Scope 1 methane emissions intensity reductions of 30% and 50% by 2026 and 2030, respectively, as compared to our 2020 baseline. Ongoing human and financial capital investments across our asset portfolio, aimed largely at methane reduction through leak detection and repair (“LDAR”) efforts and conversion of natural gas-driven pneumatic devices to compressed air, contributed to a 33% reduction in reported methane emissions intensity for year-end 2023, as further discussed on page 40.

While this accomplishment achieves our 2030 reduction target seven years earlier than anticipated, we continue to seek opportunities to further reduce our methane footprint. In light of forthcoming environmental regulations that may add new source categories of reported emissions, we will evaluate those regulations as we consider new interim targets. Even so, our year-over-year focused efforts and life-cycle stewardship actions will continue to play a vital role in keeping us on track toward our stated goal of Scope 1 and 2 net zero absolute GHG emissions by 2040.

In addition to our own guiding values for sustainability management, we also utilize the United Nations’ Sustainable Development Goals (“SDGs”), which call on individuals, corporations and governments to work together towards the ultimate, unified goal of creating a better and more sustainable future for all citizens globally. At Diversified, we challenge ourselves to consider these topics and more when we effectuate our business model, corporate strategy, sustainability commitments, daily operations, and risk management practices. We believe our OneDEC approach supports important contributions to the SDGs illustrated below, and we’ve identified several other SDGs to which our business model aligns yet also provides added opportunities for us to make continuous improvement and contribution.



Task Force on Climate-Related Financial Disclosures (“TCFD”)



The report is consistent with the recommendations of the TCFD, with the exception of Scope 3 emissions, as noted below, and in line with the Financial Conduct Authority’s Listing Rule 9.8.6 requirement. The report also reflects the guidance provided in Section C of the TCFD Annex, entitled “Guidance for All Sectors” and Section E of the TCFD Annex, entitled “Supplemental Guidance for Non-Financial Groups”, related to the Energy sector. We are in the process of developing a Scope 3 inventory in line with existing protocols and evolving market expectations and aim to report Scope 3 emissions for the 2024 year end.

While we remain focused on emissions reductions where we have the most control, and thus are making good progress in decarbonizing our own operations, we recognize that the GHG emissions associated with our value chain are proportionately greater than non-energy producing companies as our Scope 3 emissions are associated mostly with the end-use of our products. Therefore, we seek to identify GHG reduction opportunities from our upstream and downstream supply chains. We also evaluate initiatives, including renewable natural gas and carbon capture and storage projects which, in the longer-term, would allow us to mitigate or offset some or all of our Scope 1 and 2 GHG emissions.



GOVERNANCE

EMBEDDING SUSTAINABILITY ACROSS THE ORGANIZATION

Our Board of Directors (“Board” or “Directors”) continues to take a hands-on approach to identifying, assessing and managing climate-related risks and seeking new commercial opportunities from an energy transition, such as alternative uses for our wellbores. The processes by which the Board does this are fully integrated into our Board calendar and our governance procedures. Climate-related topics were included in discussions at each of the six regular Board meetings held throughout 2023.

The Directors receive regular briefings at Board meetings on applicable climate matters from the Executive team as well as the Chair of the Sustainability & Safety Committee. From time to time the Board also receives training or briefings from external third-party experts on specific topics. In 2023, Deloitte LLP delivered a board education session on biodiversity and the upcoming Taskforce on Nature-related Financial Disclosures ("TNFD").

Key climate-related topics discussed by the Board throughout 2023, included:

- Assessing progress on emission detection and mitigation, including handheld fugitive surveys and repair, pneumatic conversions, aerial LiDAR, and compressor conversions;
- Reviewing output from the marginal abatement cost curve ("MACC") and approving the Emissions Program budget for 2023; and
- Ensuring proposed acquisitions are consistent with emissions reduction targets and plans.

Using an internally developed acquisition emissions screening tool, target assets are assessed for their methane intensity in accordance with the Methane Intensity Protocol developed by the Natural Gas Sustainability Initiative ("NGSI"). This information is then used by the Board as one metric to inform its acquisition decision-making. The NGSI voluntary reporting protocol complements existing regulatory reporting by providing a consistent, transparent and comparable methodology for measuring and reporting methane emissions throughout the natural gas supply chain.

Our Board Committees provide oversight of our climate-related risks and opportunities although these considerations are a primary focus of our Sustainability & Safety Committee. The roles of the four Board Committees are reflected in the climate-related governance framework depicted below.

CLIMATE-RELATED GOVERNANCE FRAMEWORK - BOARD



MANAGEMENT'S ROLE IN ASSESSING & MANAGING CLIMATE-RELATED RISKS & OPPORTUNITIES

Management remains abreast of climate-related issues through (i) its knowledge of our industry, business environment and ongoing operating activities, (ii) frequent interactions with both internal and external stakeholders, including senior leaders in the Group, state and national regulators and investors, and (iii) engagement with vendors, industry associations and benchmarking groups where current trends and best practice operating standards and emissions reductions solutions are shared.

Climate-related responsibilities are assigned to management-level positions according to each individual's area of responsibility and contribution to our overall corporate strategy.

Collectively, our executive team, including in part the CEO, CFO, COO (formerly) and Executive Vice President-

Operations (presently), provide frequent climate-related operational and financial updates to the Board at each Board meeting and throughout the year via interim communications. However, the CEO assumes ultimate responsibility for delivery of the Group's climate and energy transition strategy, including management of climate-related risks and opportunities.

Climate-related actions by management during the year include, but are not limited to: ensuring annual budgets include operating and expenses for climate initiatives; considering the impacts of new or emerging climate-related policy and regulatory development on the Group; aiding in the design or advancement of emission reduction initiatives; ensuring Board directives on climate are integrated into appropriate compensation plans and monitoring progress of the same; and considering the impact of potential acquisitions on standalone and consolidated Group emissions and decarbonization strategies.

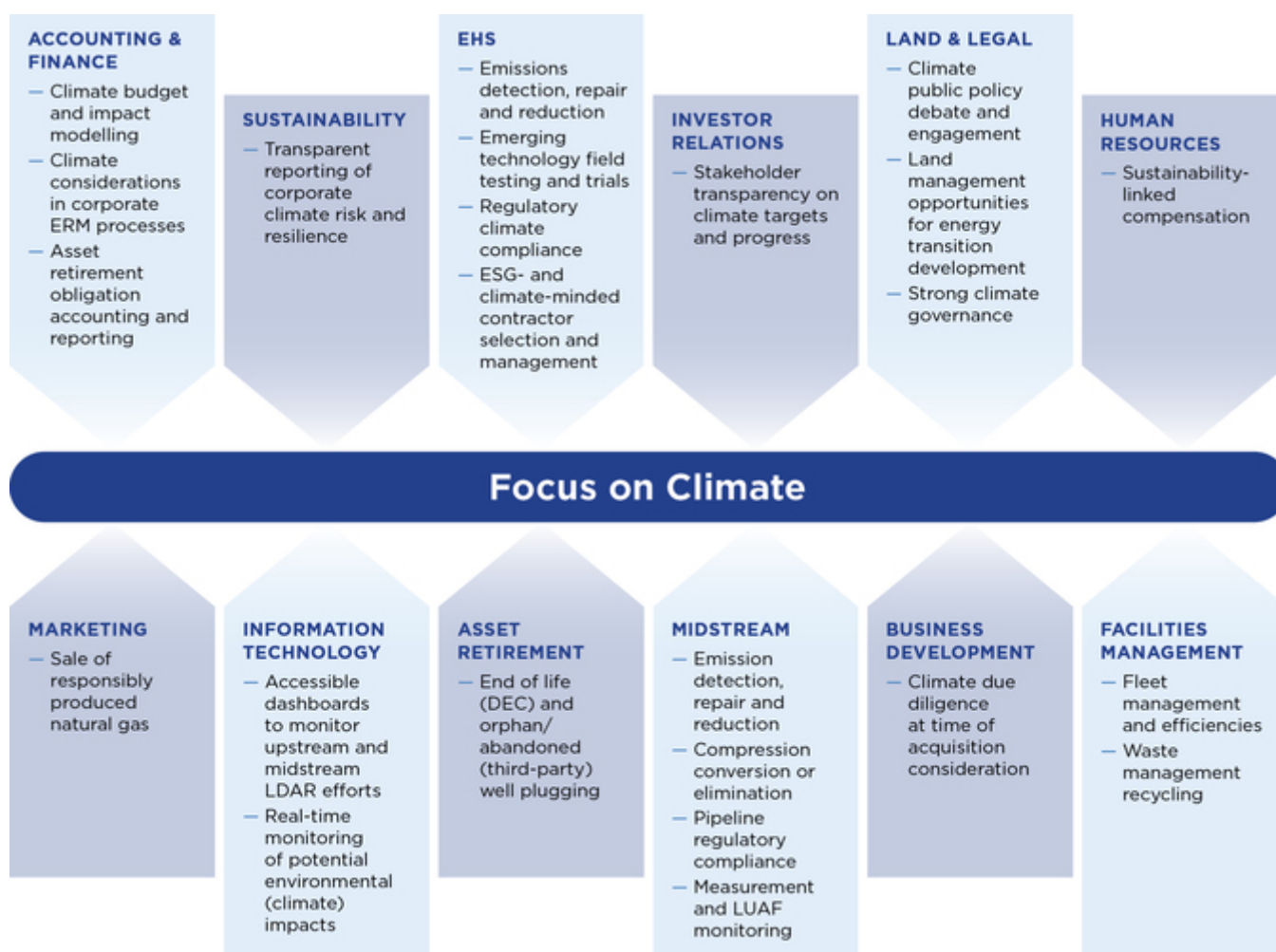
THE CULTURAL SHIFT UNDERPINS OUR TRANSITION TO NET ZERO

Environmental management and the energy transition are deeply embedded into our company's culture and actions, as climate impact is recognized as a key strategic consideration across multiple business functions. For example, we have trained and equipped 100% of our well tenders to become leak detection and repair technicians. Finding and repairing leaks has always been a priority for Diversified and is truly just a daily routine for our employees as we seek to positively impact our climate while delivering a lower-carbon energy solution to market. Furthermore, at

an operational level, we have optimized well tender routes to increase efficiency and reduce driving time, therefore reducing emissions. We also use lightweight, fuel-efficient, well-maintained vehicles to drive down fuel consumption.

In addition to the aforementioned responsibilities of various teams with regard to climate oversight and action, the figure below provides a broader view of certain individual company departments whose actions incorporate climate considerations.

CLIMATE CULTURE DRIVES DAILY ACTIONS





STRATEGY

UNDERPINNED BY DE-METHANIZATION OF OUR GAS PRODUCTION

The reduction of methane emissions is at the heart of our corporate strategy and underpins our pragmatic approach to the ongoing decarbonization of our operations.

While our de-methanization activities are focused on the decarbonization of our existing assets, we are also keen to explore opportunities that will help us utilize our asset portfolio, as well as our skills and competencies, beyond our current business model.

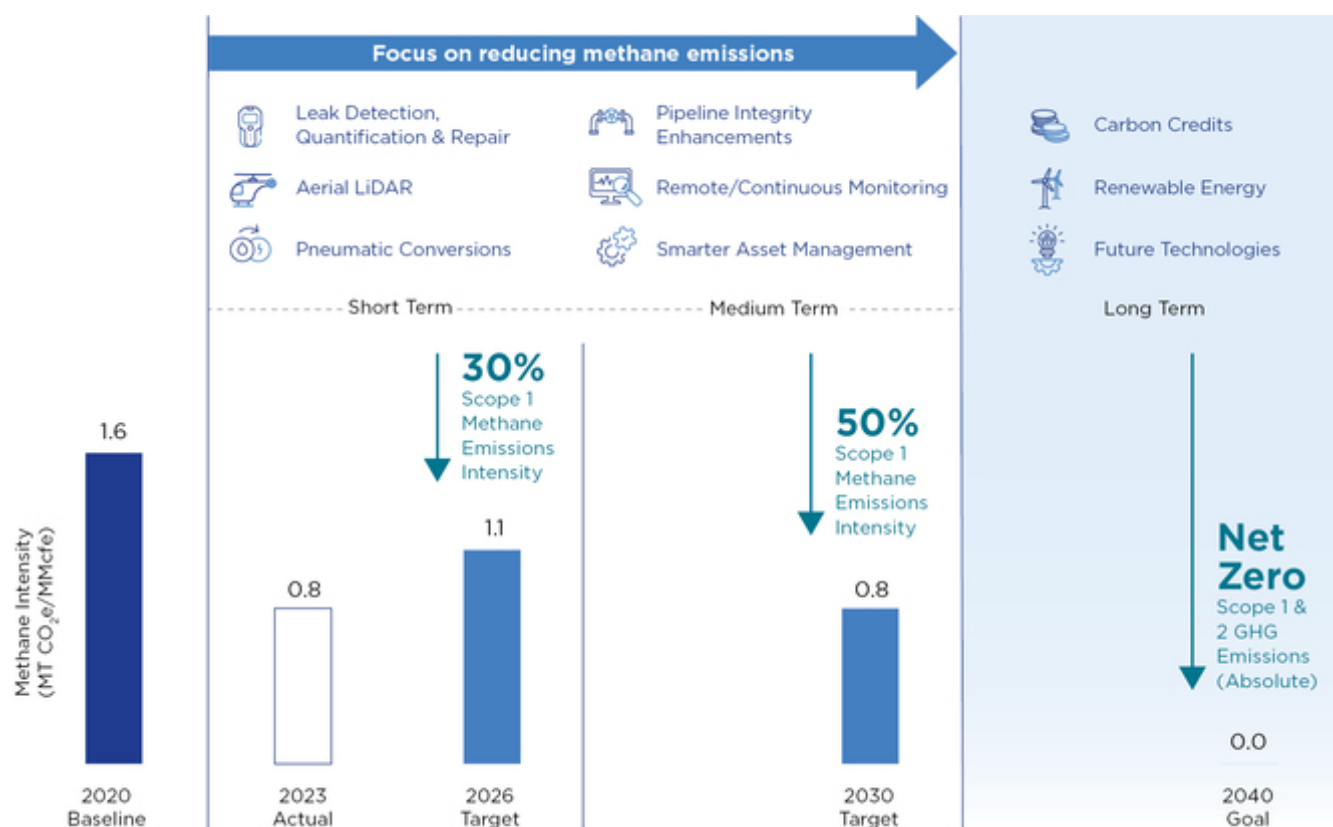
OUR NET ZERO PATHWAY: OUTPERFORMING OUR TARGETS

In line with our pragmatic approach, we set out our emissions reduction targets aiming to reduce Scope 1 methane intensity by 30% by 2026 and 50% by 2030, reaching net zero from Scope 1 and 2 absolute GHG emissions by 2040. We also set out our net zero pathway showing how we plan to achieve our targets, beginning with a near-term focus on methane emissions, as depicted below.

We have been resolute in our focus on reducing emissions from our operations. We are delighted that our significant efforts to date, largely through the deployment of state-of-the-art technologies for methane detection and reduction and the conversion of natural gas-driven pneumatic devices, have yielded outstanding results, with our 2030 methane intensity reduction target being achieved in 2023, seven years ahead of schedule and directly aiding our overall goal toward net zero in 2040.

Even so, we will continue to progress our decarbonization strategy, focusing primarily on additional methane emission reductions in the near-term as we seek to unpack the impact on our reported emissions from new EPA regulations where future real emission reductions could be offset by potential increases stemming from both recent and forthcoming changes in regulatory reporting requirements. We are committed to tackling those changes and delivering tangible results with continued financial investment and diligent execution to achieve our 2040 net zero GHG goal.

We discuss our deployment of decarbonization technologies in the Climate-related Risks and Opportunities tables on the following pages.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

In line with TCFD guidance, we consider climate-related risks and opportunities that could have a material financial impact on our business on a short-, medium- and long-term basis. For this analysis, our considered timeframes are as follows: short-term 2024 to 2026, medium-term 2027 to 2030, and long-term 2031 and beyond. The timeframes align with our methane intensity reduction targets set for 2026 and 2030 while contributing to our net zero GHG emissions goal in 2040.

The climate-related risks and opportunities presented below were identified through workshops with executive management, senior leaders, and third-party advisors as well as through peer comparisons.

Climate-related risks have been grouped according to the risk types suggested by the TCFD: Transition Risk (including Market, Policy & Legal, Technology, and Reputation) and Physical Risk (chronic and acute), while climate-related opportunities are categorized as Resource Efficiency, Energy Source, Products & Services, and Markets.

The specific climate-related risks and opportunities identified are set out in the following tables together with the potential impacts they could have on our business, the timeframes associated with each, and the progress being made to mitigate or exploit them.

CLIMATE-RELATED RISKS

Risk	Potential Impact	Timeframe ^(a)			Risk Management Actions
		S	M	L	
MARKET					
Changing global market sentiment as consumers transition away from fossil fuels will result in reduced natural gas & oil demand and impact the price outlook	— Negative impact on revenues and portfolio value — Reduced opportunities for acquiring commercially viable assets				— We conduct scenario analysis of portfolio impacts under a range of commodity price and demand outlooks to assess portfolio resiliency. — Our portfolio is heavily weighted towards gas, which is expected to remain more resilient than oil through the energy transition, particularly in North America. — Our low-cost production provides considerable resilience to lower commodity price environments. — Our robust hedging strategy provides financial assurance and protection against commodity price volatility in the short-, medium- and long-term. — Our compliance with OGMP Gold Standard Pathway will ensure we remain differentiated as a responsible gas producer, helping us sustain our competitive advantage through the decarbonization of our Scope 1 and 2 emissions. — We are pursuing other differentiated gas initiatives like TrustWell and other quantification-based efforts to market our lower gas intensity.
Increased cost of and more challenging or conditional access to capital	— Investors/lenders look to decrease their portfolio exposure to hydrocarbon assets — Capital available to Diversified may become more difficult to access, more costly, or come with additional climate-specific obligations				— We have committed to achieving Net Zero by 2040 from our Scope 1 and 2 emissions, aligning with mainstream lenders and investors in Western capital markets. — Our existing levels of fixed-rate debt and amortizing payments provide significant protection in the short/medium term. — We continue to pursue ESG-aligned asset-backed securitization (“ABS”) financing structures, where our achievement or out-performance of commitments to ambitious ESG KPIs attached to these ABS financings can improve borrowing rates and financing capacity. — Our hedging strategy provides short- to medium-term certainty and protection for cash flows available for reinvestment. — Our strategy of incremental M&A enables adaptation to changing market or financing conditions.

Risk	Potential Impact	Timeframe ^(a)			Risk Management Actions
		S	M	L	
POLICY & LEGAL					
Cost of carbon	- Implementation of some form of carbon cost or regulation in states where we operate could increase operating costs and make our natural gas less competitive vs. other forms of energy - Such policies could also accelerate pressure from investors and stakeholders to reduce emissions or improve energy efficiency, increasing our decarbonization costs		●	●	- Ongoing engagement in proactive, voluntary measurement of our Scope 1 emissions to ensure we fully understand potential portfolio liability. - We continue to engage in efforts to reduce emissions across our portfolio, such as leak detection and repair, pneumatics replacements, and compressor optimization. - We engage in cost-efficient operations and deploy SAM initiatives across our upstream and midstream portfolio. - We are engaging with third-party consultants to more fully develop our internal price of carbon metrics and strategy. - We include the evaluation of acquisition targets' carbon footprints in our M&A process and final investment decisions. - Our evolving internal MACC analysis aided by field testing and/or small-scale pilot projects allows us to optimize the prioritization of identified emissions reduction projects.
Well retirement	- Acceleration of existing state well retirement commitments could significantly increase annual capital and operating costs - Underestimation of well retirement costs could significantly increase asset retirement obligation and future cash outlay for well retirement activities		●	●	- We actively engage with regulators regarding well retirement policies and activities. - We are committed to retiring wells ahead of state requirements (2023: 80 wells), including 201 Diversified-operated wells retired in 2023. - Our low-cost retirement capacity enables us to increase our own well-retirement targets, participate in state orphan well programs and carry out asset retirement for third parties. - Our extensive experience of well retirement, particularly in Appalachia, and our expanded retirement capabilities puts us in the best position to accurately forecast the future capital requirements for these activities. - Revenue streams from third-party asset retirements help to offset the cost of retiring our own wells. In addition, Diversified is exploring potential opportunities in alternative energy uses for wellbores (e.g. hydrogen production, carbon storage, mechanical battery storage).

Risk	Potential Impact	Timeframe ^(a)			Risk Management Actions
		S	M	L	
Litigation	— Potential litigation tied specifically to Diversified's climate-related reporting (e.g. for misrepresentation) or actions could bring additional legal and reputational costs — Potential litigation around leaks or other sources of emissions (now or historical)	●	●	●	— We have focused, near-term efforts to achieve Scope 1 methane intensity reductions with a goal of net zero Scope 1 and 2 GHG emissions by 2040. — We expect continued development, funding, and execution of formal plans and projects will enable the achievement of emissions targets. — We continue to transparently report and communicate climate and emission reduction initiatives, keeping stakeholders abreast of such actions. — We actively engage with federal and U.S. state regulators, and consistently demonstrate our commitment to meet or exceed their requirements. — We maintain strong community support in our operating areas. — We are transitioning to an emissions intelligence software, Iconic Air, to track, report, and manage emissions, which will enable us to increase transparency, improve the integrity of our emissions measurements and therefore minimize potential litigation risk around leaks. — We work with independent consultants to verify our GHG accounting. — We engage an independent, third-party consultant to provide moderate Level II assurance for Scope 1 & 2 GHG emissions.
Current & emerging climate-related regulation and policy	— Increasing costs of doing business as a fossil fuel-focused company; regulatory fines for emission levels; regulatory constraints on hydrocarbon commerce — Mandates on and regulation of existing products and services	●	●	●	— We actively monitor U.S. and international climate-related regulations and frameworks and engage as applicable, including: IFRS S1 & S2, Transition Plan Taskforce, SEC Climate Disclosures and TNFD. — We have multiple emissions reduction activities in place aimed at reducing methane emissions and achieving our 2040 net zero goal. — We actively engage with industry associations to ensure we are using best practices in operating procedures and emissions reductions. — Our experience from the many voluntary efforts made to date to reduce our methane emissions positions us to manage any impact arising from the U.S. EPA OOOOb and OOOOc regulations and U.S. Inflation Reduction Act's Methane Emissions Reduction Program.

Risk	Potential Impact	Timeframe ^(a)			Risk Management Actions
		S	M	L	
TECHNOLOGY					
Cost of GHG emissions detection and reduction technology	Increased costs of required technology; possible cost upside if more mitigation than expected is required				- Our emissions detection and reduction plans are already well-advanced with short- and medium-term costs factored into budgets. - We continue to benefit from the successful use of aerial and handheld leak detection equipment and from continuous investment in our low-cost SAM program to repair and eliminate fugitive emissions. - We continue to invest in leading-edge emissions reduction technologies and to monitor new technology developments, including aerial LiDAR, compressor conversions, handheld emissions detection, and pneumatic conversions. - We piloted two emerging emission detection and quantification technologies in 2023. Both technologies are expected to substantially reduce the cost of emissions detection while providing emissions quantification and a digital twin. - To date, we've experienced lower-than-expected costs of compressed air applications for pneumatic controllers. Our internally developed solutions for pneumatics and level controllers are well below market prices. - We continue to demonstrate innovative actions to reduce emissions, including retrofitting/elimination of existing emitting equipment (e.g. pneumatic devices and compressors). - Throughout 2023, we have continued to build and maintain our emissions intelligence using Iconic Air carbon accounting software to track, report and manage emissions. Using Iconic Air will allow us to streamline emissions accounting and reporting and manage our emissions sources at the asset-level.
Substitution of natural gas and oil with lower-carbon forms of energy	Faster acceleration and adoption/substitution of alternative energy/lower carbon solutions (i.e., electric vehicles, more efficient appliances) drives lower demand for natural gas and oil				- The scenario analysis shows that gas plays an important role throughout the Energy Transition even in the Net Zero scenario (accounting for 22% of global energy demand in 2040). - Our scenario analysis shows that even under low-carbon scenarios our portfolio is relatively resilient. Due to our low cost of production, we are able to maintain profitable operations across our portfolio even under low commodity price environments (see Portfolio Resilience section).

Risk	Potential Impact	Timeframe ^(a)			Risk Management Actions
		S	M	L	
REPUTATIONAL					
Overall perception of fossil fuels/energy sector	- Increased stakeholder pressure to accelerate emissions reduction projects could increase short-term costs and challenge profit margins - Changes in stakeholder/society expectations of Diversified's role in the energy transition could impact company valuation or brand - Increasing challenge to attract and/or retain talent	●	●	●	- We are committed to transparency in emissions and climate risk reporting, and to our plan of achieving our climate-related targets. - We engage regularly with shareholders, regulators and other key stakeholders to ensure understanding of our climate strategy. - We include climate metrics in short- and long-term remuneration policies to incentivize ongoing improvement in climate actions. - We are continuing to explore longer-term opportunities in new revenue-generating low-carbon energy projects, for example through waste heat recovery. - Broad leadership engagement through multiple communication channels keeps our current employees abreast of business strategy and emissions reduction actions and results. - Our community engagement initiatives and talent acquisition programs, including scholarship and internship programs, facilitate broader awareness of the Company and its climate-related actions among potential employee candidates. - Our community tree planting programs, such as Diversified's 10,000 tree replanting effort with West Virginia State University in 2023, support communities, provide carbon sequestration, and increase the company's visibility and engagement with our future talent.
PHYSICAL					
Acute – Changing weather patterns, including increased frequency and severity of extreme weather events such as extreme rainfall and hurricanes	Increased risk of compromised infrastructure or forced abandonment of operations could cause loss of revenue and decrease portfolio value	●	●	●	- We have robust business continuity and crisis management plans in place, which were tested during the central Appalachia floods of 2022 and resulted in minimal business disruption. - We use 24-hour monitoring centers, enabling a more rapid response to weather-related disruptions.
Chronic – Persistent or constantly recurring weather patterns, including water stress and heat stress	Increasingly challenging and potentially dangerous environmental and climate conditions could increase operating costs and risks		●	●	- Our business model inherently requires minimal water consumption in our operations. - We maintain appropriate levels of insurance to mitigate losses. - The geographic spread of our asset portfolio mitigates any large-scale disruption to production from individual weather events e.g., flooding. - Further details on our exposure to physical risks and our qualitative assessment of our portfolio's vulnerability to identified hazards are described in a separate section below.

^(a) Timeframes are defined as S - short (2024 to 2026), M - medium (2027 to 2030), and L - long (2031 and beyond).

CLIMATE-RELATED OPPORTUNITIES

Opportunity	Potential Impact	Timeframe ^(a)			Steps and Progress
		S	M	L	
RESOURCE EFFICIENCY					
Emissions monitoring and replacement of inefficient equipment	— Early detection of methane leaks reduces the loss of sales gas and associated revenues across the portfolio	●	●	●	— To reduce our GHG footprint, we continue to invest in remote leak detection, aerial surveillance, replacement of pneumatic devices, and inefficient compressors. — We actively track advances in emissions monitoring technologies and plan to take advantage of any suitable applications and technology cost reductions that evolve. — We continue to work on emissions intelligence digitalization and automation plans, supporting the connection of reported emissions data in the Iconic Air software to our MACC tool, to enhance the process of evaluating a broad scope of emissions reduction projects.
Lowering vehicle-derived carbon emissions through optimization and more efficient vehicles; waste management recycling	— Fuel and operating cost savings by using vehicles that are more efficient and have lower carbon emissions		●	●	— We utilize lighter weight, more fuel-efficient vehicles in our fleet replacement program, which could further expand in the future to include the use of longer-range electric vehicles. — We are exploring new technologies to allow remote operations at well sites thus reducing vehicle use and associated emissions. — We utilize optimized route mapping to create the most efficient well tender routes thereby reducing vehicle run time, maintenance, fuel consumption and vehicle emissions. — We work internally to identify opportunities to reduce our carbon footprint within our office environment, for example paper consumption and waste recycling.
ENERGY SOURCE					
Increase use of renewable energy sources	— Replace natural gas with renewable energy sources to support operational power needs		●	●	— Diversified uses solar equipment and small wind turbines to provide auxiliary power at certain smaller or remote well sites and has been increasing the use of solar equipment in its pneumatic conversion projects. — 38% of our sources for Scope 2 electrical usage in 2023 were zero carbon (including nuclear and renewables). An additional 33% results from lower-carbon energy sources (including natural gas) versus coal or petroleum products. — We are exploring new technologies to expand the use of renewable and alternative energy in operations, including waste heat recovery and solid oxide fuel cells. Additionally, we are exploring the use of wellbores for mechanical battery energy storage to aid in the energy transition by providing off-peak energy storage.

Opportunity	Potential Impact	Timeframe ^(a)			Steps and Progress
		S	M	L	
PRODUCTS & SERVICES					
Asset retirement capabilities for third parties	— Providing third-party asset retirement services as an additional revenue stream and advancing states' resolution of orphan wells — Support regional well retirement compliance — Continue to build internal asset retirement capabilities	●	●	●	— Our expanded well retirement capability supports our regional leadership position in responsible asset retirement. — We see an opportunity to grow our retirement capacity further via our subsidiary Next LVL Energy, positioning Diversified to further support states' efforts to eliminate orphan wells. — Potential for expanded services including the generation of voluntary and regulated carbon credits related to well retirement of orphan wells held by state governments. — Expanded plugging commitments increase return of well pads to original, natural conditions thus supporting natural reforestation and biodiversity initiatives in those areas.
Fuel cells and hydrogen applications	— Explore potential long-term revenue opportunities in blue hydrogen and/or emissions reductions using fuel cells		●	●	— We continue to explore new opportunities in low-carbon technologies. — We are currently in the early stages of pursuing partnerships to evaluate potential of using existing midstream infrastructure for future hydrogen applications.
Carbon capture utilization and storage (CCUS)	— Explore the potential to provide carbon storage services to neighboring emitters — Potential to offset our Scope 1 & 2 emissions		●	●	— We are working with external partners to explore the potential of using our gas storage capacity for CCUS.
Solar	— Opportunities to lease land surface rights to third parties	●	●	●	— We are evaluating opportunities to expand surface rights leases to third parties for their development of solar power farms.
MARKETS					
OGMP Gold Standard Recognition	— Recognition of our commitment to deliver responsibly produced gas to the market — Enables further differentiation of our produced natural gas versus competitors	●	●	●	— Achieving Gold Standard Pathway in both 2022 and 2023 positions us to offer responsibly produced gas in the marketplace to differentiate it from other natural gas production. — As a member of OGMP, Diversified is committed to disclosing actual methane emissions data aligned with the OGMP 2.0 framework, thus further increasing our level of transparency for the market's consideration when seeking differentiated gas.

^(a) Timeframes are defined as S - short (2024 to 2026), M - medium (2027 to 2030), and L - long (2031 and beyond).

EMBRACING ENERGY TRANSITION TECHNOLOGIES MITIGATES RISKS AND OPENS OPPORTUNITIES

MARGINAL ABATEMENT COST CURVE (“MACC”) ANALYSIS

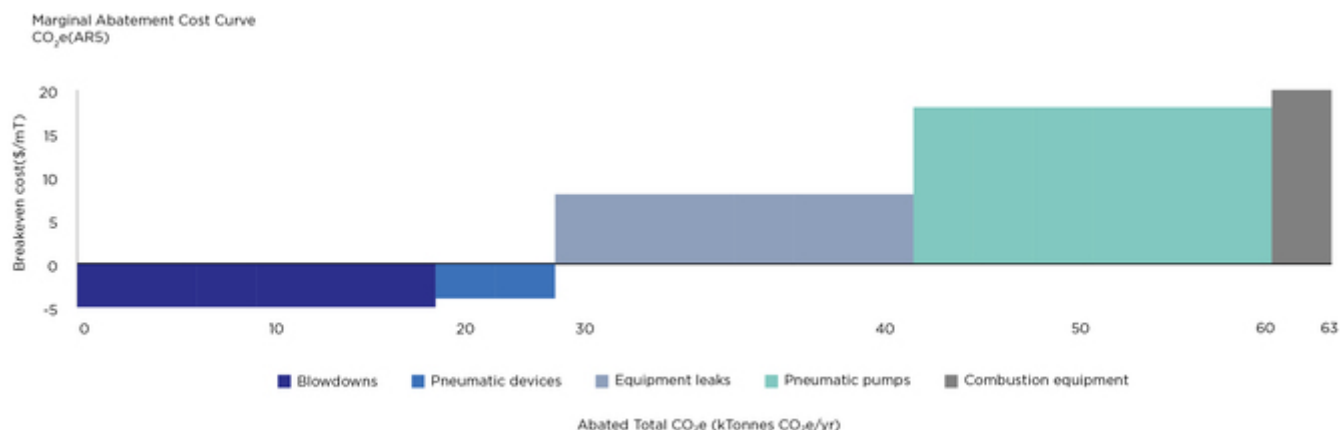
MACC is a tool that allows for the visualization of a portfolio of projects that, when taken as a whole, provide complementary choices for the most efficient reduction of GHG emissions. Both the GHG emission reduction potential and the associated abatement cost for each project are identified within the MACC.

Anticipated emission reductions are estimated based on source-specific emissions calculations or through direct measurement. Total costs include direct costs for project implementation and the value generated from the project, including decreased product loss or reduced operating costs. When estimated emission reduction costs and benefits are combined in the MACC, emissions reduction project ranking based on economic feasibility and potential impact is realized.

We are utilizing our MACC analysis as a warehouse of potential technologies identified through extensive research and collaboration within the industry, where each technology is at various stages of evaluation and applicability. Of the first emphasis for us in the MACC was natural gas-driven pneumatics, where we have now identified multiple technologies and solutions that are effective and promising for the elimination of methane emissions from pneumatic controllers and pumps.

Before our use of the MACC, we began our pneumatic controller emission reduction efforts two years ago, targeting the highest emitting pads first. Now, with the MACC's capability to provide a conversion cost break point of dollars per MT CO₂e for a growing database of alternative technologies, we can make more informed decisions as to optimal locations and technologies for our future conversion plans. Thus, going forward we currently plan to employ customized solutions on a site-by-site basis as informed by our MACC.

MACC CONSIDERATIONS IN EMISSIONS ABATEMENT (illustrative)



Diversified has achieved the OGMP 2.0 Gold Standard Pathway for the second consecutive year. The OGMP 2.0 is the only comprehensive measurement-based reporting framework created to report methane emissions accurately and transparently for the oil and gas industry. This award recognizes our commitment to developing aggressive and attainable multi-year plans to measure and reduce methane emissions. Our team worked diligently to fulfil the requirement throughout the year and continues to do so. For our operated assets, Diversified has now achieved Level 4 on all but two of OGMP's 10 categories, with only methane slip and leak quantification data remaining to address. As we look to close out these remaining two categories for Level 4, we also continue to advance our efforts to achieve Level 5 on all categories as per OGMP 2.0 Gold Standard expectations.

PHYSICAL RISK

We recognize that the physical risks of climate events can impact our business. These risks have been incorporated into our risk assessment through our **Viability and Going Concern** assessment where we consider the impacts that certain climate events may have on our production. Physical climate risks are functions of hazard, exposure and vulnerability and are therefore complex and frequently multidimensional. They are related to tangible, physical impacts of changes in climate and are considered either acute or chronic. Acute physical risks are event-driven,

including weather events such as extreme rainfall, flooding, droughts, or wildfires, whereas chronic risks refer to longer-term shifts in climate patterns, such as rising temperatures or rising sea levels.

HAZARD IDENTIFICATION

To identify key physical risks to our portfolio, we leveraged, in part, data published by the American Communities Project (“ACP”) which included physical risk projections through 2040. The ACP climate risk analysis was underpinned by data from Four Twenty Seven, an affiliate of Moody's specializing in physical climate risk. Pinkus, A. (2021) “Mapping Climate Risks by County and Community”, American Communities Project (accessed January 30, 2024). The 2040 data refers to IPCC's RCP 8.5 scenario, which assumes GHG emissions continue to grow unmitigated, leading to a ‘hothouse world’ with an estimated global average temperature rise of 4.3°C by 2100. This scenario implies no concerted effort is taken by society to cut GHG emissions. In contrast, the International Energy Administration's (“IEA's”) most conservative scenario, STEPS, assumes the implementation of existing policies, leading to a 2.5°C rise in temperatures by 2100. Therefore, the scenario used in our assessment of the impact of physical climate risks on our portfolio is more extreme than any of the three scenarios used to test the resilience of our portfolio against the climate-related transition risks.

We focused on four key hazards that could impact Diversified's portfolio: acute risks of extreme rainfall, hurricanes, chronic risks of water stress, and heat stress. We carried out a qualitative assessment of our portfolio exposure to these hazards. The impact of rising sea levels as addressed in the ACP report has not been analyzed, since we currently have no coastal or offshore exposure.

IDENTIFIED HAZARDS IN THE STATES IN WHICH WE OPERATE*

Hazard



Extreme rainfall



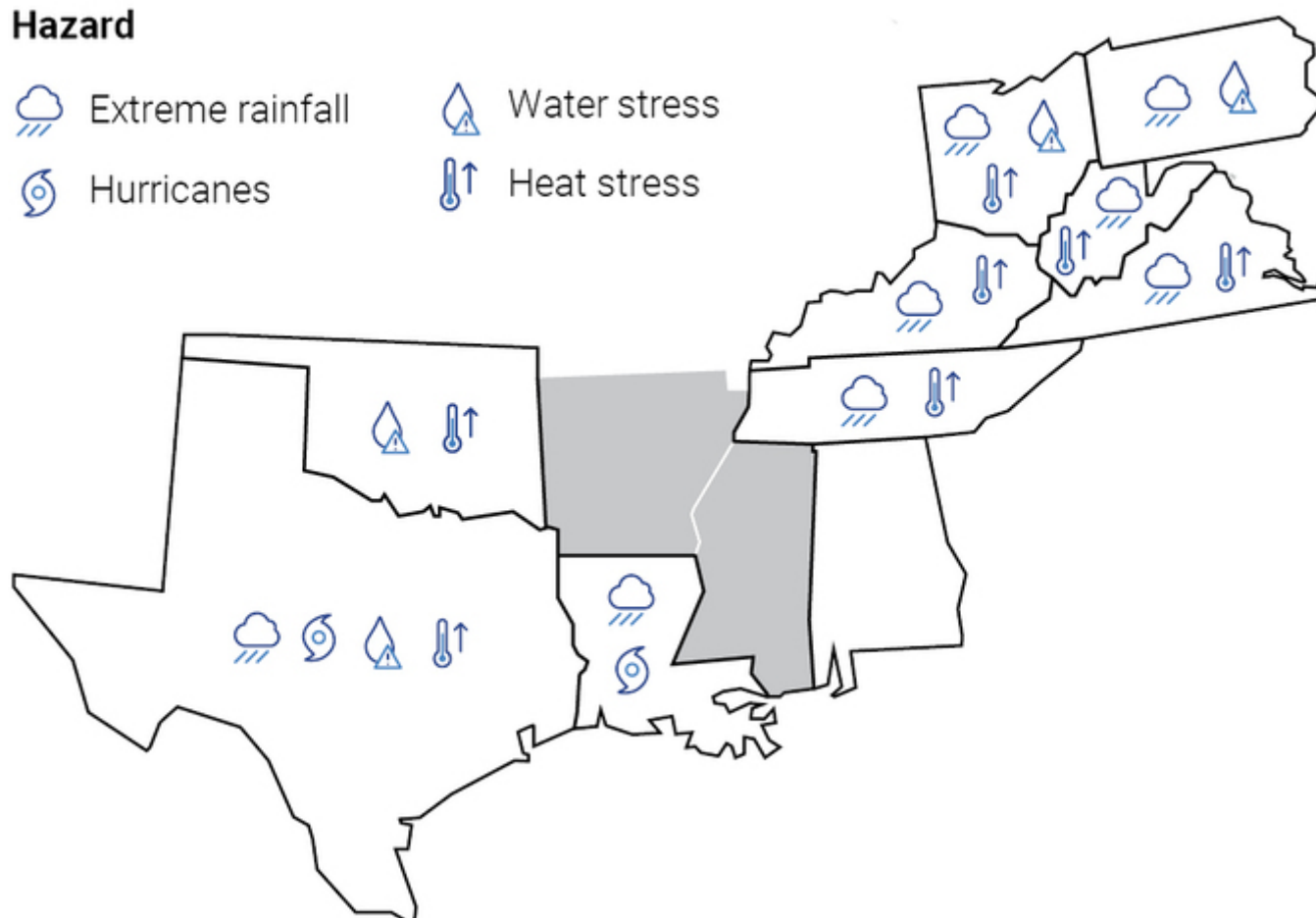
Water stress



Hurricanes



Heat stress



* Includes high and extreme (red flag) risks only as per ACP data
Source: ACP, Diversified Energy

EXPOSURE ANALYSIS

Our upstream and midstream assets are considered exposed if they are located in an area where a climate hazard may occur. The degree of exposure is defined by the intensity of that particular hazard, with the range of exposure including no risk, low, medium, high, and extreme risk (which corresponds to ACP's 'red flag').

While our portfolio is located entirely U.S. onshore, our exposure to suffering a significant financial loss from a single extreme weather event is minimized due to the dispersion of our production footprint over a large

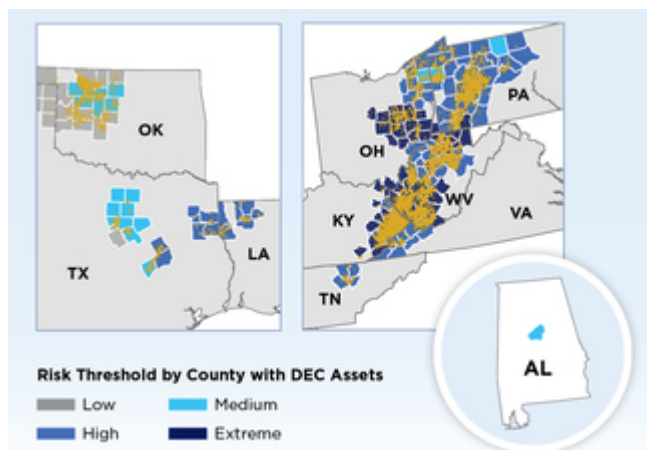
geographical area covering nine states – Pennsylvania, Ohio, West Virginia, Virginia, Kentucky, Tennessee, Louisiana, Texas, and Oklahoma, with our headquarters in Alabama.

We compared the locations of our current assets at the county level to the same counties within the ACP analysis. This enabled us to quickly assess the exposure of our assets, and therefore production, to the projected 2040 risk profile of those counties, as reflected below. We also identified potential physical impacts associated with each of the identified risks.

OUR PROJECTED GEOGRAPHICAL EXPOSURE TO KEY PHYSICAL RISKS OF CLIMATE CHANGE IN 2040

Acute

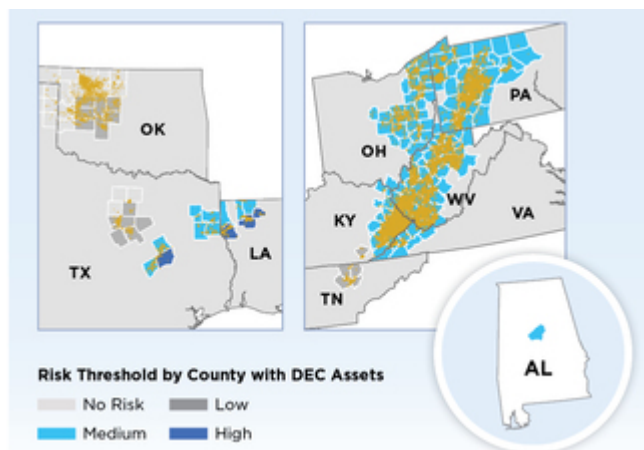
Extreme Rainfall



Potential impacts:

- Disruptions of operations due to flooding
- Infrastructure damage
- Supply chain disruption
- Increased operating costs
- Impact on revenue

Hurricanes

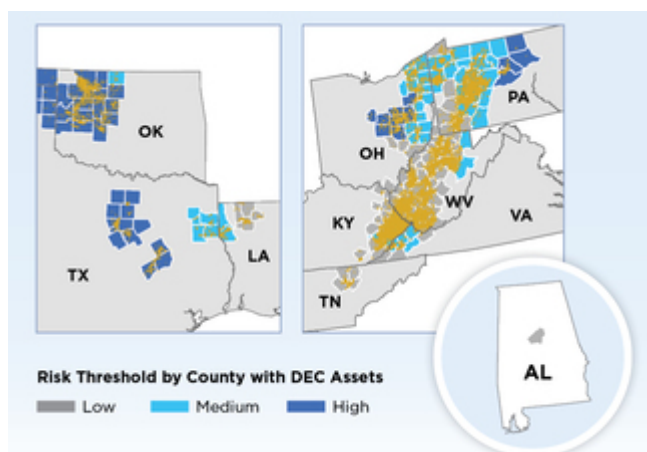


Potential impacts:

- Infrastructure damage due to extreme winds
- Operational disruption from hurricanes
- Inland flooding
- Increased operating costs
- Impact on revenue

Chronic

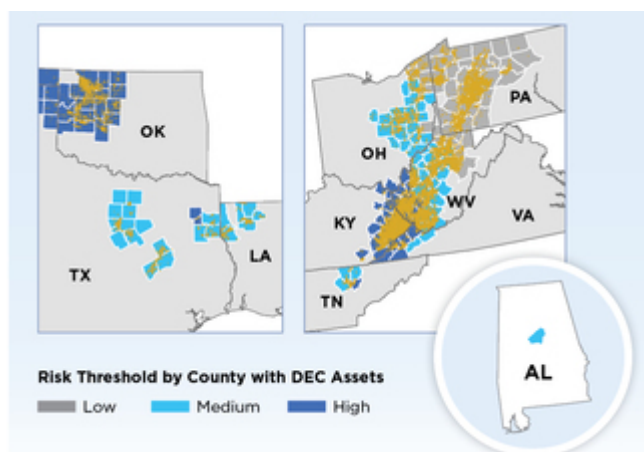
Water Stress



Potential impacts:

- Reduced community access to water
- Infrastructure cost of fresh water supply
- Impact on supply chain
- Increased operating costs
- Impact on revenue

Heat Stress



Potential impacts:

- Increased heat exposure is a health and safety risk for people
- Decrease in work productivity
- Infrastructure failure due to excess heat exceeding the design criteria (gas leaks)
- Additional energy needed for cooling
- Increased operating costs
- Impact on revenue

Source: ACP, Diversified Energy

Using the ACP's county-based hothouse world scenario, and when considering each of these four risks, we believe that our current portfolio is most exposed to extreme rainfall. That is, we estimate that approximately 84% of our projected production could be exposed to extreme rainfall in 2040, as shown in the following table. It is important to note that ACP's analysis is at the county level, whereas our

assets may be located in a specific portion of the county which may bear a different risk level than that of the overall county. Thus, we believe our exposure will be mitigated by the specific location of our wells within the counties that are exposed to extreme rainfall risk, for example. Further, we estimate that less than 3% of our existing production is located in a designated flood plain.

OUR PRODUCTION EXPOSURE TO KEY PHYSICAL RISKS

Physical Risk		% of Diversified's Projected 2040 Production in High or Extreme Risk Areas
Acute Risk	Extreme Rainfall	84%
	Hurricanes	4%
Chronic Risk	Water Stress	22%
	Heat Stress	41%

VULNERABILITY ASSESSMENT

Our qualitative assessment of vulnerability addresses the sensitivity of our operations to the respective hazard, including actions taken to reduce or adapt to the hazard.

Acute Physical Risks

Extreme rainfall and associated risk of flooding represent the highest risk to our assets in the Appalachian Basin in 2040, especially in Kentucky, Ohio, and West Virginia, where our exposure to this risk is characterized as extreme. Indeed, in July 2022, several central Appalachia states within our footprint, including primarily Kentucky but also Virginia and West Virginia to a lesser extent, experienced devastating floods resulting in loss of life and extensive damage to housing and public infrastructure within the states. While the flooding also temporarily impacted our operations, including compressor facilities, communications, and pipelines, we were able to efficiently restore the affected facilities to operations within approximately 10 days. This flooding event did not require the full implementation of our formal Crisis Management and Business Continuity plans, yet our teams were able to professionally respond as a result of our preparation for such events.

Hurricanes represent a moderate risk to our portfolio, with only limited increased exposure in Texas and Louisiana, where this risk is characterized as medium-to-high and is largely a function of the states' location on the U.S. Gulf Coast where Atlantic Basin hurricanes have historically, in part, impacted the coastline. In the last three years, since we acquired our first Central Region assets in 2021, the Texas and Louisiana coastlines have directly experienced two out of a total of 22 recorded hurricanes in the Atlantic Basin with no impact on our inland operations.

From a mitigation perspective, we aim for prevention rather than response when it comes to physical impacts to our business from any emergency, including those which may be climate-related. This prevention starts with training our employees to respond to potential emergencies such as natural disasters, where all emergency response-related processes exceed the needs of situations that may arise. We are also prepared to be effective and expeditious in our response to any emergency as a function of our separate, formal Crisis Management and Business Continuity plans which are reviewed at least twice annually by senior leadership and which help to ensure the resilience of our critical business functions and the safety of our employees and other stakeholders in the case of significant business disruption. The resilience of our systems is supported in large part by our intentional, 100% cloud-based information systems strategy which eliminates the physical risk exposure of this aspect of our business.

Our Central Region acquisitions in 2021 and 2022 also brought three district Integrated Operations Centers ("IOCs") into our portfolio, two in our upstream operations and one in our midstream operations. These IOCs complement our existing gas control center in West Virginia which monitors the majority of our midstream Appalachia assets. These 24-hour monitoring centers facilitate streamlining the collection, standardization and dissemination of timely, decision-useful data for both normal operations and atypical events such as those created by physical climate risks. The central management of data through these remote monitoring centers leverages our supervisory control and data acquisition (SCADA) system and therefore affords a more rapid response to weather-related disruptions.

Further, we consistently maintain appropriate levels of hazard risk insurance coverage that mitigate potential material financial losses from extreme weather events, such as extreme rainfall, tornadoes, hurricanes, etc.

Chronic Physical Risks

Water stress is the most significant chronic physical risk associated with our portfolio in 2040, particularly for our assets in Texas and Oklahoma, where this risk is categorized as high. Nevertheless, our business model is focused on operating existing assets, rather than the extensive drilling of new wells which requires significant amounts of water for completion of the wells. To date, we have not experienced an instance of water use limitations or restrictions when fresh water has been needed for our typical field and well operations or asset retirement activities. Therefore, we do not anticipate any significant disruptions to our operations from this risk categorization.

We do recognize, however, that the increased risk of drought-like conditions can impact local communities and ecosystems, lead to increased cost of freshwater supply where we do intake water, and potentially affect our supply chain. We expect to adapt to these conditions, especially since we already operate in these areas which are subject to strict environmental regulations. Our approach to water management is to minimize freshwater use where possible, particularly in potential water-scarce areas within our operating footprint, as described in our Climate Policy and Environmental, Health & Safety Policy.

In our Sustainability Report, we assess our current exposure to water stress, as defined by the World Resources Institute's Aqueduct Water Risk Atlas. Even though our current exposure to water stress risk primarily qualifies as Low Overall Water Risk, we continue to apply a responsible approach to water use, aimed at limiting freshwater use, managing our produced water, and recycling and reusing produced water as and where applicable.

Heat stress is likely to have a moderate-to-high impact on our portfolio, with the highest exposure in Oklahoma, Kentucky, West Virginia and Virginia. We consider heat stress from two perspectives: (1) personnel and (2) infrastructure. While we recognize that heat stress is a health and safety risk for personnel and could lead to a decrease in work productivity, we have programs and processes currently in place to address this concern daily, given the number of field personnel working outdoors and the nature and volume of work that must occur outside as a result of our asset portfolio. We also hold adequate levels of insurance coverage for heat stress-related incidents that

may require medical attention. As the risk of heat stress increases, we are confident that our current health and safety procedures can be successfully adapted, as applicable, to mitigate the impact of this chronic risk on our operations.

Our Smarter Asset Management operations program helps mitigate the potential impacts of heat stress on our infrastructure. The program consists of ongoing, consistent asset inspection and maintenance and remote monitoring. This information allows for a rapid response to any infrastructure or equipment failures that may occur due to excessive heat.

PORTFOLIO RESILIENCE

Following TCFD guidance and to ensure comprehensive business planning, we evaluate the resilience of our portfolio under multiple future climate scenarios. Each scenario includes assumptions about how the energy transition may evolve, with differing commodity price and demand outcomes, providing a range of outlooks against which our portfolio is tested to evaluate and determine resilience.

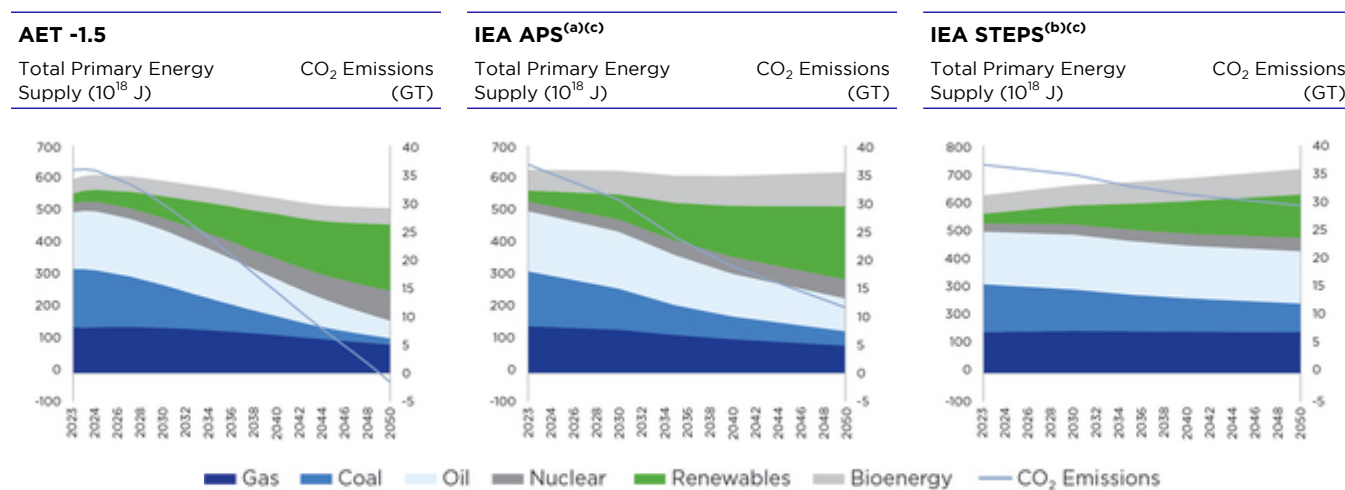
SCENARIO ANALYSIS

The three scenarios we selected to test our portfolio climate resilience are:

- (a) IEA's Stated Policies Scenario ("STEPS")
- (b) IEA's Announced Pledges Scenario ("APS")
- (c) Wood Mackenzie's Accelerated Energy Transition 1.5-degree pathway ("AET-1.5"), a global net zero by 2050 scenario

It should be noted that there are some differences in the categorization of specific fuels in the Wood Mackenzie versus the IEA's scenarios. For example, in the Wood Mackenzie AET-1.5 scenario, liquid biofuels are included within oil whereas they are included with bioenergy in the IEA scenarios.

TOTAL PRIMARY ENERGY SUPPLY AND CO₂ EMISSIONS FOR EACH SCENARIO



(a) Based on IEA data from the Announced Pledges Scenario of the IEA (2023) World Energy Outlook, www.iea.org/weo

(b) Based on IEA data from the Stated Policies Scenario of the IEA (2023) World Energy Outlook, www.iea.org/

(c) Further detail on the IEA's pricing methodology for the APS and STEPS scenarios can be found in the 2023 World Energy Outlook.

AET -1.5

This scenario represents the most aggressive energy transition scenario we considered, consistent with limiting global warming to 1.5°C, in line with the most ambitious goals of the Paris Agreement. In AET-1.5, global energy supply peaks in 2024 due to more aggressive policy action and accelerated global decarbonization efforts, which result in an increase in electrification and adoption of new-energy technologies in place of hydrocarbons. Under this scenario, oil demand peaks in 2024 and then declines, from ~100 million barrels of oil per day ("MMBO/d") to ~30 MMBO/d in 2050. As a result, near-term oil prices fall rapidly, from current levels to ~\$52 per barrel ("\$/bbl") in 2030 and then continue to decline more gradually reaching ~\$30/bbl by 2050. Under this scenario the global economy achieves net zero carbon emissions by 2050, aligned with the IEA's own net zero scenario.

The forecasts for natural gas demand and prices under this scenario are more nuanced due to the assumed role of natural gas as a global transition fuel and the relatively rapid decline of oil prices in the future. This position is particularly apparent in the U.S. market where the resilience of gas demand is supported through the development of carbon capture and storage, which supports low carbon power generation and heating for industrial process as well as blue hydrogen and ammonia.

AET-1.5 sees global natural gas demand peaking in 2027 and then falling below 2023 levels by 2030, with a continued decline forecast thereafter. U.S. natural gas demand remains particularly robust out to 2040 with near-term policy (i.e. Inflation Reduction Act) support for the development of carbon capture and storage along with sustained LNG exports. While overall global natural gas demand declines from 2027, the rapid decline in global oil prices has a dramatic impact on the availability of relatively

low-cost associated U.S. gas. Significant levels of production from the liquids-rich plays in the U.S. (such as the Permian) become sub-commercial thus cutting off some of the country's lowest-cost supplies. In order to balance the market, higher cost non-associated gas is required thus driving up the marginal cost of supply.

While U.S. natural gas demand does decline, this decline is more than offset by the decline in supply from the liquids-rich basins and thus the U.S. Henry Hub natural gas price is, perhaps counter intuitively, forecast to increase significantly in the period to 2032, from \$2.61/million Btu ("MMBtu") in 2023 to \$4.05/MMBtu by 2032. Thereafter, prices continue to increase through the 2030s and 2040s, albeit at a slower pace, reaching \$4.80/MMBtu by 2050.

IEA APS

This scenario assumes that governments will meet, in full and on time, the climate commitments they have made, including their Nationally Determined Contributions and longer-term net zero emissions targets. This scenario is not designed to achieve a particular outcome and does not result in a net-zero world by 2050.

Under APS, there is a pronounced decline in oil demand driven by the implementation of policies aimed at reducing oil consumption. Demand gradually declines from -102 MMBO/d

in 2023 to -93 MMBO/d in 2030, before an accelerated decline to 55 MMBO/d by 2050. In conjunction, oil prices see a similar decline, stabilizing at around \$74/bbl in 2030 before declining to \$60/bbl by 2050. Global natural gas demand declines steadily, dropping about 40% from its 2021 peak by 2050. U.S. natural gas prices increase from \$2.61/MMBtu in 2023, reaching their plateau around \$3.00/MMBtu over the 2030s before declining to below \$2.70/MMBtu from 2040 onwards.

IEA STEPS

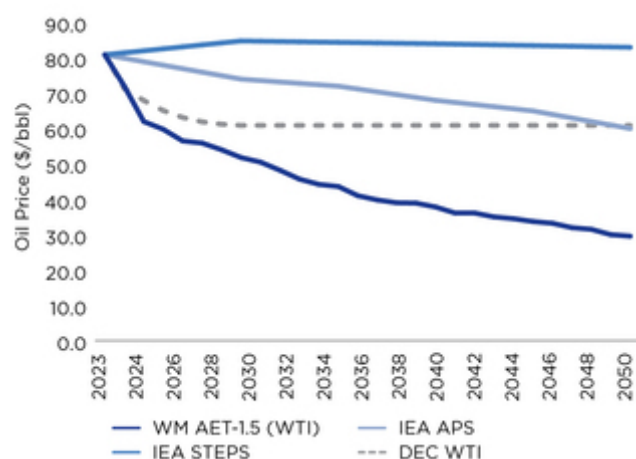
This scenario is the least ambitious energy transition scenario used for our portfolio analysis and is designed to provide a sense of the prevailing direction of energy system progression, based on a detailed review of the current policy landscape.

In this scenario, oil demand will grow in the near-term to 2030 to reach 102 MMBO/d. Demand then declines out to 2050, reaching 97 MMBO/d. Global natural gas supply mirrors the growth pattern of oil, rising steadily to a gentle peak level in 2030 that plateaus through 2050. U.S. natural gas prices decline from \$4.96/MMBtu in 2023 to \$4.00/MMBtu in 2030. From 2030, price begins to gradually increase over the next two decade reaching \$4.30/MMBtu by 2050.

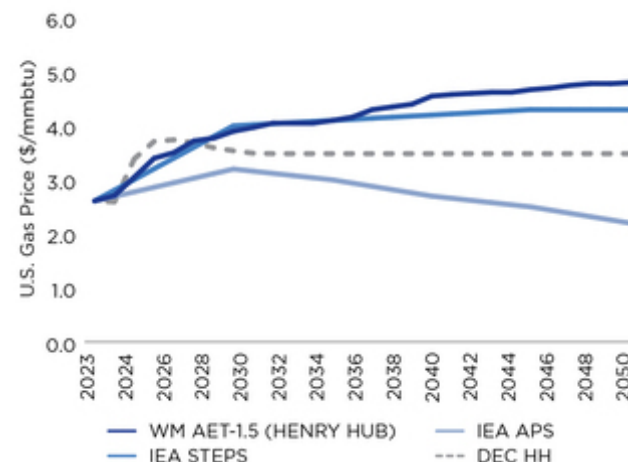
DEC's BASE CASE PRICE SCENARIO

Diversified's base case price forecasts, which are used for the calculations of net asset value and free cash flow, are based on the NYMEX forward curves from 2024-2032 for Henry Hub ("HH") and 2024-2029 for West Texas Intermediate ("WTI") as of December 31, 2023. The prices are kept flat in real terms thereafter.

Oil Comparison 2023 - WTI



U.S. Gas Price Comparison 2023



* Diversified Energy's Henry Hub price is calculated based on 1030 BTU/standard cubic foot

PORTFOLIO IMPACT

We use the published price forecasts for oil and U.S. natural gas from each scenario to assess the potential impact on the value of our assets compared to our base case. It is important to note, however, that this analysis considers only our current assets. No account is taken of the impact that future acquisitions or divestitures may have on our future business value and cashflows.

The following table shows the impact of the three climate scenarios relative to the base case for our current portfolio,

in terms of net asset value ("NAV") change in percent versus base case.

NAV CHANGE % vs. BASE CASE

Scenario	Portfolio Value Impact (NPV10)
STEPS	18% ▲
APS	-24% ▼
AET -1.5	7% ▲

Our NAV change is positive under the Wood Mackenzie AET-1.5 and IEA STEPS scenarios, driven by two main factors.

Firstly, both scenarios forecast robust U.S. gas prices out to 2050, at \$4.30/MMBtu and \$4.80/MMBtu for 2050 under STEPS and AET-1.5, respectively. The results illustrate our conservative approach to financial planning, with our Henry Hub price forecast aligned with the AET 1.5 scenario out to 2030 and staying flat at around \$3.50/MMBtu post-2030.

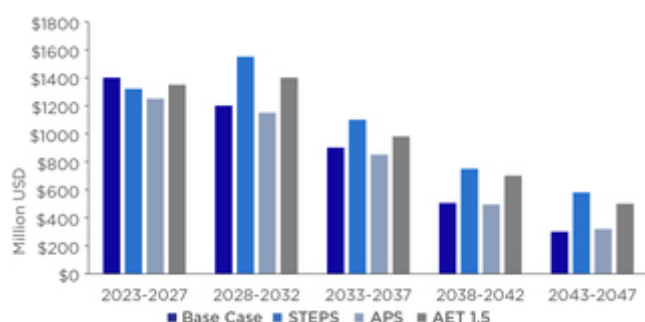
The higher positive NAV change under the STEPS scenario can be attributed to much higher Henry Hub prices out to 2030 than in our Base Case, which when coupled with Diversified's front-loaded production outlook, significantly increases the value of assets. Production volumes between 2024 and 2035 account for over 60% of the total production between from 2024 to 2048. During this timeframe, natural gas prices are higher in the STEPS scenario, averaging -\$4.30/MMBtu versus an average of -\$3.70/MMBtu under AET- 1.5.

Secondly, the strong price outlook is bolstered by our low cost of production. As a result, we are able to maintain profitable operations across our portfolio through to 2050.

Our analysis indicates that even in the most carbon constrained scenario (Wood Mackenzie AET-1.5), our production would remain resilient and profitable in the short-, medium- and long-term. This conclusion is supported by the analysis of related free cashflows, depicted below, where even under the most aggressive pricing outlook in AET-1.5, our free cashflow remains positive.

Unless there are significant changes in the regulatory environment in the near future, we do not expect to see a significant financial impact of climate-related risks on our near-term cash flows. Post-2030, our conservative commodity price assumptions, used for Diversified's financial planning and acquisition and divestiture screening, position us well to cope with the potential introduction of carbon taxes in the U.S. or falling commodity prices.

CUMULATIVE UNLEVERED FREE CASH FLOWS UNDER EACH SCENARIO vs BASE CASE



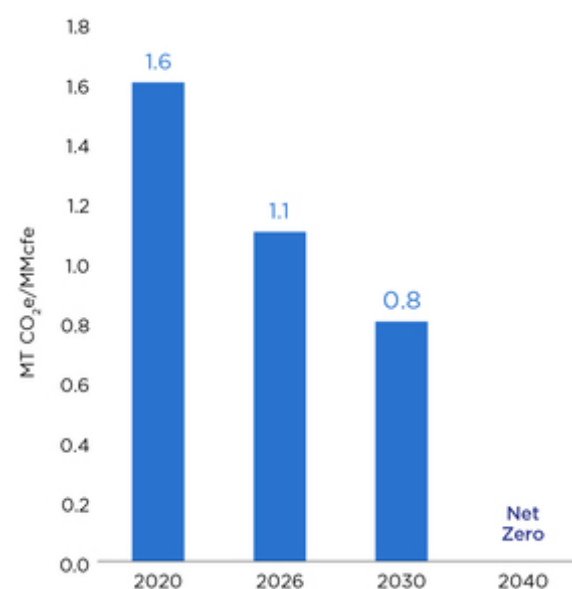
CARBON COSTS AND REDUCTIONS

In addition to the impacts of the three climate scenarios on commodity prices, the scenarios also incorporate carbon price outlooks required to achieve the highlighted primary energy outcomes. While the IEA acknowledges that these estimates should be interpreted with caution, the CO₂ prices provide some context for the level of price that is required to promote fuel switching and associated investment decisions. To assess the impact that carbon

pricing may have on our business, we have utilized the carbon price forecast for the U.S. for the IEA scenarios and for developed economies in the Wood Mackenzie AET-1.5 scenario. We have evaluated the implications based of these carbon prices on our net zero goal (Scope 1 and 2). Under the APS scenario, carbon prices in the U.S. are forecast to be \$135/MT in 2030 and rise to \$175/MT by 2040. STEPS does not incorporate a carbon cost in the U.S. (at a country level) across the forecast period. The AET-1.5 scenario incorporates carbon prices of \$96/MT as soon as 2026, thereafter increasing to \$136/MT by 2030 and \$173/MT by 2040.

METHANE INTENSITY TARGETS

(MT CO₂e/MMcfe)



Carbon Prices (\$/MT)

Scenario	2026	2030	2040
IEA STEPS	N/A	N/A	N/A
IEA APS	N/A	135	175
WM AET 1.5	96	136	173

In 2021 we announced our ambitions for near- and long-term emissions reductions relative to our revised 2020 baseline, with short- and medium-term targets to reduce Scope 1 methane emissions intensity by 30% by 2026 and 50% by 2030. Based on our revised IPCC 2020 baseline methane intensity of 1.6 MT CO₂e/MMcfe, our targets are therefore 1.1 MT CO₂e/MMcfe by 2026 and 0.8 MT CO₂e/MMcfe by 2030. In addition, we have a long-term goal to achieve net zero Scope 1 and 2 GHG emissions by 2040. Our revised IPCC 2020 baseline for CO₂ emissions intensity across both Scopes for 2020 was 2.1 MT CO₂/MMcfe.

Using the carbon price assumptions used in each of the climate scenarios, the potential financial impact associated with our methane emissions intensity targets in 2030 would be \$0.11/Mcfe under APS and \$0.11/Mcfe under AET-1.5. The carbon cost per Mcfe is calculated using the carbon price from each scenario and multiplying this by the methane intensity target for each of the target years, i.e. 2026, 2030 and 2040. As we have already surpassed our 2030 methane reduction target in 2023, the potential financial impact of our methane emissions will likely be lower than the calculated value above as we continue to focus our efforts on de-methanization of our operations. There would

be no cost to our business under STEPS as this scenario does not incorporate a U.S. carbon price. These figures do not account for any additional costs from emissions of CO₂.

Although we have not yet set specific targets for reducing the intensity of our CO₂ emissions, if for the purposes of this analysis we assume that we can reduce these at the same rate as the intensity of our methane emissions, we would expect our total Scope 1 and 2 emissions intensity in 2030 to be 1.05 MT CO₂e/MMcfe, implying a total potential carbon cost in 2030 (covering CO₂ and methane) of just over \$0.14/Mcfe in both APS and AET-1.5 scenarios.

Alternatively, if we take a less optimistic view and assume that our CO₂ emissions remain at 2020 levels until 2030, then the total intensity of our emissions would be 1.3 MT CO₂e/MMcfe, implying a total carbon cost in 2030 of close to \$0.18/Mcfe.

We aim to reduce our absolute Scope 1 and 2 GHG emissions in line to achieve net zero in line with our 2040 goal. We would expect this to reduce the overall carbon cost to our business from these emissions even in the face of rising carbon prices. However, we recognize that our 2040 net zero goal assumes that there will still be residual emissions from our operations which will need to be offset elsewhere and that we may therefore still incur a carbon cost associated with those residual emissions. We plan to build these considerations into our financial models as the pathway for our emissions after 2030 and for carbon pricing becomes clearer in the coming years.



RISK MANAGEMENT

IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

We recognize that the transition to a lower-carbon future, inclusive of both physical and transition risks, could have significant implications for our corporate strategy and could negatively impact our financial results due to lower demand and lower prices for natural gas and oil. The size and scope of market-related climate risks are assessed and quantified through scenario analysis as detailed in the Strategy section of this TCFD Report. Equally, we recognize that physical risks, such as extreme rainfall, water stress, and heat stress, related to climate variability, could impact our operations. The Strategy section also shows details of our qualitative analysis of the impact of specific acute and chronic physical risks on our portfolio, including mitigation and adaptation actions.

We also actively monitor our performance against our peers and engage with industry organizations such as the Natural Gas Sustainability Initiative ("NGSI") and OGMP to ensure that our approach to climate risk, particularly the decarbonization of our operations, follows best practice, as described elsewhere in this TCFD Report.

This section of the TCFD Report focuses on our risk management processes, including how we identify, assess, and manage climate-related risks.

Effective risk management and control is a key component to the successful execution of our business strategy and objectives. Under the oversight of the Board's Audit & Risk Committee, our Senior Leadership Team developed risk management review processes which include the oversight and monitoring of our risk control and mitigation efforts.

These risk management processes were developed to minimize risks across our operations, support the achievement of our strategic objectives, and create sustainable value for our stakeholders.

As part of our ERM program, we seek to assess all potential risks, including climate-related, affecting stakeholders and the natural environment and to counteract and mitigate such risks as effectively and expeditiously as possible. Our company-wide risk management processes ensure risks are appropriately identified, assessed, and managed.

RISK IDENTIFICATION

Within the program's risk identification phase, we capture potential and emerging risks that could arise as a result of a change in circumstances or new developments impacting our company. To identify climate-related risks, we rely on discussions with business unit leaders across the organization, the experience and expertise of our Board members, third-party experts, and our knowledge of current and emerging industry- or company-specific risks.

Through consistent, robust stakeholder engagement and our periodic corporate Materiality Assessment with stakeholders, we also have the opportunity to identify issues with the greatest impact, whether through risks or opportunities, on our business. In 2023, climate and climate management was identified by our stakeholders as a top 25 issue for the Group.

Climate-related risks are classified in alignment with the TCFD's description of physical and transition risks, as described in the Strategy section above.

RISK ASSESSMENT

We assess climate-related risks to our business by utilizing a scorecard approach, alongside other risk categories considering their (i) likelihood, (ii) potential impact, and (iii) speed of impact. For each Principal Risk, we also develop a list of mitigating activities and other opportunities that may offset or minimize the risk. In our most recent risk assessment, we identified Climate as a Principal Risk, and further, as a Strategic Risk within Diversified's risk universe when considering the potential it has to also influence several other Principal Risks including Corporate Strategy and Acquisition Risk, Regulatory and Political Risk, and Commodity Price Volatility Risk.

RISK MANAGEMENT

While we consider risk management the responsibility of all employees and have empowered them to enhance our processes and procedures as appropriate to mitigate risks, a designated Risk Owner is primarily responsible for implementing the identified mitigating controls and action plans in order to remove or minimize the likelihood and impact of the risk before it occurs. As more fully described below, the Risk Owner also provides updates to Executive and senior management and the Board, as applicable, on mitigation efforts of the risk.

Integration of Risk Management Processes into the Organization's Overall Risk Management

As described in part in the Governance section of this TCFD Report, the ownership structure for Climate Risk is shown below and begins with the Board's responsibility to ensure that Climate Risk is ultimately addressed and mitigated through the Group's corporate strategy and business model. Assuming oversight responsibility of Climate Risk on

behalf of the Board, the Sustainability & Safety Committee monitors company performance on operational climate mitigation activities and energy transition adaptation plans by actively engaging with senior management on these topics.

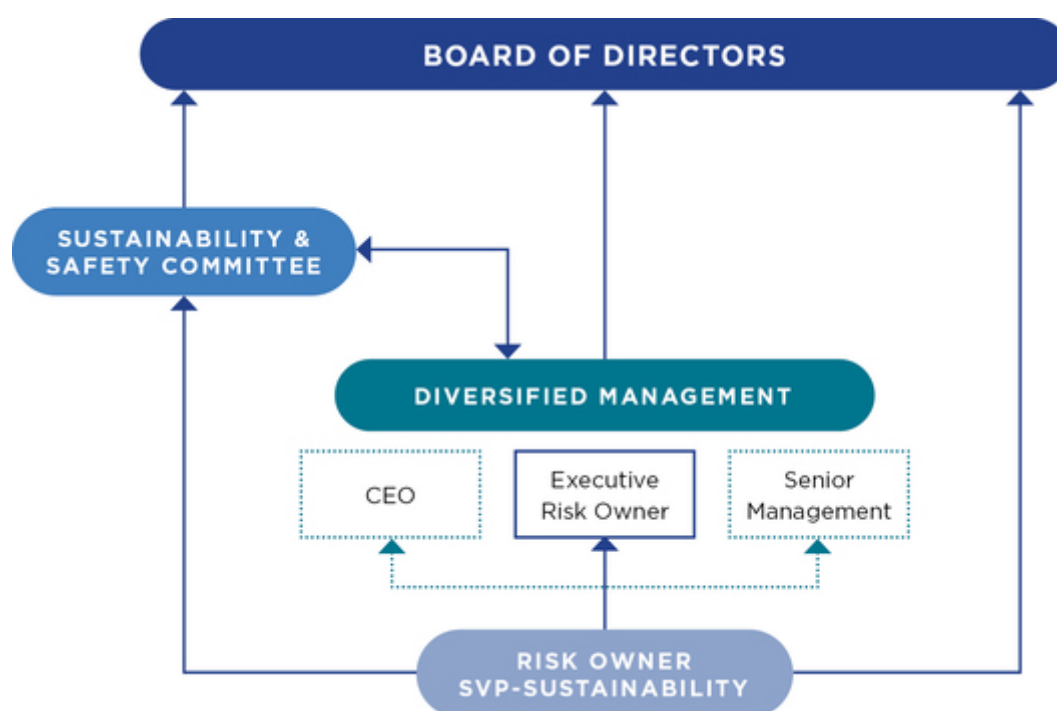
At the risk level, each Principal Risk is assigned to a Risk Owner, a member of senior management who identifies and develops mitigating controls and future opportunities for mitigation as part of the risk scorecard process. Throughout the year, under the oversight of an Executive Risk Owner, the Risk Owner is responsible for actively monitoring and managing the risk and likewise periodically updating the risk scorecard.

As part of our ERM program, the role of Risk Owner for Climate Risk is assigned to the Senior Vice President-Sustainability. This Risk Owner, other senior management team members, the Executive Risk Owner, and the CEO

regularly engage in risk discussions across all areas of our operations, ensuring climate-related risks are integrated into the Group's overall and ongoing risk management considerations, processes and actions. This healthy dialogue regarding risk creates a culture that highly regards risk mitigation as a way to preserve and create value for our stakeholders. As a standing invited guest to the Sustainability & Safety Committee meetings of the Board, the Climate Risk Owner also regularly shares the Group's actions and mitigating activities regarding Climate Risk.

As a company, we also monitor emerging energy transition trends and shifting conditions in the energy industry – ranging from new climate-related regulatory requirements to global climate impacts – so we are prepared to respond accordingly. Such a response may include policy or procedural changes or additional resources or training to mitigate the emerging risks.

CLIMATE RISK OWNERSHIP STRUCTURE



Additional details of our ERM framework and program are set out within this Annual Report .

Looking ahead, in 2024, the broader ERM program that includes Climate Risk will be facilitated by our Senior Vice President of Accounting who, under the ongoing oversight of the Audit & Risk Committee, will:

- Engage Executive Management for a full review and consensus of the Tier I and Tier II risks within our risk universe;
- Assess the impact of the risks to corporate strategy and develop relevant KPIs;
- Ensure Risk Owners develop, monitor, manage, and report risk mitigation activities and opportunities to Executive Management; and
- Present a full summary of the risks, KPIs, mitigating actions, and opportunities to the Board.



METRICS & TARGETS

Beating Our Emissions Targets on Our Path Towards Net Zero

FOCUS ON SCOPE 1 & 2 EMISSIONS

We have been resolute in our focus on reducing GHG emissions from our operations throughout 2023 with a particular focus on reducing methane intensity, underpinned by our clearly defined targets, relative to the 2020 baseline:

- 30% reduction in Scope 1 methane intensity by 2026;
- 50% reduction in Scope 1 methane intensity by 2030; and
- Net Zero from Scope 1 and 2 GHG emissions by 2040.

Methane emissions have a magnified impact on climate change due to their high global warming potential

compared to carbon dioxide, hence our focus on reducing the methane intensity of our operations. The significant progress we are making in achieving our targets is reflected in the reported emissions table below, reflective of our achievement in 2023 of a methane intensity of 0.8 MT CO₂e/MMcfe, a 50% reduction from our 2020 baseline and the accomplishment of our 2030 target seven years ahead of schedule. This is also reflected in year-over-year change in the portion of Scope 1 methane emission as to total Scope 1 emissions, or 27% at year-end 2023 versus 38% at year-end 2022.

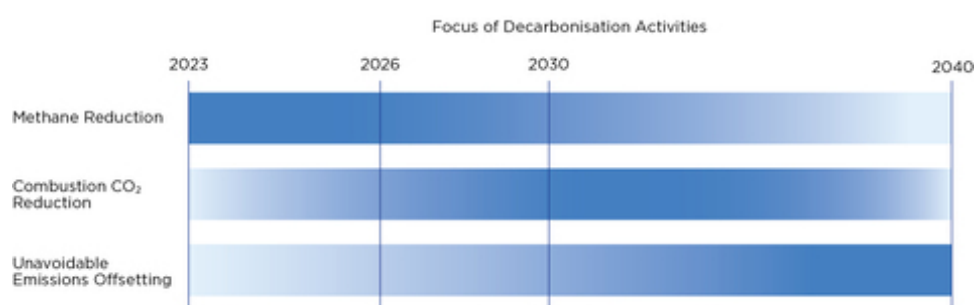
Nonetheless, our primary focus remains on continuing near-term efforts to further reduce the methane intensity of our operations. This desire is driven by our longer-term goal to achieve net zero emissions though we move forward cautiously, within a regulatory environment that is continuing to evolve and has the potential to increase our reported emissions with the addition of new requirements

and new source categories not previously reported. As such, we intend to evaluate those regulations as we consider new interim targets.

As previously shared, we plan to increase in the medium-term our efforts to reduce the combustion-derived CO₂ in our operations through efficiency improvements, potential electrification, and the potential broader use of renewable energy.

After focusing on true reductions and/or eliminations of GHG emissions, whether methane or CO₂, we will then seek to address residual operating emissions through the use of credible offsets and the generation of voluntary and regulated carbon credits. We believe that this approach sets us on course for the achievement of our longer-term goal of net zero Scope 1 and 2 GHG emissions by 2040.

ACTIVITY LEVELS FOR THE KEY STEPS TOWARDS NET ZERO



REPORTING GHG EMISSIONS

To monitor our progress towards achieving our GHG emissions reduction targets and ultimate net zero goal, we collect and evaluate a comprehensive set of metrics that are material to our performance. These metrics, which include our absolute Scope 1 and 2 GHG emissions broken down by type and source, are also included in the GHG Emissions table below. Scope 1 and 2 GHG emissions data were assured by ISOS Group Inc. ("ISOS"). ISOS provided a moderate Level II assurance in accordance with the AccountAbility 1000 Assurance Standard.

GHG Emissions ^(a)	Unit	2023	2022	2021
Scope 1 Emissions:	thousand MT CO ₂ e	1,561	1,820	1,631
Carbon Dioxide	thousand MT CO ₂	1,140	1,130	841
Methane ^(b)	thousand MT CO ₂ e	420	686	790
Nitrous Oxide	thousand MT CO ₂ e	1	4	1
% Methane	%	27	38	48
Scope 1 Methane Intensity	MT CO ₂ e/MMcfe	0.8	1.2	1.5
Scope 1 Methane Intensity - NGSI ^(c)	%	0.11	0.21	0.28
Scope 1 Emissions Attributable to: ^{(b)(d)}				
Flared Hydrocarbons	thousand MT CO ₂ e	—	0	0
Other Combustion	thousand MT CO ₂ e	1,178	1,173	870
Process Emissions	thousand MT CO ₂ e	92	67	65
Other Vented Emissions	thousand MT CO ₂ e	63	182	295
Fugitive Emissions	thousand MT CO ₂ e	228	399	402
Scope 2 Emissions - Total Company ^(b)	thousand MT CO ₂ e	61	59	3
Energy consumption	million kWh	134	128	7
Total Scope 1 and Scope 2 ^(b)	thousand MT CO ₂ e	1,622	1,879	1,634
Scope 1 and Scope 2 GHG Emissions Intensity ^(b)	MT CO ₂ e/MMcfe	3.1	3.4	3.1

Air Quality ^{(a)(e)}	Unit	2023	2022	2021
Nitrogen Oxide (NOx, excluding N ₂ O)	metric tons	21,520	21,546	16,126
Carbon Monoxide (CO)	metric tons	18,448	18,530	13,842
Sulfur Oxide (SOx)	metric tons	61	108	81
Volatile Organic Compounds (VOC)	metric tons	3,108	4,421	6,632
Particulate Matter (PM Total)	metric tons	137	140	105

Totals may not sum due to rounding.

^(a) Emissions are reported under a modified Intergovernmental Panel on Climate Change ("IPCC") report format for EU investors.

^(b) 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.

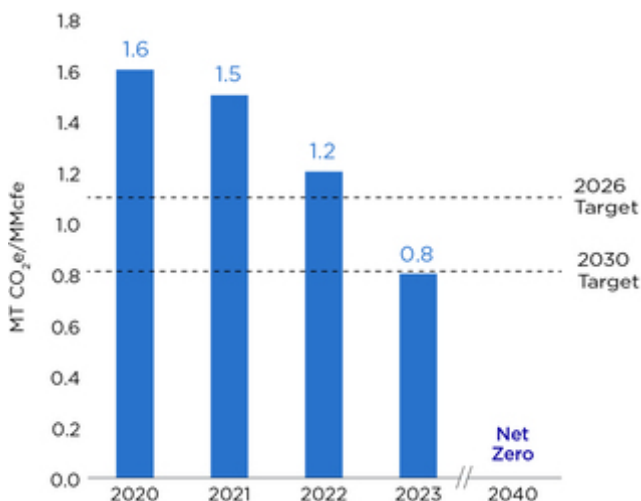
^(d) Reflects Sustainability Accounting Standards Board categories for reporting Scope 1 GHG emissions (EM-EP-110a.2) in line with the Oil & Gas - Exploration & Production Sustainability Accounting Standard (October 2018).

^(e) 2022 and 2021 were recast from previous disclosures to mirror like computations in 2023, inclusive of updated calculation assumptions and new approved reporting protocols, thus improving year-over-year comparability.

Disclaimer: GHG emissions were calculated per IPCC reporting guidance, which permits best engineering estimates for certain emissions categories, and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The source data used in these calculations were accurate and complete, to the best of our knowledge, at the time they were gathered and compiled. If new data or corrections to existing data are discovered, the Group may update emissions calculations as permitted and in accordance with industry standards and expectations. Such updates will be included in future reporting and posted to our website where such posts may take place without notice.

We have continued to focus our efforts on the reduction of methane emissions from our operations with significant success reflected in achieving our 2030 target seven years ahead of schedule. As the bulk of our methane emissions are largely a function of fugitive emissions and natural gas-driven pneumatics, we have continued to address these areas. Throughout 2023, we built upon previous achievements and continued to pursue aggressive leak detection and repair initiatives, as discussed in our Strategy review, combined with replacing natural gas-driven pneumatic devices with compressed air. These activities have resulted in a 39% year-over-year reduction in absolute Scope 1 methane emissions to 420 thousand MT CO₂e from 686 thousand MT CO₂e in 2022. Our Scope 1 methane intensity improved more than 30% year-over-year to 0.8 MT CO₂e/ MMcfe and contributes to a three-year cumulative reduction in methane intensity of ~50%.

METHANE INTENSITY LEVELS (2020-2023) vs. DEFINED TARGETS



Carbon dioxide emissions now account for 73% of our year-end 2023 total Scope 1 emissions portfolio, an increase from the prior year's 62% of Scope 1 emissions though not surprising given our near-term focus and success on reducing methane emissions. Year-over-year absolute Scope 1 CO₂ emissions increased by approximately 10 thousand MT CO₂ to 1,140 thousand MT CO₂. A majority of Diversified's CO₂ emissions are generally attributable to compressors and vehicle fuel. For 2023, this slight increase in CO₂ emissions was largely attributable to an increase in liquid fuel emissions as a function of increased produced water hauling associated with a Central Region acquisition during the year and refined calculation methodologies.

Nitrous oxide remains an immaterial component of our overall GHG emissions, totaling just one thousand MT CO₂e in 2023. Further, our location-based Scope 2 GHG emissions remained largely unchanged year-over-year at ~61 thousand MT CO₂e. As such, the primary drivers of the net reduction in total absolute Scope 1 and Scope 2 GHG emissions were the aforementioned significant methane emission reductions in fugitives and pneumatics, as reflected in the 14% decline from 1,879 thousand MT CO₂e in 2022 to 1,622 thousand MT CO₂e in 2023. With this reduction, our overall Scope 1 and Scope 2 GHG emissions intensity declined 9% from 3.4 MT CO₂e/MMcfe in 2022 to 3.1 MT CO₂e/MMcfe at year-end 2023.

YEAR-OVER-YEAR CHANGE IN SCOPE 1 AND 2 EMISSIONS



WATER USAGE

Due to the geographic locations of our assets and the nature of our business model aimed at acquiring and operating existing wells rather than drilling new wells, we do not consider water availability to be a material climate-related risk for our company. Further, according to the World Resources Institute's Aqueduct Water Risk Atlas, 99% of Diversified's operations are located in states classified as Low Overall Water Risk areas, using the oil and gas industry-specific weighting scheme which is most relevant for our business. At present we have therefore not set ourselves specific targets regarding water usage.

INCENTIVIZING EMISSIONS REDUCTION PERFORMANCE

Our commitment to reducing our GHG emissions is reflected in our executive compensation plans which include sustainability and climate-related targets. An ESG-related performance component was first assigned to a portion of the Executive Directors' short-term incentive plan ("STIP") in 2020. Since then, our Remuneration Committee and the Board have increased the ESG-related percentage from 10% to 30%. ESG-related metrics were also added to Executive Directors' long-term incentive plan ("LTIP") first in 2022 and continue presently through 2024. For both the STIP and LTIP, a portion of those ESG-related metrics are specifically climate-related targets tied to tactical methods to achieve further methane emission reductions in our journey toward net zero in 2040, and thus these short- and long-term incentive compensation metrics are also applicable to members of senior leadership who play an active role in executing these tactical methods.

	2020	2021	2022	2023	2024
STIP	10%	25%	30%	30%	30%
LTIP	N/A	N/A	20%	20%	20%

CONCLUSION

We recognize that the energy transition is a challenging and complex global issue. However, Diversified continues to prioritize its ambitious goals of reducing the carbon intensity of its operations. With sustainability deeply embedded in every aspect of our organization, we remain steadfast in integrating climate considerations into our company culture and decision-making processes.

We have assessed the impact of transition and physical climate risks on our portfolio. The size and scope of market-related climate risks were assessed and quantified through scenario analysis, showing the resilience of our portfolio even in the Net Zero scenario. Our qualitative assessment of physical risks, such as extreme rainfall, hurricanes, water stress, and heat stress, showed we are well-positioned to mitigate and adapt to these risks, even in a more extreme 'hothouse world' scenario, associated with a temperature increase of 4.3°C by 2100.

Our pragmatic approach to emission reductions, with a near- and mid-term focus on de-methanization of our operations, has yielded outstanding results with our 2030 methane intensity reduction target being achieved seven years ahead of schedule - though we will not slow in our efforts to capture further emission reductions as we move forward. Our mission to achieve our long-term target of net zero in 2040 continues, emboldened by the achievements we have already made in reducing the methane intensity of our operations. As we work toward our net zero targets, we are committed to keeping environmental stewardship at the forefront of our strategic decision-making.

Managing Our Footprint

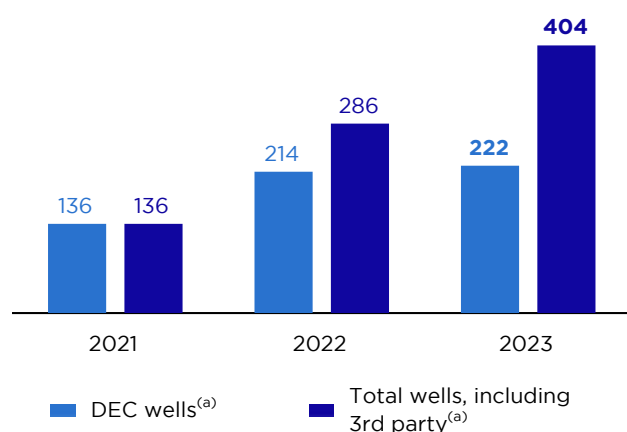
Diversified's commitment to environmental stewardship is focused on our responsible management of the natural resources located within the communities we serve, the safe and permanent retirement of end-of-life assets, our efficient use of water, and the protection of biodiversity. Our efforts to manage our environmental footprint start with Diversified employees, who leverage their expertise alongside innovative and proven solutions to help reduce any potential negative impacts resulting from our operations.

In addition to the previous GHG emissions and air quality data and accompanying discussion within our aforementioned TCFD disclosures, below are a number of environmentally-focused areas within our footprint that are relevant to our 2023 actions.

WELL RETIREMENT

Through our wholly-owned subsidiary, Next LVL Energy, Diversified is a leader in well retirement in Appalachia. Next LVL retires not only end-of-life wells owned by Diversified, but also wells owned by other oil and gas operators in Appalachia and abandoned wells with no current owner that are the responsibility of the state. Further, Next LVL serves as manager of the federal orphan well retirement programs in southern Ohio.

ACTUAL WELLS RETIRED



^(a) Inclusive of 14 and 21 Central Region wells retired during 2022 and 2023, respectively

We retired 201 Diversified wells in Appalachia in 2023, exceeding our stated objective for the year and significantly exceeding annual requirements as per our existing state agreements. We also retired 21 Diversified owned wells in our Central Region states, bringing total retired company wells to 222 in 2023.

During the year, the Next LVL team directly retired or managed the retirement of 182 third-party wells, including 148 state and federal orphan wells and 34 wells for other third-party operators. When considering both Diversified and third-party retirements, we plugged a total of 404 wells during the year.

In its first full year of operation under Diversified's ownership, Next LVL's expanded retirement capabilities now include 14 teams and 17 rigs, well positioning the Group to remain one of Appalachia's largest and most active asset

retirement companies. Responsibly retiring end-of-life assets is an integral part of our environmental stewardship strategy. Included in this strategy are a rig utilization optimization program, or a streamlined workflow that affords more efficient movement of vehicles and equipment - thus reducing the plausibility of safety incidents while simultaneously reducing vehicles emissions - and bespoke well pad restoration and biodiversity protections while retiring the wells and restoring the site.

WATER MANAGEMENT

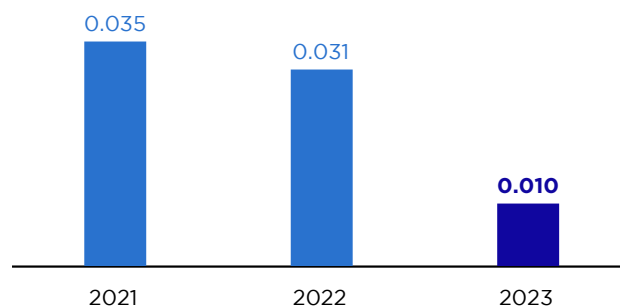
Water is a finite and essential resource and thus, responsible water withdrawal, use, and disposal is important for our environmental performance. Our operations are primarily located within areas that qualify as Low Overall Water Risk, with only 1% located in areas that have Low to Medium Overall Water Risk and none in areas beyond Medium Risk, as assigned by the World Resources Institute's Aqueduct Water Risk Atlas. Even so, we apply the same principles of operational efficiency and best practice to our water use that we apply across our business, with the goal to: (i) limit freshwater use, (ii) manage our produced water, and (iii) expand recycling and reuse of produced water.

Our differentiated business model significantly decreases our reliance on water and therefore on freshwater withdrawal, thus alleviating an environmental concern material to many of our peers engaged in new development. Given the location of our operations in low water risk areas, no freshwater was withdrawn in high or extremely high water stressed areas in 2023.

In 2023, we decreased our annual total water use to less than one million barrels, or nearly 70% less than the prior year, primarily as a result of decreased water consumption for contracted drilling and hydraulic stimulation activities for third parties during the year. Our own water consumption is largely related to domestic use and various well operations, including certain well treatments and asset retirement activities. This decline in water consumption as compared to our total gross production resulted in a significant improvement in our year-over-year water consumption intensity, as reflected below.

WATER CONSUMPTION INTENSITY^(b)

(Bbl of Water per Boe Gross Production)



^(b) To improve year-over-year comparability, 2021 and 2022 metrics were revised to reflect updated reporting assumptions for domestic water use

The main waste associated with our operations is produced water, a naturally occurring by-product from the production of natural gas and oil. Therefore, most of our efforts in water management focus on the handling and disposal of produced water given the potential environmental implications of the same. During 2023, our produced water increased 34% year-over-year to 83 thousand barrels per day, due primarily to our increasing presence in the Central Region through acquisition.

Our framework for managing produced water effluents aims to first limit any environmental impacts and to increase the safety of employees, contractors and surrounding communities. Then, we focus on operational efficiencies to reduce waste water, which may include recycling and reuse efforts as well as seeking innovative approaches or technologies which can evaporate water from the production stream to reduce total produced water or extract heavy elements from the produced water to allow the now distilled water to be released into water streams.

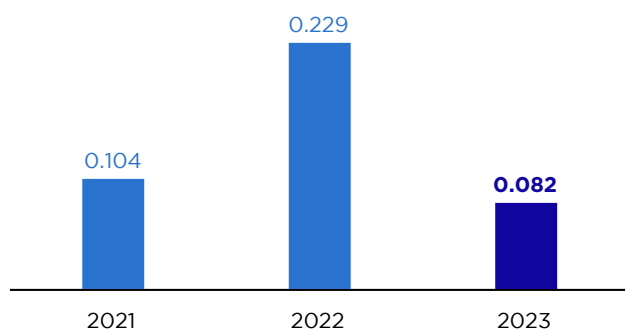
SPILL PREVENTION & MANAGEMENT

As an integral aspect of our environmental management program, Diversified is committed to effectively preventing spills across our operations. Our strategic approach to spill prevention includes (i) maximizing the use of well-maintained pipelines to transport produced liquids, (ii) utilizing continuous monitoring and automated data collection where applicable to inform our liquids decision-making, and (iii) removing out of service or degraded equipment which could inadvertently contribute to spills.

Our spill intensity rate improved 64% year-over-year largely as a result of the creation and empowerment of a Spill Prevention Focus Group in 2023 who developed and effectuated a plan to better mitigate and manage spill incidents, starting with a root cause analysis and action process that included informed data collection and increased training. Additional contributory actions included prevention and mitigation awareness from our integrated operations centers, the increased frequency of equipment inspections and the use of sacrificial anodes to lower the rate of naturally occurring corrosion in tanks.

SPILL INTENSITY

(Bbl of Spills per MBbl Gross Liquids Production)



BIODIVERSITY

At Diversified, we are committed to safeguarding nature and conserving biodiversity and ecosystems. We prioritize responsible stewardship of our leaseholds and assets, and focus on (i) minimizing environmental disruption through our "Avoid, Mitigate, Restore and Offset" approach, (ii) protecting sensitive species, habitats, and waterways, and (iii) enhancing biodiversity and ecosystems within our operational footprint. We achieve this through strong oversight, risk management and standardized procedures, recognizing that biodiversity protection is central to our sustainable operations.

As part of our zero net deforestation goal and biodiversity commitment, our 2023 efforts included a wide spectrum of ecosystem enhancement activities, starting with bespoke well pad restoration following well retirements for both Diversified and third parties. For our largest project in 2023, we partnered with West Virginia State University and its Extension Service, along with over 500 individual volunteers, to enable the planting during the year of nearly 11,000 bare-root seedlings and containerized trees in municipal parks, underserved neighborhoods, degraded forests, university campuses, and more.

Separately, we maximized the use of existing rights of way to avoid potential stream and wetlands impacts during pipeline extension work and effectuated projects independently identified and developed by our summer intern which included building and installing woodpecker houses in various locations within our West Virginia footprint.

Safety in Focus

'Safety-No Compromises' has been and will continue to be our utmost daily operational priority. While safety is inherently the primary functional responsibility of the EHS team, we recognize that safety is every employee's responsibility and priority - no matter the employee's location, position or job function. We recognize that comprehensive and effective management practices underpin the safety of our employees.

We take a data-driven approach to safety that includes an electronic dashboard which contains key EHS metrics and is readily accessible by all employees at any time. Thus, our approach to safety training for our employees is both preventative and responsive, utilizing the current and historical results and trends from this dashboard - partnered with amnesty-based Good Catch/Near Miss reporting, computer-based and fit-for-purpose training, and root cause analysis - to drive our safety training practices and protocol as we work diligently to uphold a zero-harm working environment.

PERSONAL SAFETY

While we take this approach to keep safety top of mind for employees while on the job and despite an 84% increase in Good Catch/Near Miss reporting, 2023 was a challenging year for personal safety performance. We recorded a Total Recordable Incident Rate ("TRIR") of 1.28, up 75% from the 0.73 recorded in 2022 and higher than our 2023 target of 1.03.

This year's incident rate was driven primarily by an increase in the total number of incidents, which were attributable in part to short service employees with less than one year of service under Diversified's safety culture, which we are seeking to address through our safety programs.

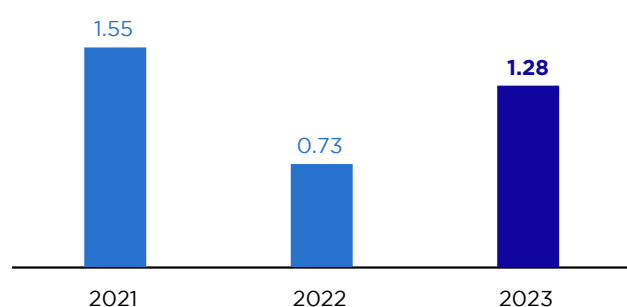
As with any incident and no matter the severity, our desire for a zero harm working environment and our data-driven approach to change management encourage us to (i) take appropriate time to review the circumstances, causes and corrective actions of these incidents and (ii) use these results as a catalyst for improving forward safety performance.

Our lessons learned to date in the review of our 2023 incidents reinforce what we already know - the task of promoting safety is never finished - and highlight where our safety program needs improvement, specifically in our accountability and corrective action following an incident. We have created a more robust work-flow for accountability for safety incidents and formed a task force to evaluate causal factors. So far, we have identified opportunities for increased instruction for front line and mid-level managers. and we will utilize the efforts of our task force to drive additional, appropriate program improvements.

Moving forward in 2024, while we will continue to promote our Good Catch/Near Miss amnesty reporting program, we are also updating our personal safety metrics to include both TRIR and a severity rate, as measured by Lost Time Incident rate, to provide enhanced clarity to our safety performance.

TRIR

Per 200,000 work hours



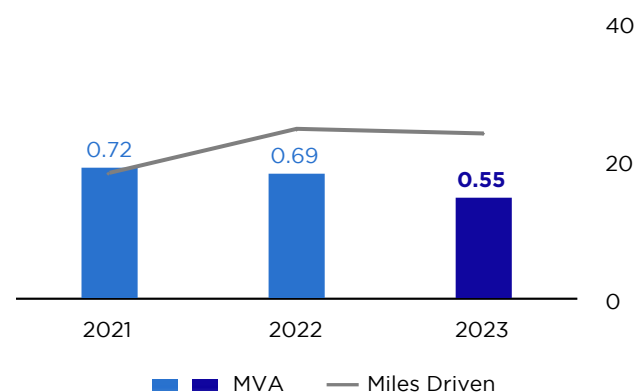
DRIVER SAFETY

Our field operations span across nine states, and this geographic dispersion means employees may spend significant time traveling on the roads, as evidenced by the more than 24 million miles driven during the year. For this reason, improving driver safety means reducing both miles driven, which we accomplish in part through our remote monitoring programs and efficient well tender routing, and the accidents that occur during those miles. We seek zero preventable motor vehicle accidents ("MVA") during the calendar year, and aim to incentivize accident-free driving by offering our field teams annual safe driving awards and leveraging our MVA metric in a portion of executive and senior leadership short-term compensation.

Our 2023 MVA is 0.55 incidents per million miles driven, a 20% improvement from the 0.69 recorded in 2022.

VEHICLE SAFETY

Vehicle Incidents ("MVA")



PIPELINE AND PROCESS SAFETY

We operate a full complement of natural gas production, gathering, transmission, and storage assets, including thousands of miles of pipeline. To keep employees, our communities, and the environment safe and protected, we deploy rigorous monitoring and safety measures, engage in regular maintenance, focus on operator training, maintain well-documented operational and safety records, and utilize state of the art technologies to aerially survey our systems. Reflective of our commitment to asset integrity management, during 2023 we were audited by 16 various state and federal regulatory agencies and received zero non-compliance citations with civil penalties for our operational assets and compliance programs.

Our Employees

We are committed to building a workplace that seeks to attract and retain a talented and diverse staff by providing attractive jobs with competitive salaries and meaningful benefits, fostering a unified company culture, offering equitable growth and development opportunities, and creating a collaborative and enjoyable work environment where all employees feel valued and supported in the work they do.

Though our various operations encompass distinct activities, we view our corporate and individual employee actions through the lens of a single, unified OneDEC approach that drives a culture of operational excellence fostered through the integration of people and the standardization of processes and systems. This OneDEC approach supports and encourages company-wide initiatives by ensuring alignment of our corporate and sustainability goals with individual or collaborative action supported by financial investment and well understood principles and policies.

Regarding these principles and policies, during the year we refreshed our Employee Relations Policy which defines Diversified's role in prioritizing employee well-being while promoting an equal opportunity work environment. We also updated our Employee Handbook to include new policies and programs that offer additional opportunities and benefits for employees. Finally, we developed a new employee-specific Code of Business Conduct & Ethics which serves as a framework for ethical decision-making, helps ensure that all employees understand the expectations and consequences of their actions, and creates a safe, respectful and professional work environment for all employees.

EMPLOYEE ENGAGEMENT

During the year, we capitalized on various opportunities to promote employee engagement with members of management and the Board. For example, executive management held town hall meetings and in-the-field interactions with employee groups, providing a platform for the employees to receive direct updates on corporate initiatives and developments and to ask questions directly of executive and senior management. The Board's Non-Executive Director Employee Representative, Ms. Sandra (Sandy) Stash, accompanied our Board Chairman in the fall of 2023 on an asset and employee field visit in Texas, meeting with employees to ensure the views of the workforce are considered by the Directors. The Employee Representative role was established in compliance with the UK Corporate Governance Code, and 2023 was the third full year of Ms. Stash's tenure in this regard.

The valuable feedback from these meetings, along with that resulting from our corporate-wide Employee Experience Survey, is used to strengthen future employee engagement and initiatives. We also regularly conduct new hire surveys regarding the onboarding process as well as exit interviews, both important tools to further improve employee experiences.

In line with industry standards in the country of employment, our employees maintain a range of relationships with union groups. We have not previously experienced labor-related work stoppages or strikes and believe that our relations with our employees are satisfactory.

WORKFORCE DIVERSITY

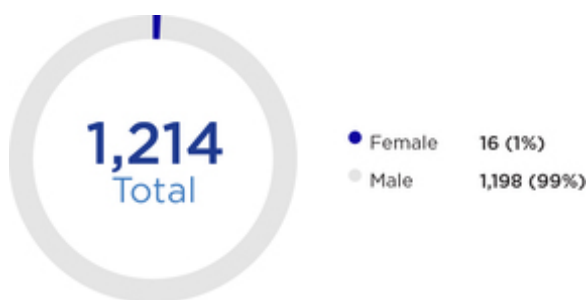
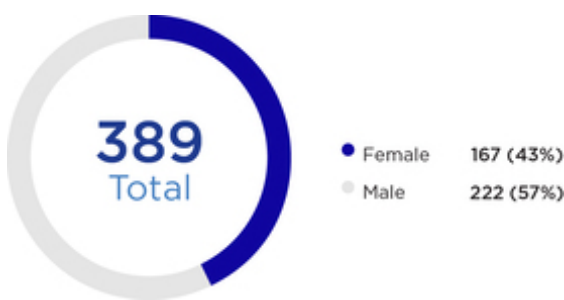
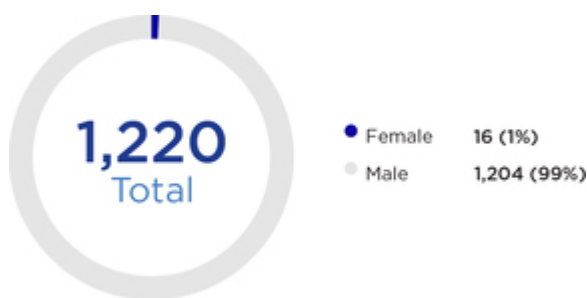
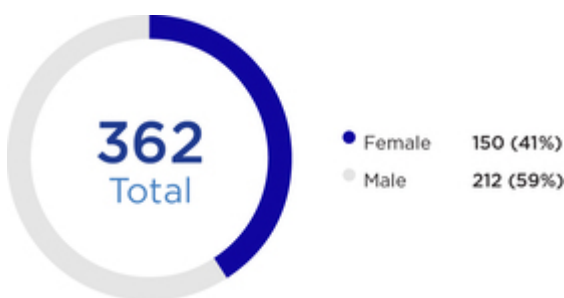
The vast majority of our employee base at December 31, 2023 consists of production employees which includes our upstream, midstream, and asset retirement field personnel. All other employee positions, including back office, administrative and executive positions, comprise production support roles. Since inception of the Group, and in alignment with our U.S.-based assets, all employees are located in the U.S.

At Diversified, 11% of our total workforce at year-end was made up of females (as self-reported), slightly higher than the prior year-end and, in part, a function of our hiring practices in 2023 where we hired female candidates at a higher rate than female applications received (17% versus 14%, respectively, as self-reported). Ethnically diverse hiring continues to be a focus. Our applicant data reflects that we often have the least minority applicants per available job opening in areas where we have some of the most available openings. Likewise, we see a large number of minority applications in a few areas where we have the least number of annual openings. As always, we seek to enhance the diversity of our employee base, ensuring our local workforce mirrors the local population diversity, while also striving to hire the best candidate for the position, regardless of diversity characteristic.

At December 31, 2023, Senior Management, including the executive committee and direct reports and excluding the Executive Director, consisted of 103 employees, including 35 females (34%) and 68 males (66%).

At Diversified, we are dedicated to actively fostering an environment of welcoming and belonging throughout all facets of our business while demonstrating our company principle to "value the dignity and worth of all individuals." Therefore, we utilize our talent acquisition team to seek and develop programs and opportunities that allow us to increase our diversity when hiring.



2023 PRODUCTION EMPLOYEES**2023 PRODUCTION SUPPORT EMPLOYEES****2022 PRODUCTION EMPLOYEES****2022 PRODUCTION SUPPORT EMPLOYEES****TRAINING & DEVELOPMENT**

We are committed to building a workplace that fosters equitable growth opportunities and encourages human capital and career development for all employees. We offer several development programs and trainings to promote the professional growth of employees, including our existing Educational Assistance Program that offers tuition reimbursement for advanced training in an employee's field of focus or a field that facilitates promotion opportunities.

In 2023, the Group also piloted a new Leadership Impact Training ("LIT") program for 40 managers across the organization. The LIT is a Franklin Covey facilitated program which includes a 360° feedback assessment that will drive a personalized leadership development program for each participant to better prepare participants for expanded future leadership roles at Diversified. Based on overwhelming positive feedback on the program, the Group intends to continue this leadership program in 2024 and to introduce a new LinkedIn Learning development program for approximately 500 employees which also includes personalized professional development curriculums.

TALENT ACQUISITION & RETENTION

Attracting and retaining talented and diverse staff is key to our success as a business, and we remain focused on providing attractive jobs with competitive salaries.

including hiring locally to build our long-term pipeline of talent. In 2023, most of our new hires were from the local communities in which we operate. Our commitment to local hiring is indicative of our larger dedication to supporting economic development in the areas in which we work. Further, our commitment to hiring a diverse workforce was bolstered this year with three unconscious bias training programs undertaken by 350+ managers and leaders to help them recognize potential bias present during the interview, recruiting and promotion processes.

In addition to providing development programs and trainings to promote career development for existing employees, our hiring efforts also include utilizing our summer internship and scholarship programs as a potential employment pipeline for diverse candidates. We were pleased to expand our internship program this year to include 18 interns, surpassing our 2023 goal of hiring 15 interns. These interns included 15 traditional summer interns who worked in various departments within the Group while the other three interns were part of a local community college's workforce development initiative that allows students to take technical courses toward a degree while gaining paid work experience in their field of study.

Our total corporate turnover rate in 2023 was 17.1%, a slight decrease over the prior year's turnover of 17.6%.



Our Communities

SOCIO-ECONOMIC IMPACT

Diversified assumes a vital role in supporting communities across our 10-state operational footprint. By providing our communities with employment opportunities underpinned by competitive salaries and excellent benefits, state and local tax revenues, royalty payments, and other direct and indirect investments, we contribute significantly to the economies of these states and, in doing so, positively impact the communities where we operate.

Since 2021, we have commissioned an independent third-party to conduct an analysis on the collective direct and indirect economic impact we have across our 10-state footprint. The analysis leverages financial and other data from across our operations to assess the net impact we have at the local, state and national level, and allows us to illustrate the value of our contributions to stakeholders and other interested parties. In the last year alone, for example, we have contributed more than one billion dollars to the U.S. GDP when considering both the direct and ancillary impacts of our operations.

For example, in calendar year 2023, we provided more than \$500 million in ancillary labor income and generated more than 6,300 ancillary jobs. These ancillary jobs, when coupled with the ~1,600 employees we had at year-end 2023, highlight Diversified's total employment impact of nearly 8,000 jobs during the year. Year-over-year operational expenditures across our footprint also increased, but more substantially in states like Texas where we grew through acquisition in 2023, therefore leading to significant increases in economic benefit through job creation within that state.

Beyond these economic benefits, employees across our states continue to contribute to their communities through volunteerism and donations, and Diversified is committed to supporting these efforts.

COMMUNITY OUTREACH AND ENGAGEMENT

We are privileged to live and work in the 10 states across our operational footprint. We believe with that privilege and social license to operate comes a responsibility to support those very communities in which we live and work, and we recognize the long-lasting positive impact we can have on both our communities and our business by giving back.

Through our Community Giving and Engagement program, we support organizations that have a positive, direct impact on our communities. During 2023, through our grant program and other corporate initiatives, we contributed \$2.1 million to more than 120 different charitable, education related, and community and stakeholder engagement and outreach organizations, including significant contributions in geographic regions with large percentages of diverse and/or socio-economically disadvantaged populations. Our program is established around three main focus areas and with the ultimate goal to support community initiatives that fall under one or more of these areas: (1) community enrichment, (2) education and workforce development and (3) the environment. During 2023, our financial and human capital supported organizations that included childhood education, with emphasis on STEM (science, technology, engineering and math), secondary and higher education, children and adult physical and mental health and wellness, environmental stewardship and biodiversity, fine arts for children, food banks and meal programs, military and veteran support groups, community and volunteer first responders, and local infrastructure.

In addition to supporting employee volunteerism with these and other deserving organizations, in 2023 we officially launched the dollar-to-dollar matching gift program, providing a company match on employee contributions up to \$1,500 per employee per year, where we matched nearly \$100 thousand in donations from employees during the year.

Section 172 Companies Act Statement

In compliance with sections 172 ('Section 172') and 414CZA of the UK Companies Act, the Board makes the following statement in relation to the year ended December 31, 2023:

Our stakeholders are the many individuals and organizations that are affected by our operations and with whom we seek to proactively and positively engage on a regular basis. We strive to maintain productive, mutually beneficial relationships with each stakeholder group by treating all stakeholders with fairness and respect and by providing timely and effective responses and information.

OUR STAKEHOLDERS



Employees

We know our employees are our greatest asset and therefore essential to our success and growth. We recognize the need for a skilled and committed workforce, with a diverse range of experience and perspectives, and we value that diversity and the contribution it affords.

Key Areas of Focus

- Incident management
- Employee, driver and process safety
- Diversity and equal opportunity
- Employee development
- Workplace culture

We maintain several communication methods that afford two-way engagement with our stakeholder groups, including personal contact via face-to-face or telephone conversation, email exchange, company reports, press releases, investor presentations or conference participation and other company engagement.

As the owner and operator of long-life assets, we naturally make decisions that consider the long-term success of Diversified and value creation for our stakeholders. Engaging with our stakeholders informs our decision-making, including consideration of our long-term strategic objectives and the activities that support these aims, such as merger and acquisition diligence and the management of climate risk.

The following table provides a summary of stakeholder engagements from 2023.

Action and Engagement

Our CEO and other executive management periodically conduct town hall meetings and field visits to personally and directly engage employees and to provide opportunities for employees to have direct management engagement. Our Board's Non-Executive Director Employee Representative, Sandra M. Stash, also periodically engages with the workforce to receive employee feedback on our business strategy, corporate culture and remuneration policies, and shares this feedback with the Board. The valuable feedback from these meetings, along with that resulting from our updated corporate-wide Employee Experience Survey, is used to strengthen future employee engagement and initiatives. We also regularly conduct new hire surveys regarding the onboarding process and exit interviews, both important tools to further improve employee experiences.



Communities

We actively seek to support sustainable socio-economic development in the communities in which we live and work and aim to minimize any potential negative impacts from our operations.

From personal and socio-economic investment to strategic academic and educational support, our employees engage and serve their local communities through effective partnerships that make a real difference.

Key Areas of Focus

- Incident management
- Effective grievance mechanisms
- Environmental protection
- Socio-economic investment and outreach
- Local hiring

Action and Engagement

Through our formalized Community Giving and Engagement Program and other corporate initiatives, we provided approximately \$2.1 million in financial support to numerous organizations, including adult and children's health and well-being programs, local food banks, secondary and higher educational programs and initiatives, and municipal services throughout our 10-state footprint. We were especially pleased to support children's initiatives which included purchasing and distributing, for the third consecutive year, more than 1,200 winter coats in the Central Region through Operation Warm, and participating in the U.S. Marine Corp Reserve Toys-for-Tots Christmas gift program. We also supported the purchase of back-to-school supplies for elementary classrooms across our footprint and separately collected and donated more than 4,200 books to local schools and libraries. Further, we supported U.S. veteran-focused programs that seek to promote mental health healing and wellness among combat-wounded veterans or those suffering with post-traumatic stress disorder.



Land and Mineral Owners

We seek to develop and maintain trusted relationships with our land and mineral owners with the recognition that these relationships are key to our business philosophy and ability to achieve our operational goals.

Key Areas of Focus

- Royalty payments
- Incident management
- Effective grievance mechanisms
- Environmental protection

Action and Engagement

During the year, our employees responded to nearly 34 thousand inquiries from our land and mineral owners through our in-house call center and recorded ~800 personal visits with landowners. We also distributed approximately \$237 million in royalty payments during 2023.



Equity and Debt Investors

We actively engage with our capital market partners, financial institutions and rating agencies to support a full understanding of our business and progress against our strategic priorities.

Key Areas of Focus

- Emissions reductions
- Climate risk and energy transition
- Incident management
- Risk management
- Corporate Governance
- Financial stability
- Access to funding

Action and Engagement

We regularly provide financial, operational and other sustainability performance updates to our equity and debt investors. These updates may be in the form of investor relations presentations, press releases, website updates, or direct calls and meetings, inclusive of the CEO, CFO, COO, SVP-Investor Relations, SVP-Sustainability, SVP-EHS and/or Board Chairman, as applicable. The Annual General Meeting (“AGM”) also provides an opportunity for all shareholders to engage with the Board and Executive Management.

Our increasing participation in energy conferences, industry events and non-deal roadshows has provided added opportunities for discussions with current and potential Credit Facility lenders and ABS investors particularly interested in our sustainability and emissions reductions strategies, activities and results. Reflective of that interest by ABS investors and our commitment to climate and operating targets, our recent ABS transactions, inclusive of our sustainability-linked Credit Facility, have included interest rate impacts tied to certain of these sustainability targets.



Governments and Regulators

We seek to develop and maintain positive relationships and regular dialogue with various stakeholder groups within our federal, state and local governments.

Key Areas of Focus

- Legal compliance
- Tax payments to governments
- Safe and efficient asset retirement
- Emissions reductions
- Risk management
- Environmental protection

Action and Engagement

Executive and operational management engage with federal, state and local regulators to address legislative, regulatory and operational matters important to our business and our industry. With risk identification and protection of the local environment and biodiversity in mind, we proactively and fully engage all applicable regulatory agencies before commencing a project to ensure transparent dialogue during the completion and approval of applicable environmental assessments and related actions.

We also proactively and transparently engage with regulatory agencies throughout the year to keep them apprised of our operational and well retirement activities and to provide objective and measurable progress indicators. Our Next LVL well retirement subsidiary supports company efforts to exceed annual state plugging requirements while also supporting the well retirement needs of other oil and gas operators in the Appalachia Basin as well as the states in their respective federal orphan well retirement programs.



Suppliers and Customers

Our production is essential to supporting modern life. We work hard to deliver environmentally-focused, responsibly produced natural gas, NGLs and oil that satisfy regulatory requirements and meet the energy demands of our local communities and customers while supporting our climate goals.

We strive to develop strong relationships with our suppliers that are built on trust, transparency and quality products and services.

Key Areas of Focus

- Incident management
- Process safety
- Procurement management
- Access to funding

Action and Engagement

We use local suppliers and vendors in each of the states in which we conduct our operations. We engage the expertise and capability of a leading supply chain risk management firm to continuously screen and monitor contractor safety performance and compliance through stringent operating guidelines.

With a network of approximately 700 suppliers, this real-time monitoring helps to ensure our suppliers are providing us with the necessary product and service quality to meet the expectations of our stakeholders and support ongoing agreements with those suppliers who satisfy our safety thresholds.

We delivered 821 MMcfepd in 2023 with no cited process and pipeline safety events or associated civil penalties. We continue to use our pipeline awareness programs to provide relevant information and education to those who interact with our assets or employees.



Joint Operating Partners

As operator, we work on behalf of our joint operating partners to safely and efficiently manage the assets and deliver our products.

Key Areas of Focus

- Access to funding
- Risk management
- Employee and process safety
- Accident prevention

Action and Engagement

We fulfill our responsibility as operator by responsibly managing the wells, ensuring payment of related expenses, and distributing applicable revenues and royalties from the wells' commodity sales.



Industry Associations

Recognizing the benefit of collective and collaborative efforts among industry peers, we are actively involved in leadership and other roles in industry associations within the states in which we operate.

Key Areas of Focus

- Incident management
- Environmental protection
- Risk management
- Industry advocacy and leadership
- Accident prevention
- Employee and driver safety
- Landowner engagement

Action and Engagement

Through our active participation and the sharing of operating best practices, technical knowledge and legislation updates, we believe that these associations add value to our business, support our industry at large and protect the interests of our stakeholders.

Collaborative engagements in these associations provide us with a platform to help collectively advance the sector and industry as a whole. Our leadership's participation in industry associations includes participation in national, regional and state associations in West Virginia, Virginia, Kentucky, Pennsylvania, Ohio, Oklahoma, Texas, and Louisiana.

We are especially proud of employees' involvement and leadership roles in organizations like the Women's Energy Network of West Virginia which seeks to empower women across the energy value chain and the recognition of our efforts in receiving both the Industry Innovation award (for use of innovative technologies in emissions detection) and Individual Excellence award (for long-standing, proven leadership in the industry) as conveyed by the Virginia Department of Energy.

Non-Financial & Sustainability Information Statement

This section of the Strategic Report constitutes our Non-Financial & Sustainability Information Statement, produced to comply with the Non-Financial & Sustainability Reporting Directive requirements from sections 414CA and 414CB of the UK Companies Act 2006.

The table below sets out where relevant information can be found within this Annual Report. Additional information will be available in our Sustainability Report or on our website at www.div.energy. Our Policies can be found on our [website](#).

Reporting Requirement	Policies	Reference within this Annual Report	Page
Environmental Matters	Code of Business Conduct & Ethics	Retire Assets Safely and Responsibly and Restore the Environment to its Natural State	16
	EHS		
	Climate	Our Approach to Sustainability	22
	Business Partners	TCFD	23
	Biodiversity	Managing Our Footprint	46
		Our Communities	51
		Our Approach to Governance	87
Employees	Employee Relations	A Differentiated Business Model	8
	Anti-Bribery & Corruption	Our Approach to Sustainability	22
	Compliance Hotline & Whistleblowing	Our Employees	49
	Code of Business Conduct & Ethics	Our Approach to Governance	87
	Human Rights		
	Securities Dealing		
Human Rights	Code of Business Conduct & Ethics	A Differentiated Business Model	8
	Human Rights	Our Employees	49
	Modern Slavery	Our Approach to Governance	87
	Business Partners		
Social Matters	Code of Business Conduct & Ethics	Our Strategy Supports Sustainability	21
	EHS	Our Approach to Sustainability	22
	Human Rights	TCFD	23
	Tax	Managing Our Footprint	46
		Our Employees	49
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Anti-Corruption & Anti-Bribery	Anti-Bribery & Corruption	Our Approach to Sustainability	22
	Compliance Hotline & Whistleblowing	Our Approach to Governance	87
Business Model	Code of Business Conduct & Ethics	Business Model	12
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Principal Risks and Uncertainties	Compliance Hotline & Whistleblowing	Our Approach to Sustainability	22
		Risk Management Framework	75
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Non-Financial KPIs	Code of Business Conduct & Ethics	Meet or Exceed State Asset Retirement Goals	19
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Reporting Requirement	Reference within this Annual Report	Page
Board oversight of climate-related risks and opportunities.	TCFD: Governance	23
Identifying, assessing and managing climate-related risks and opportunities.	TCFD: Governance	23
	TCFD: Risk Management	41
How processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process.	TCFD: Embedding Sustainability Across the Organization	23
	TCFD: Management's Role in Assessing & Managing Climate-Related Risks & Opportunities	24
	TCFD: The Cultural Shift Underpins Our Transition to Net Zero	25
	TCFD: Risk Management	41
Principal climate-related risk and opportunities arising in connection with operations.	TCFD: Climate-Related Risks and Opportunities	27
	TCFD: Climate-Related Risks	27
	TCFD: Climate-Related Opportunities	32
Time periods by reference to which risks and opportunities are assessed.	TCFD: Climate-Related Risks and Opportunities	27
	TCFD: Climate-Related Risks	27
	TCFD: Climate-Related Opportunities	32
Actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy.	TCFD: Climate-Related Risks and Opportunities	27
	TCFD: Climate-Related Risks	27
	TCFD: Climate-Related Opportunities	32
Analysis of the resilience of the business model and strategy, taking into consideration different climate-related scenarios.	TCFD: Portfolio Resilience	38
	TCFD: Portfolio Impact	39
Targets used by the organization to manage climate-related risks and to realize climate-related opportunities and of performance against those targets.	TCFD: Our Net Zero Pathway: Outperforming Our Targets	26
	TCFD: Metrics & Targets	42
KPIs used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities and of the calculations on which those KPIs are based.	TCFD: Reporting GHG Emissions	43
	TCFD: Incentivizing Emissions Reduction Performance	45

A Message from Our Chief Financial Officer

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I am very pleased to report that 2023 was an outstanding year for Diversified, with record financial results and solid operational performance from our assets.



Financial Review

Before penning my first CFO letter after many years, I took a few moments to go back through all of Diversified's annual reports since going public in 2017. It was satisfying, though not surprising, to see the common threads of our firm's strategy and values woven through those pages—reliable production, stable cash flows, durable margins and consistent shareholder distributions. As I look ahead, I intend to reinforce a disciplined financial approach to our business that will provide flexibility and resiliency throughout commodity price cycles. Additionally, we will be diligent in expense management while looking to drive further capital efficiency improvements through the business.

I am very pleased to report that 2023 was an outstanding year for Diversified, with record financial results and solid operational performance from our assets. Adjusted EBITDA was above expectations and reached a record level for the Group. An improvement of approximately 3% in our total per unit operating expense helped to deliver margins that were approximately 50% or better for the sixth straight year, with 2023 coming in at approximately 52%.

2023 began with an accretive acquisition in the Central Region, allowing the opportunity to capture operational synergies while increasing exposure to the premium Gulf Coast markets pricing and the long-term demand pull from the growth in LNG markets.

Additionally, we commenced trading on the New York Stock Exchange (NYSE), an important strategic milestone for the Company. The U.S. listing will enhance trading liquidity and facilitate increased ownership from U.S. domestic equity funds.

We ended the year with a highly successful transaction that was both value-enhancing and deleveraging. This approximately \$192 million asset sale resulted in an approximate 10% reduction in net debt.

Moreover, we have once again demonstrated that our disciplined acquisition strategy allows us to be selective and thoughtful in our approach but unwavering in our quest to extract value when the opportunity affords itself.

You will find the full financial results of our operations on the following pages, which I hope will be helpful as you review our performance.

We expect 2024 to be a year of transition for both the world and Diversified. Macroeconomic and geopolitical developments remain a concern in the short term, with limited visibility on how inflation, as well as other disruptions, might impact energy prices, particularly natural gas prices. We move into 2024 in a sound financial position, with a focus on further reducing our debt, investing in accretive acquisitions, and providing returns to our shareholders. It is shaping up to be another exceptional year for Diversified, one in which we will focus on playing offense and being opportunistic, as we have historically found this commodity price backdrop to provide a tremendous opportunity to creatively grow our business and ultimately create value for shareholders.

I want to thank our shareholders, debt holders, banks, analysts, rating agencies, insurers, business partners, and key advisors for their continued trust in Diversified and their ongoing support to execute the proper measures to strengthen our company and be in the best position to take advantage of the opportunities we see ahead. I also want to thank all of our dedicated, caring employees that are focused on the safe production of American energy and are also focused on continuing to deliver superb results for their team members and our shareholders.

A handwritten signature in dark ink, reading "Bradley G. Gray".

Bradley G. Gray

President & Chief Financial Officer
March 19, 2024

OPERATING RESULTS

Key Factors Affecting Our Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of important factors, including the following:

Strategic Acquisitions

We have made, and intend to continue to make, strategic acquisitions to solidify our current market presence and expand into new markets. We have made the following business combinations or asset acquisitions for a total aggregate consideration of \$1.1 billion during the years ended December 31, 2023, 2022 and 2021, comprised of:

- March 2023: The Tanos II Assets Acquisition, in which we acquired certain upstream assets and related infrastructure in the Central Region;
- September 2022: The ConocoPhillips Assets Acquisition, in which we acquired certain upstream assets and related gathering infrastructure in the Central Region;
- July 2022: Certain plugging infrastructure in the Appalachian Region;
- May 2022: Certain plugging infrastructure in the Appalachian Region;
- April 2022:
 - The East Texas Assets Acquisition, in which we acquired working interests in certain upstream assets and related facilities within the Central Region from a private seller, in conjunction with Oaktree;
 - Certain midstream assets, inclusive of a processing facility, in the Central Region that was contiguous to our East Texas assets;
- February 2022: Certain plugging infrastructure in the Appalachian Region;
- December 2021: The Tapstone Acquisition, where we acquired working interests in certain upstream assets, field infrastructure, equipment and facilities within the Central Region in conjunction with Oaktree;
- August 2021: The Tanos Acquisition, in which we acquired working interests in certain upstream assets field infrastructure, equipment and facilities in the Central Region in conjunction with Oaktree;
- July 2021: The Blackbeard Acquisition, in which we acquired certain upstream assets and related gathering infrastructure in the Central Region;

- May 2021: The Indigo Acquisition, in which we acquired certain upstream assets and related gathering infrastructure in the Central Region;

Our strategic acquisitions may affect the comparability of our financial results with prior and subsequent periods. We intend to continue to selectively pursue strategic acquisitions to further strengthen our competitiveness. We will evaluate and execute opportunities that complement and scale our business, optimize our profitability, help us expand into adjacent markets and add new capabilities to our business. The integration of acquisitions also requires dedication of substantial time and resources of management, and we may never fully realize synergies and other benefits that we expect.

Recent Developments

On March 19, 2024 we announced we entered into a conditional agreement to acquire Oaktree's proportionate interest in the previously announced Indigo, Tanos III, East Texas and Tapstone acquisitions for an estimated gross purchase price of \$410 million before customary purchase price adjustments. The transaction is expected to be funded through a combination of existing and expanded liquidity, the assumption of Oaktree's proportionate debt of approximately \$120,000 associated with the ABS VI amortizing note and approximately \$90,000 in deferred cash payments to Oaktree. Additional liquidity for the transaction may be generated from non-core asset sales and the potential issuance of a private placement preferred instrument.

Segment Reporting

We are an independent owner and operator of producing natural gas and oil wells with properties located in the states of Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, Oklahoma, Texas and Louisiana. Our strategy is to acquire long-life producing assets, efficiently operate those assets to maximize cash flow, and then to retire assets safely and responsibly at the end of their useful life. Our assets consist of natural gas and oil wells, pipelines and a network of gathering lines and compression facilities that are complementary to our core assets. We acquire and manage these assets in a complementary fashion to vertically integrate and improve margins rather than managing them as separate operations. Accordingly, when determining operating segments under IFRS 8, we identified one operating segment that produces and transports natural gas, NGLs and oil in the United States. Refer to Note 2 in the Notes to the Group Financial Statements for a description of our segment reporting.

RESULTS OF OPERATIONS

Please refer to the [APMs](#) section within this Annual Report for information on how these metrics are calculated and reconciled to IFRS measures. Discussion related to prior period results can be found in the Results of Operations section of our [2022 Annual Report](#) on our website at <https://ir.div.energy/reports-announcements>.

	Year Ended			
	December 31, 2023	December 31, 2022	Change	% Change
Net production				
Natural gas (MMcf)	256,378	255,597	781	—%
NGLs (MBbls)	5,832	5,200	632	12%
Oil (MBbls)	1,377	1,554	(177)	(11%)
Total production (MMcfe)	299,632	296,121	3,511	1%
Average daily production (MMcfepd)	821	811	10	1%
% Natural gas (Mcf basis)	86%	86%		
Average realized sales price (excluding impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 2.17	\$ 6.04	\$ (3.87)	(64%)
NGLs (Bbls)	24.23	36.29	(12.06)	(33%)
Oil (Bbls)	75.46	89.85	(14.39)	(16%)
Total (Mcf)	\$ 2.68	\$ 6.33	\$ (3.65)	(58%)
Average realized sales price (including impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 2.86	\$ 2.98	\$ (0.12)	(4%)
NGLs (Bbls)	26.05	19.84	6.21	31%
Oil (Bbls)	68.44	72.00	(3.56)	(5%)
Total (Mcf)	\$ 3.27	\$ 3.30	\$ (0.03)	(1%)
Revenue (in thousands)				
Natural gas	\$ 557,167	\$ 1,544,658	\$ (987,491)	(64%)
NGLs	141,321	188,733	(47,412)	(25%)
Oil	103,911	139,620	(35,709)	(26%)
Total commodity revenue	\$ 802,399	\$ 1,873,011	\$ (1,070,612)	(57%)
Midstream revenue	30,565	32,798	(2,233)	(7%)
Other revenue	35,299	13,540	21,759	161%
Total revenue	\$ 868,263	\$ 1,919,349	\$ (1,051,086)	(55%)
Gain (loss) on derivative settlements (in thousands)				
Natural gas	\$ 177,139	\$ (782,525)	\$ 959,664	(123%)
NGLs	10,594	(85,549)	96,143	(112%)
Oil	(9,669)	(27,728)	18,059	(65%)
Net gain (loss) on commodity derivative settlements^(a)	\$ 178,064	\$ (895,802)	\$ 1,073,866	(120%)
Total revenue, inclusive of settled hedges	\$ 1,046,327	\$ 1,023,547	\$ 22,780	2%

	Year Ended			
	December 31, 2023	December 31, 2022	Change	% Change
Per Mcfe Metrics				
Average realized sales price				
(including impact of derivatives settled in cash)	\$ 3.27	\$ 3.30	\$ (0.03)	(1%)
Midstream and other revenue	0.22	0.16	0.06	38%
LOE	(0.71)	(0.62)	(0.09)	15%
Midstream operating expense	(0.23)	(0.24)	0.01	(4%)
Employees, administrative costs and professional services	(0.26)	(0.26)	—	—%
Recurring allowance for credit losses	(0.03)	—	(0.03)	(100%)
Production taxes	(0.21)	(0.25)	0.04	(16%)
Transportation expense	(0.32)	(0.40)	0.08	(20%)
Proceeds received from leasehold sales	0.08	0.01	0.07	700%
Adjusted EBITDA per Mcfe	\$ 1.81	\$ 1.70	\$ 0.11	6%
Adjusted EBITDA Margin	52%	49%		
Other financial metrics (in thousands)				
Adjusted EBITDA	\$ 542,794	\$ 502,954	\$ 39,840	8%
Operating profit (loss)	\$ 1,161,051	\$ (671,403)	\$ 1,832,454	(273%)
Net income (loss)	\$ 759,701	\$ (620,598)	\$ 1,380,299	(222%)

	Year Ended			
	December 31, 2022	December 31, 2021	Change	% Change
Net production				
Natural gas (MMcf)	255,597	234,643	20,954	9%
NGLs (MBbls)	5,200	3,558	1,642	46%
Oil (MBbls)	1,554	592	962	163%
Total production (MMcfe)	296,121	259,543	36,578	14%
Average daily production (MMcfepd)	811	711	100	14%
% Natural gas (Mcfe basis)	86%	90%		
Average realized sales price (excluding impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 6.04	\$ 3.49	\$ 2.55	73%
NGLs (Bbls)	36.29	32.53	3.76	12%
Oil (Bbls)	89.85	65.26	24.59	38%
Total (Mcfe)	\$ 6.33	\$ 3.75	\$ 2.58	69%
Average realized sales price (including impact of derivatives settled in cash)				
Natural gas (Mcf)	\$ 2.98	\$ 2.36	\$ 0.62	26%
NGLs (Bbls)	19.84	15.52	4.32	28%
Oil (Bbls)	72.00	71.68	0.32	—%
Total (Mcfe)	\$ 3.30	\$ 2.51	\$ 0.79	31%
Revenue (in thousands)				
Natural gas	\$ 1,544,658	\$ 818,726	\$ 725,932	89%
NGLs	188,733	115,747	72,986	63%
Oil	139,620	38,634	100,986	261%
Total commodity revenue	\$ 1,873,011	\$ 973,107	\$ 899,904	92%
Midstream revenue	32,798	31,988	810	3%
Other revenue	13,540	2,466	11,074	449%
Total revenue	\$ 1,919,349	\$ 1,007,561	\$ 911,788	90%

	Year Ended			
	December 31, 2022	December 31, 2021	Change	% Change
Gain (loss) on derivative settlements (in thousands)				
Natural gas	\$ (782,525)	\$ (263,929)	\$ (518,596)	196%
NGLs	(85,549)	(60,530)	(25,019)	41%
Oil	(27,728)	3,803	(31,531)	(829%)
Net gain (loss) on commodity derivative settlements^(a)	\$ (895,802)	\$ (320,656)	\$ (575,146)	179%
Total revenue, inclusive of settled hedges	\$ 1,023,547	\$ 686,905	\$ 336,642	49%
Per Mcfe Metrics				
Average realized sales price				
(including impact of derivatives settled in cash)	\$ 3.30	\$ 2.51	\$ 0.79	31%
Midstream and other revenue	0.16	0.13	0.03	23%
LOE	(0.62)	(0.46)	(0.16)	35%
Midstream operating expense	(0.24)	(0.23)	(0.01)	4%
Employees, administrative costs and professional services	(0.26)	(0.22)	(0.04)	18%
Recurring allowance for credit losses	—	0.02	(0.02)	(100%)
Production taxes	(0.25)	(0.12)	(0.13)	108%
Transportation expense	(0.40)	(0.31)	(0.09)	29%
Proceeds received from leasehold sales	0.01	—	0.01	100%
Adjusted EBITDA per Mcfe	\$ 1.70	\$ 1.32	\$ 0.38	29%
Adjusted EBITDA Margin	49%	50%		
Other financial metrics (in thousands)				
Adjusted EBITDA	\$ 502,954	\$ 343,145	\$ 159,809	47%
Operating profit (loss)	\$ (671,403)	\$ (467,064)	\$ (204,339)	44%
Net income (loss)	\$ (620,598)	\$ (325,206)	\$ (295,392)	91%

^(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.

FORWARD-LOOKING STATEMENT

This Annual Report contains forward-looking statements that can be identified by the following terminology, including the terms “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible,” or the negative of these terms or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial positions, liquidity, prospects, growth, strategies and the natural gas and oil industry. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

Forward-looking statements are not guarantees of future performance and the actual results of our operations, financial position and liquidity, and the development of the markets and the industry in which we operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, our ability to recover our reserves, changes in our business strategy, political and economic uncertainty.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report speak only as of the date of this Annual Report, reflect our current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. Investors should specifically consider the factors identified in this Annual Report which could cause actual results to differ before making an investment decision. Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules or applicable law, we explicitly disclaim any obligation or

undertaking publicly to release the result of any revisions to any forward-looking statements in this Annual Report that may occur due to any change in our expectations or to reflect events or circumstances after the date of this Annual Report.

PRODUCTION, REVENUE AND HEDGING

Total revenue in the year ended December 31, 2023 of \$868 million decreased 55% from \$1,919 million reported for the year ended December 31, 2022, primarily due to a 58% decrease in the average realized sales price slightly offset by 1% higher production. Including commodity hedge settlement gains of \$178 million and losses of \$896 million in 2023 and 2022, respectively, total revenue, inclusive of settled hedges, increased by 2% to \$1,046 million in 2023 from \$1,024 million in 2022.

During the current year's low commodity price environment, we have benefited from our ability to opportunistically elevate our hedge floor during the elevated commodity market cycle in 2022. This enhancement in our weighted average hedge floor helped us minimize the impact of the suppressed commodity pricing environment in 2023, during which we realized a decrease in total commodity revenue of just \$8 million, inclusive of settled hedges. Offsetting this slight decrease was an increase of \$12 million in total commodity revenue, inclusive of settled hedges, generated through increases in production. We sold 299,632 MMcf in 2023 versus 296,121 MMcf in 2022. This increase in volumes sold was due to the March 2023 Tanos II acquisition as well as the integration of a full year of production from the East Texas and ConocoPhillips acquisitions which occurred in April and September of 2022, respectively.

The following table summarizes average commodity prices for the periods presented with Henry Hub on a per Mcf basis and Mont Belvieu and WTI on a per Bbl basis:

	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Henry Hub	\$ 2.74	\$ 6.62	\$ (3.88)	(59%)
Mont Belvieu	34.11	51.04	(16.93)	(33%)
WTI	77.62	93.53	(15.91)	(17%)

	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Henry Hub	\$ 6.62	\$ 3.84	\$ 2.78	72%
Mont Belvieu	51.04	47.49	3.55	7%
WTI	93.53	68.26	25.27	37%

Refer to Note 5 in the Notes to the Group Financial Statements for additional information regarding acquisitions.

COMMODITY REVENUE

The following table reconciles the change in commodity revenue (excluding the impact of hedges settled in cash) for the year ended December 31, 2023 by reflecting the effect of changes in volume and in the underlying prices:

(In thousands)	Natural Gas		NGLs		Oil	Total		
Commodity revenue for the year ended December 31, 2021	\$	818,726	\$	115,747	\$	38,634	\$	973,107
Volume increase (decrease)		73,129		53,414		62,780		189,323
Price increase (decrease)		652,803		19,572		38,206		710,581
Net increase (decrease)		725,932		72,986		100,986		899,904
Commodity revenue for the year ended December 31, 2022	\$	1,544,658	\$	188,733	\$	139,620	\$	1,873,011
Volume increase (decrease)		4,717		22,935		(15,903)		11,749
Price increase (decrease)		(992,208)		(70,347)		(19,806)		(1,082,361)
Net increase (decrease)		(987,491)		(47,412)		(35,709)		(1,070,612)
Commodity revenue for the year ended December 31, 2023	\$	557,167	\$	141,321	\$	103,911	\$	802,399

To manage our cash flows in a volatile commodity price environment and as required by our SPV-level asset-backed securities, we utilize derivative contracts which allow us to fix the sales prices at a per unit level for approximately 83% of our production to mitigate commodity risk. The tables below set forth the commodity hedge impact on commodity revenue, excluding and including cash received for commodity hedge settlements:

Year Ended December 31, 2023								
(In thousands, except per unit data)	Natural Gas		NGLs		Oil		Total Commodity	
	Revenue	Realized \$ per Mcf	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Mcfe
Excluding hedge impact	\$ 557,167	\$ 2.17	\$ 141,321	\$ 24.23	\$ 103,911	\$ 75.46	\$ 802,399	\$ 2.68
Commodity hedge impact	177,139	0.69	10,594	1.82	(9,669)	(7.02)	178,064	0.59
Including hedge impact	\$ 734,306	\$ 2.86	\$ 151,915	\$ 26.05	\$ 94,242	\$ 68.44	\$ 980,463	\$ 3.27

Year Ended December 31, 2022								
(In thousands, except per unit data)	Natural Gas		NGLs		Oil		Total Commodity	
	Revenue	Realized \$ per Mcf	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Mcfe
Excluding hedge impact	\$1,544,658	\$ 6.04	\$ 188,733	\$ 36.29	\$ 139,620	\$ 89.85	\$1,873,011	\$ 6.33
Commodity hedge impact	(782,525)	(3.06)	(85,549)	(16.45)	(27,728)	(17.85)	(895,802)	(3.03)
Including hedge impact	\$ 762,133	\$ 2.98	\$ 103,184	\$ 19.84	\$ 111,892	\$ 72.00	\$ 977,209	\$ 3.30

Year Ended December 31, 2021								
(In thousands, except per unit data)	Natural Gas		NGLs		Oil		Total Commodity	
	Revenue	Realized \$ per Mcf	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Bbl	Revenue	Realized \$ per Mcfe
Excluding hedge impact	\$ 818,726	\$ 3.49	\$ 115,747	\$ 32.53	\$ 38,634	\$ 65.26	\$ 973,107	\$ 3.75
Commodity hedge impact	(263,929)	(1.13)	(60,530)	(17.01)	3,803	6.42	(320,656)	(1.24)
Including hedge impact	\$ 554,797	\$ 2.36	\$ 55,217	\$ 15.52	\$ 42,437	\$ 71.68	\$ 652,451	\$ 2.51

Refer to Note 13 in the Notes to the Group Financial Statements for additional information regarding derivative financial instruments.

EXPENSES

(In thousands, except per unit data)	Year Ended							
	December		December		Total Change		Per Mcfe Change	
	31, 2023	Per Mcfe	31, 2022	Per Mcfe	\$	%	\$	%
LOE ^(a)	\$ 213,078	\$ 0.71	\$ 182,817	\$ 0.62	\$ 30,261	17%	\$ 0.09	15%
Production taxes ^(b)	61,474	0.21	73,849	0.25	(12,375)	(17%)	(0.04)	(16%)
Midstream operating expenses ^(c)	69,792	0.23	71,154	0.24	(1,362)	(2%)	(0.01)	(4%)
Transportation expenses ^(d)	96,218	0.32	118,073	0.40	(21,855)	(19%)	(0.08)	(20%)
Total operating expenses	\$440,562	\$ 1.47	\$ 445,893	\$ 1.51	\$ (5,331)	(1%)	\$ (0.04)	(3%)
Employees, administrative costs and professional services ^(e)	78,659	0.26	77,172	0.26	1,487	2%	—	—%
Costs associated with acquisitions ^(f)	16,775	0.06	15,545	0.05	1,230	8%	0.01	20%
Other adjusting costs ^(g)	17,794	0.06	69,967	0.24	(52,173)	(75%)	(0.18)	(75%)
Non-cash equity compensation ^(h)	6,494	0.02	8,051	0.03	(1,557)	(19%)	(0.01)	(33%)
Total operating and G&A expenses	\$560,284	\$ 1.87	\$ 616,628	\$ 2.09	\$ (56,344)	(9%)	\$ (0.22)	(11%)
Depreciation, depletion and amortization	224,546	0.75	222,257	0.75	2,289	1%	—	—%
Allowance for credit losses ⁽ⁱ⁾	8,478	0.03	—	—	8,478	100%	0.03	100%
Total expenses	\$ 793,308	\$ 2.65	\$ 838,885	\$ 2.84	\$ (45,577)	(5%)	\$ (0.19)	(7%)

(In thousands, except per unit data)	Year Ended							
	December		December		Total Change		Per Mcfe Change	
	31, 2022	Per Mcfe	31, 2021	Per Mcfe	\$	%	\$	%
LOE ^(a)	\$ 182,817	\$ 0.62	\$ 119,594	\$ 0.46	\$ 63,223	53%	\$ 0.16	35%
Production taxes ^(b)	73,849	0.25	30,518	0.12	43,331	142%	0.13	108%
Midstream operating expenses ^(c)	71,154	0.24	60,481	0.23	10,673	18%	0.01	4%
Transportation expenses ^(d)	118,073	0.40	80,620	0.31	37,453	46%	0.09	29%
Total operating expenses	\$ 445,893	\$ 1.51	\$ 291,213	\$ 1.12	\$ 154,680	53%	\$ 0.39	35%
Employees, administrative costs and professional services ^(e)	77,172	0.26	56,812	0.22	20,360	36%	0.04	18%
Costs associated with acquisitions ^(f)	15,545	0.05	27,743	0.11	(12,198)	(44%)	(0.06)	(55%)
Other adjusting costs ^(g)	69,967	0.24	10,371	0.04	59,596	575%	0.20	500%
Non-cash equity compensation ^(h)	8,051	0.03	7,400	0.03	651	9%	—	—%
Total operating and G&A expenses	\$ 616,628	\$ 2.09	\$ 393,539	\$ 1.52	\$ 223,089	57%	\$ 0.57	38%
Depreciation, depletion and amortization	222,257	0.75	167,644	0.65	54,613	33%	0.10	15%
Allowance for credit losses ⁽ⁱ⁾	—	—	(4,265)	(0.02)	4,265	(100%)	0.02	(100%)
Total expenses	\$ 838,885	\$ 2.84	\$ 556,918	\$ 2.15	\$ 281,967	51%	\$ 0.69	32%

^(a) LOE includes costs incurred to maintain producing properties. Such costs include direct and contract labor, repairs and maintenance, water hauling, compression, automobile, insurance, and materials and supplies expenses.

^(b) Production taxes include severance and property taxes. Severance taxes are generally paid on produced natural gas, NGLs and oil production at fixed rates established by federal, state or local taxing authorities. Property taxes are generally based on the taxing jurisdictions' valuation of the Group's natural gas and oil properties and midstream assets.

^(c) Midstream operating expenses are daily costs incurred to operate the Group's owned midstream assets inclusive of employee and benefit expenses.

^(d) Transportation expenses are daily costs incurred from third-party systems to gather, process and transport the Group's natural gas, NGLs and oil.

^(e) Employees, administrative costs and professional services includes payroll and benefits for our administrative and corporate staff, costs of maintaining administrative and corporate offices, costs of managing our production operations, franchise taxes, public company costs, fees for audit and other professional services and legal compliance.

^(f) We generally incur costs related to the integration of acquisitions, which will vary for each acquisition. For acquisitions considered to be a business combination, these costs include transaction costs directly associated with a successful acquisition transaction. These costs also include costs associated with transition service arrangements where we pay the seller of the acquired entity a fee to handle various G&A functions until we have fully integrated the assets onto our systems. In addition, these costs include costs related to integrating IT systems and consulting as well as internal workforce costs directly related to integrating acquisitions into our system.

^(g) Other adjusting costs include items that affect the comparability of results or that are not indicative of trends in the ongoing business. These costs consist of one time projects, contemplated transactions or financing arrangements, contract terminations, deal breakage and/or sourcing costs for acquisitions, and unused firm transportation.

^(h) Non-cash equity compensation reflects the expense recognition related to share-based compensation provided to certain key members of the management team. Refer to Note 17 in the Notes to the Group Financial Statements for additional information regarding non-cash share-based compensation.

⁽ⁱ⁾ Allowance for credit losses consists of the recognition and reversal of credit losses. Refer to Note 14 in the Notes to the Group Financial Statements for additional information regarding credit losses.

Operating Expenses

We experienced decreases in per unit operating expense of 3%, or \$0.04 per Mcfe, resulting from:

- Higher per Mcfe LOE that increased 15%, or \$0.09 per Mcfe, reflective of changes in our portfolio mix due to the higher cost structure of the Central Region and our growing presence there. LOE includes cost from assets from our Tanos II acquisition in March 2023 as well as a full year of expenses from the acquired East Texas Assets and ConocoPhillips assets acquired in April and September 2022, respectively. Importantly, however, while per units costs increased, margins remained relatively flat at 52%.
- Lower per Mcfe production taxes that declined 16%, or \$0.04 per Mcfe were primarily attributable to a decrease in severance taxes as a result of a decrease in revenue due to lower commodity prices; and
- Lower per Mcfe transportation expenses that declined 20%, or \$0.08 per Mcfe, resulting from decreases in third-party midstream rates that are tied to commodity pricing in the Central Region.

General and Administrative Expense

G&A expense decreased primarily due to:

- A decrease in other adjusting costs due to the comparatively limited transactional activity in 2023 as compared to 2022. From time to time, we incur costs associated with potential acquisitions that include deposits, rights of first refusal, option agreement costs and hedging costs incurred in connection with the potential acquisitions. At times, due to changing macro-economic conditions, commodity price volatility and/or findings observed during our deal diligence efforts, we incur expenses of this nature as breakage and/or deal sourcing fees. In 2021, we paid \$25 million in costs associated with a potential acquisition and, due to decisions we made in the first quarter of 2022, we terminated the transaction and wrote off \$25 million in certain acquisition related costs related to these items.
- In February 2022, we paid \$28 million to terminate a fixed-price purchase contract associated with certain Barnett volumes acquired during the Blackbeard acquisition. The contract extended through March 2024 and, as a result of the termination, we will realize more favorable pricing over this period. This transaction also positioned us to refinance these assets as part of the ABS IV financing arrangement and allowed us to enhance our liquidity by eliminating the need for a \$20 million letter of credit on our Credit Facility. This transaction was classified in other adjusting costs.

Other Expenses

Depreciation, depletion and amortization ("DD&A") increased due to higher depletion expense due to a 1% increase in production attributable to an increased number of producing wells from acquisitions.

Allowance for credit losses increased due to the impact on anticipated credit losses on joint interest owner receivables has a direct relationship with pricing and distributions to individual owners. As the pricing environment declined in 2023, the underlying well economics did as well, and as a result, in 2023, we increased our reserve by \$8 million.

Refer to Notes 5, 10, 11 and 13 in the Notes to the Group Financial Statements for additional information regarding acquisitions, natural gas and oil properties, property, plant and equipment and derivative financial instruments, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS

We recorded the following gain (loss) on derivative financial instruments in the Consolidated Statement of Comprehensive Income for the periods presented:

(In thousands)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Net gain (loss) on commodity derivatives settlements ^(a)	\$ 178,064	\$ (895,802)	\$ 1,073,866	(120%)
Net gain (loss) on interest rate swap ^(a)	(2,722)	(1,434)	(1,288)	90%
Gain (loss) on foreign currency hedges ^(a)	(521)	—	(521)	(100%)
Total gain (loss) on settled derivative instruments	\$ 174,821	\$ (897,236)	\$ 1,072,057	(119%)
Gain (loss) on fair value adjustments of unsettled financial instruments ^(b)	905,695	(861,457)	1,767,152	(205%)
Total gain (loss) on derivative financial instruments	\$ 1,080,516	\$ (1,758,693)	\$ 2,839,209	(161%)

(In thousands)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Net gain (loss) on commodity derivatives settlements ^(a)	\$ (895,802)	\$ (320,656)	\$ (575,146)	179%
Net gain (loss) on interest rate swaps ^(a)	(1,434)	(530)	(904)	171%
Gain (loss) on foreign currency hedges ^(a)	—	(1,227)	1,227	(100%)
Total gain (loss) on settled derivative instruments	\$ (897,236)	\$ (322,413)	\$ (574,823)	178%
Gain (loss) on fair value adjustments of unsettled financial instruments ^(b)	(861,457)	(652,465)	(208,992)	32%
Total gain (loss) on derivative financial instruments	\$ (1,758,693)	\$ (974,878)	\$ (783,815)	80%

^(a) Represents the cash settlement of hedges that settled during the period.

^(b) Represents the change in fair value of financial instruments net of removing the carrying value of hedges that settled during the period.

For the year ended December 31, 2023, we recognized a gain on derivative financial instruments of \$1,081 million compared to a loss of \$1,759 million in 2022. Adjusting our unsettled derivative contracts to their fair values drove a gain of \$906 million in 2023, as compared to a loss of \$861 million in 2022.

For the year ended December 31, 2023, we recognized a gain on settled derivative instruments of \$175 million as compared to a loss of \$897 million in 2022. The gain on settled derivative instruments relates to lower commodity market prices than we secured through our derivative contracts. With consistent reliable cash flows central to our strategy, to protect our downside risk we routinely hedge at levels that, based on our operating and overhead costs, provide a healthy margin even if it means foregoing potential price upside.

Refer to Note 13 in the Notes to the Group Financial Statements for additional information regarding derivative financial instruments.

GAIN ON BARGAIN PURCHASES

We recorded the following gain on bargain purchases in the Consolidated Statement of Comprehensive Income for the periods presented:

(In thousands)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Gain on bargain purchases	\$ —	\$ 4,447	\$ (4,447)	(100%)

(In thousands)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Gain on bargain purchases	\$ 4,447	\$ 58,072	\$ (53,625)	(92%)

In past years the E&P segment of the broader energy sector has been in a period of transition and rebalancing, thus creating opportunities for healthy companies like ours to acquire high quality assets for less than their fair value. We have established a track record of being disciplined in our bidding to acquire assets that meet our strict asset profile and are accretive to our overall corporate value.

In 2022, we recognized a gain on bargain purchases of \$4 million that was primarily a result of measurement period adjustments associated with the 2021 Tapstone acquisition.

In 2021, we recognized a gain on bargain purchases of \$58 million related to the acquisition of Tapstone and Tanos.

Gain on bargain purchases are not recorded for transactions that are accounted for as an acquisition of assets under IFRS 3, Business Combinations ("IFRS 3"). Rather, the consideration paid is allocated to the assets acquired on a relative fair value basis.

Refer to Note 5 in the Notes to the Group Financial Statements for additional information regarding acquisitions and bargain purchase gain.

FINANCE COSTS

(In thousands)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Interest expense, net of capitalized and income amounts ^(a)	\$ 117,808	\$ 86,840	\$ 30,968	36%
Amortization of discount and deferred finance costs	16,358	13,903	2,455	18%
Other	—	56	(56)	(100%)
Total finance costs	\$ 134,166	\$ 100,799	\$ 33,367	33%

(In thousands)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Interest expense, net of capitalized and income amounts ^(a)	\$ 86,840	\$ 42,370	\$ 44,470	105%
Amortization of discount and deferred finance costs	13,903	8,191	5,712	70%
Other	56	67	(11)	(16%)
Total finance costs	\$ 100,799	\$ 50,628	\$ 50,171	99%

(a) Includes payments related to borrowings and leases.

For the year ended December 31, 2023, interest expense of \$118 million increased by \$31 million compared to \$87 million in 2022, primarily due to the increase in borrowings to fund our 2023 acquisition, incurring a full year of interest on borrowings associated with the 2022 acquisitions and an increase in the weighted average interest rate on borrowings year-over-year.

As of December 31, 2023 and 2022, total borrowings were \$1,325 million and \$1,498 million, respectively. For the period ended December 31, 2023, the weighted average interest rate on borrowings was 6.03% as compared to 5.51% as of December 31, 2022. As of December 31, 2023, 87% of our borrowings now reside in fixed-rate, hedge-protected, amortizing structures compared to 96% as of December 31, 2022.

Refer to Notes 5, 20, and 21 in the Notes to the Group Financial Statements for additional information regarding acquisitions, leases and borrowings, respectively.

TAXATION

The effective tax rate is calculated on the face of the Statement of Comprehensive Income by dividing the amount of recorded income tax benefit (expense) by the income (loss) before taxation as follows:

(In thousands)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Income (loss) before taxation	\$ 1,000,344	\$ (799,502)	\$ 1,799,846	(225%)
Income tax benefit (expenses)	(240,643)	178,904	(419,547)	(235%)
Effective tax rate	24.1%	22.4%		

(In thousands)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Income (loss) before taxation	\$ (799,502)	\$ (550,900)	\$ (248,602)	45%
Income tax benefit (expenses)	178,904	225,694	(46,790)	(21%)
Effective tax rate	22.4%	41.0%		

The differences between the statutory U.S. federal income tax rate and the effective tax rates are summarized as follows:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Expected tax at statutory U.S. federal income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	3.1%	1.2%	4.4%
Federal credits	—%	—%	15.4%
Other, net	—%	0.2%	0.2%
Effective tax rate	24.1%	22.4%	41.0%

For the year ended December 31, 2023, we reported a tax expense of \$241 million, a change of \$420 million, compared to a benefit of \$179 million in 2022 which was a result of the change in the loss before taxation and a change in the amount of tax credits generated relative to the pre-tax loss. The resulting effective tax rates for the years ended December 31, 2023 and 2022 were 24.1% and 22.4%, respectively. The effective tax rate can be materially impacted by the recognition of the marginal well tax credit available to qualified producers as noted in our 2021 effective tax rate. A marginal well tax credit was not available in 2022 and this tax credit has not been announced for 2023. The federal government provides these credits to encourage companies to continue operating lower-volume wells during periods of low prices to maintain the underlying jobs they create and the state and local tax revenues they generate for communities to support schools, social programs, law enforcement and other similar public services.

Refer to Note 8 in the Notes to the Group Financial Statements for additional information regarding taxation.

OPERATING PROFIT, NET INCOME, ADJUSTED EBITDA AND EPS

(In thousands, except per unit data)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Operating profit (loss)	\$ 1,161,051	\$ (671,403)	\$ 1,832,454	(273%)
Net income (loss)	759,701	(620,598)	1,380,299	(222%)
Adjusted EBITDA	542,794	502,954	39,840	8%
Earnings (loss) per share - basic	\$ 16.07	\$ (14.82)	\$ 30.89	(208%)
Earnings (loss) per share - diluted	\$ 15.95	\$ (14.82)	\$ 30.77	(208%)

(In thousands, except per unit data)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Operating profit (loss)	\$ (671,403)	\$ (467,064)	\$ (204,339)	44%
Net income (loss)	(620,598)	(325,206)	(295,392)	91%
Adjusted EBITDA	502,954	343,145	159,809	47%
Earnings (loss) per share - basic	\$ (14.82)	\$ (8.20)	\$ (6.62)	81%
Earnings (loss) per share - diluted	\$ (14.82)	\$ (8.20)	\$ (6.62)	81%

For the year ended December 31, 2023, we reported net income of \$760 million and basic EPS of \$16.07 (\$15.95 diluted EPS) compared to net loss of \$621 million and basic loss per share of \$14.82 (\$14.82 diluted loss per share) in 2022, an increase of 222% and 208%, respectively. We also reported an operating profit of \$1,161 million compared with an operating loss of \$671 million for the years ended December 31, 2023 and 2022, respectively. This year-over-year increase was primarily attributable to a \$2,839 million increase in gains on derivatives, a \$40 million increase in gains on sale of assets, offset by a decrease in gross profit of \$1,048 million, \$33 million more in finance costs, and \$420 million more income tax expense as compared to 2022.

Excluding the mark-to-market gain on long-dated derivative valuations, as well as other customary adjustments, we reported adjusted EBITDA of \$543 million for the year ended December 31, 2023 compared to \$503 million for the year ended December 31, 2022, representing an increase of 8% driven by our growth through the Tanos II acquisition in 2023 and a full year of the 2022 East Texas Assets and ConocoPhillips acquisitions.

LIQUIDITY AND CAPITAL RESOURCES**Overview**

Our principal sources of liquidity are cash generated from operations and available borrowings under our Credit Facility. To minimize interest expense, we use our excess cash flow to reduce borrowings on our Credit Facility and as a result have historically carried little cash on our Consolidated Statement of Financial Position as evidenced by our \$4 million and \$7 million in cash and cash equivalents as of December 31, 2023 and 2022, respectively.

When we acquire assets to grow, we complement our Credit Facility with asset-backed debt securitized by certain natural gas and oil assets, which are long-term, fixed-rate, fully-amortizing debt structures that better match the long-life nature of our assets. These structures afford us low borrowing rates and also provide a visible path for reducing leverage as we make scheduled principal payments. For larger value-adding acquisitions, and to ensure we maintain a leverage profile that we believe is appropriate for the type of assets we acquire, we also raise proceeds through secondary equity offerings from time to time.

We monitor our working capital to ensure that the levels remain adequate to operate the business with excess liquidity primarily utilized for the repayment of debt or dividends to shareholders. In addition to working capital management, we have a disciplined approach to managing operating costs and allocating capital resources, ensuring that we are generating returns on our capital investments to support the strategic initiatives in our business operations.

Capital expenditures were \$74 million for the year ended December 31, 2023 compared to \$86 million for the year ended December 31, 2022. This decrease in capital expenditures was primarily driven by the completion of wells in 2022 that were under development by Tapstone at the time we closed that acquisition in 2021. While our March 2023 Tanos II acquisition also contained wells under development at the time of acquisition, the capital expenditures needed for their development during 2023 was less significant than that required during 2022. We expect to meet our capital expenditure needs for the foreseeable future from our operating cash flows and our existing cash and cash equivalents. Our future capital requirements will depend on several factors, including our growth rate and future acquisitions, among other things.

With respect to our other known current obligations, we believe that our sources of liquidity and capital resources will be sufficient to meet our existing business needs for at least the next 12 months. However, our ability to satisfy our working capital requirements, debt service obligations and planned capital expenditures will depend upon our future operating performance, which will be affected by prevailing economic conditions in the natural gas and oil industry and other financial and business factors, some of which are beyond our control.

Refer to Note 13 in the Notes to the Group Financial Statements for additional information regarding our hedging program to mitigate the risk associated with future cash flow generation.

The table below represents our liquidity position as of December 31, 2023, 2022 and 2021.

(In thousands)	As of		
	December 31, 2023	December 31, 2022	December 31, 2021
LESS: Cash	\$ 3,753	\$ 7,329	\$ 12,558
Available borrowings under the Credit Facility ^(a)	134,817	183,332	222,263
Liquidity	\$ 138,570	\$ 190,661	\$ 234,821

^(a) Represents available borrowings under the Credit Facility of \$146 million as of December 31, 2023 less outstanding letters of credit of \$11 million as of such date. Represents available borrowings under the Credit Facility of \$194 million as of December 31, 2022 less outstanding letters of credit of \$11 million as of such date. Represents available borrowings under the Credit Facility of \$254 million as of December 31, 2021 less outstanding letters of credit of \$32 million as of such date.

DEBT

Our net borrowings consisted of the following as of the reporting date:

(In thousands)	As of	
	December 31, 2023	December 31, 2022
Credit Facility	\$ 159,000	\$ 56,000
ABS I Notes	100,898	125,864
ABS II Notes	125,922	147,458
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
Other	7,627	7,084
Total debt	\$ 1,324,848	\$ 1,498,166
LESS: Cash	3,753	7,329
LESS: Restricted cash	36,252	55,388
Net debt	\$ 1,284,843	\$ 1,435,449

OUR CAPITAL EXPENDITURE PROGRAM

Our strategy to acquire and operate producing assets that generate adjusted EBITDA margins of approximately 50% allows us to invest capital back into our operations. In addition, we have set goals to achieve “net zero” Scope 1 and Scope 2 emissions by 2040 through new investments aimed at emissions reductions, such as investments in natural gas emissions detection devices and conducting aerial scans of our assets.

The majority of our capital expenditures are focused on our midstream operations, which includes pipelines and compression, while the remaining capital expenditures are focused on production optimization, technology, upstream operations, plugging capacity expansion, fleet, emissions reductions, and when prudent, may include development activities targeted at replacing production. Given our operational focus to acquire and operate mature conventional wells and unconventional wells with a shallow decline rate, we do not incur the same level of large capital expenditures associated with drilling and completion activities that would typically be incurred by other development focused exploration and production companies.

We have consistently targeted a disciplined leverage profile at or under 2.5 to 1.0 after giving effect to acquisitions and any related financing arrangements. We believe this leverage range is supported by our differentiated business model, namely with long-life, low-decline production providing resilient cash flows, and a strategic financial framework that is bolstered by hedging and amortizing debt instruments. Our weighted-average hedge floor on natural gas production increased from \$3.63 per Mcf as of December 31, 2022 to \$3.87 per Mcf as of December 31, 2023.

Looking forward, we continue to seek to maximize cash flow. We plan to maintain our hedging strategy and take advantage of market opportunities to raise the floor price of our risk management program. We will seek to retain our strategic advantages in purposeful growth through a disciplined capital expenditure program that continues to secure low-cost financing that supports acquisitive growth while maintaining low leverage and sufficient liquidity.

ASSET RETIREMENT OBLIGATIONS

We continue to be proactive and innovative with respect to asset retirement. In 2017, after our LSE IPO, we proactively began to meet with state officials to develop a long-term plan to retire our growing portfolio of long-life wells. Collaborating with the appropriate regulators, we designed our retirement activities to be equitable for all stakeholders with an emphasis on the environment.

During the year ended December 31, 2023 we accomplished the following:

- Expanded asset retirement operations from 15 rigs at December 31, 2022 to 17 rigs at December 31, 2023 increasing our asset retirement capacity in Appalachia;
- Retired 222 wells, inclusive of our Central Region operations, outpacing calendar year 2022 activity when we retired 214 wells. These retirements were achieved one full year in advance of our stated goal to retire 200 wells per year by year-end 2023; and
- Retired 182 outside party wells, including 148 state and federal orphan wells and 34 wells for other operators.

This growth in our asset retirement capacity provides us with the ability to further integrate our asset retirement operations and generate cost efficiencies across a broader footprint. It will also provide us with the ability to generate additional third-party revenues by providing a suite of services to other production companies which can be utilized to help fund the cost associated with our own asset retirement program. As a result, we aim to obtain a prudent mix of both cost reduction and third-party revenues to maximize the benefits of our internal asset retirement program.

Our asset retirement program reflects our solid commitment to a healthy environment and the surrounding communities, and we anticipate continued investment and innovation in this area. During 2024, we will continue our work to realize the vertical integration benefits of expanded internal asset retirement capacity to reduce reliance on third-party contractors, reduce outsource risk, improve process quality and responsiveness, and increase control over environmental remediation and costs.

The composition of the provision for asset retirement obligations at the reporting date was as follows for the periods presented:

(In thousands)	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of period	\$ 457,083	\$ 525,589	\$ 346,124
Additions ^(a)	3,250	24,395	96,292
Accretion	26,926	27,569	24,396
Asset retirement costs	(5,961)	(4,889)	(2,879)
Disposals ^(b)	(17,300)	(16,779)	(16,500)
Revisions to estimate ^(c)	42,650	(98,802)	78,156
Balance at end of period	\$ 506,648	\$ 457,083	\$ 525,589
Less: Current asset retirement obligations	5,402	4,529	3,399
Non-current asset retirement obligations	\$ 501,246	\$ 452,554	\$ 522,190

^(a) Refer to Note 5 in the Notes to the Group Financial Statements for additional information regarding acquisitions and divestitures.

^(b) Associated with the divestiture of natural gas and oil properties. Refer to Note 5 in the Notes to the Group Financial Statements for additional information.

^(c) As of December 31, 2023, we performed normal revisions to our asset retirement obligations, which resulted in a \$43 million increase in the liability. This increase was comprised of a \$28 million increase attributable to a lower discount rate as a result of slightly decreased bond yields as compared to 2022 as inflation began to increase at a lower rate and \$16 million in cost revisions based on our recent asset retirement experiences. Partially offsetting these decreases was a \$1 million change attributed to timing. As of December 31, 2022, we performed normal revisions to our asset retirement obligations, which resulted in a \$99 million decrease in the liability. This decrease was comprised of a \$145 million decrease attributable to the lower discount rate which was then offset by a \$29 million reduction in anticipated asset retirement cost. The remaining change was attributable to timing. The lower discount rate was a result of macroeconomic factors spurred by the COVID-19 recovery, which reduced bond yields and increased inflation. Cost reductions are based on our recent asset retirement experiences. As of December 31, 2021, we performed normal revisions to our asset retirement obligations, which resulted in a \$78 million increase in the liability. This increase was comprised of a \$109 million increase attributable to the lower discount rate which was then offset by a \$27 million reduction in anticipated asset retirement cost. The remaining change was attributable to timing. The lower discount rate was a result of macroeconomic factors spurred by the COVID-19 recovery, which reduced bond yields and increased inflation. Cost reductions are based on our recent asset retirement experiences.

The anticipated future cash outflows for our asset retirement obligations on an undiscounted and discounted basis were as set forth in the tables below as of December 31, 2023, 2022 and 2021. When discounting the obligation, we apply a contingency allowance for annual inflationary cost increases to our current cost expectations and then discount the resulting cash flows using a credit adjusted risk free discount rate resulting in a net discount rate of 3.4%, 3.6% and 2.9% for the periods indicated,

respectively. While the rate is comparatively small to the commonly utilized PV-10 metric in our industry, the impact is significant due to the long-life low-decline nature of our portfolio. Although productive life varies within our well portfolio, presently we expect all of our existing wells to have reached the end of their productive lives and be retired by approximately 2095, consistent with our reserve calculations which were independently evaluated by third-party engineers.

When evaluating our ability to meet our asset retirement obligations we review reserves models which utilize the income approach to determine the expected discounted future net cash flows from estimated reserve quantities. These models determine future revenues associated with production using forward pricing then consider the costs to produce and develop reserves, as well as the cost of asset retirement at the end of a well's life. These future net cash flows are discounted using a weighted average cost of capital of 10% to produce the PV-10 of our reserves. After considering the asset retirement costs in these models, our PV-10 was approximately \$3.2 billion, \$6.1 billion and \$3.8 billion as of December 31, 2023, 2022 and 2021, respectively, illustrating residual cash flows well beyond our retirement obligations.

As of December 31, 2023:

(In thousands)		Not Later Than One Year	Later Than One Year and Not Later Than Five Years		Later Than Five Years	Total
Undiscounted	\$	5,402	\$ 20,365	\$	1,778,876	\$ 1,804,643
Discounted		5,402	17,975		483,271	506,648

As of December 31, 2022:

(In thousands)		Not Later Than One Year	Later Than One Year and Not Later Than Five Years		Later Than Five Years	Total
Undiscounted	\$	4,529	\$ 19,671	\$	1,673,905	\$ 1,698,105
Discounted		4,529	17,314		435,240	457,083

As of December 31, 2021:

(In thousands)		Not Later Than One Year	Later Than One Year and Not Later Than Five Years		Later Than Five Years	Total
Undiscounted	\$	3,399	\$ 17,210	\$	1,594,853	\$ 1,615,462
Discounted		3,399	13,675		508,515	525,589

CASH FLOWS

Our principal sources of liquidity have historically been cash generated from operating activities. To minimize financing costs, we apply our excess cash flow to reduce borrowings on our Credit Facility. When we acquire assets to grow, we complement our Credit Facility with long-term, fixed-rate, fully-amortizing debt structures that better match the long-life nature of our assets. These structures afford us low borrowing rates and also provide a visible path for reducing leverage as we make scheduled principal payments. For larger value-adding acquisitions, and to ensure we maintain a leverage profile that we believe is appropriate for the type of assets we acquire, we will also raise equity proceeds through a secondary offering. We monitor our working capital to ensure that the levels remain adequate to operate the business with excess cash primarily being utilized for the repayment of debt or shareholder distributions. In addition to working capital management, we have a disciplined approach to managing operating costs and allocating capital resources, ensuring that we are generating returns on our capital investments to support the strategic initiatives in our business operations.

(In thousands)	Year Ended			
	December 31, 2023	December 31, 2022	\$ Change	% Change
Net cash provided by operating activities	\$ 410,132	\$ 387,764	\$ 22,368	6%
Net cash used in investing activities	(239,369)	(386,457)	147,088	(38%)
Net cash provided by (used in) financing activities	(174,339)	(6,536)	(167,803)	2,567%
Net change in cash and cash equivalents	\$ (3,576)	\$ (5,229)	\$ 1,653	(32%)

(In thousands)	Year Ended			
	December 31, 2022	December 31, 2021	\$ Change	% Change
Net cash provided by operating activities	\$ 387,764	\$ 320,182	\$ 67,582	21%
Net cash used in investing activities	(386,457)	(627,712)	241,255	(38%)
Net cash provided by (used in) financing activities	(6,536)	318,709	(325,245)	(102%)
Net change in cash and cash equivalents	\$ (5,229)	\$ 11,179	\$ (16,408)	(147%)

Net Cash Provided by Operating Activities

For the year ended December 31, 2023, net cash provided by operating activities of \$410 million increased by \$22 million, or 6%, when compared to \$388 million in 2022. The increase in net cash provided by operating activities was predominantly attributable to the following:

- An increase in total revenue, inclusive of settled hedges, coupled with the decreases in expenses described above. This increase in adjusted EBITDA was then offset by the increases in finance costs;
- Changes in working capital generated cash outflows, driven by decreasing accounts payable balances, accrued liabilities, and distribution in suspense balances. These increases are a function of working capital turnover from the higher price environment experienced in 2022 to the lower price environment in 2023.

Production, realized prices, operating expenses, and G&A are discussed above.

Net Cash Used in Investing Activities

For the year ended December 31, 2023, net cash used in investing activities of \$239 million decreased by \$147 million, or 38%, from outflows of \$386 million in 2022. The change in net cash used in investing activities was primarily attributable to the following:

- A decrease in cash outflows of \$138 million for acquisition, divestiture and disposal activity. Net cash outflows associated with acquisitions, divestitures and disposals was \$162 million during the year ended December 31, 2023 when compared to \$300 million for the year ended December 31, 2022. Refer to Note 5 and Note 11 in the Notes to the Group Financial Statements for additional information regarding acquisitions, divestitures and disposals;
- Capital expenditures were \$74 million for the year ended December 31, 2023 compared to \$86 million for the year ended December 31, 2022. This decrease in capital expenditures was primarily driven by the completion of wells in 2022 that were under development by Tapstone at the time we closed that acquisition in 2021. While our March 2023 Tanos II acquisition also contained wells under development at the time of acquisition, the capital expenditures needed for their development during 2023 was less than that required during 2022.

Net Cash Provided by Financing Activities

For the year ended December 31, 2023, net cash used in financing activities of \$174 million increased by \$168 million as compared to \$7 million in 2022. This change in net cash used in financing activities was primarily attributable to the following:

- Credit Facility, ABS Note and Term Loan activity resulted in net repayments of \$11 million (including \$277 million in repayments of amortizing debt) in 2023 versus net proceeds of \$448 million in 2022, with much of the change attributable to the issuance of the ABS III-VI Notes in 2022 which refinanced a portion of our Credit Facility by converting it to a fixed-rate, hedge-protected, amortizing structure.
- An increase of \$157 million in proceeds from equity issuances in 2023 that did not occur in 2022.
- A decrease of \$12 million in restricted cash as a result of the establishment of the interest reserve required by our ABS III - VI Notes that were issued in 2022. No similar notes were issued and consolidated into our financial statements in 2023,
- An increase of \$99 million due to reduced hedge modifications associated with ABS notes in 2023 as compared to 2022,
- A decrease of \$24 million in the repurchase of shares, inclusive of EBT repurchases, as there were no similar EBT repurchases in 2023, and
- An increase of \$25 million in dividends paid in 2023 as compared to 2022;

Refer to Notes 16, 18 and 21 in the Notes to the Group Financial Statements for additional information regarding share capital, dividends and borrowings, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

We may enter into off-balance sheet arrangements and transactions that give rise to material off-balance sheet obligations. As of December 31, 2023 and December 31, 2022, our material off-balance sheet arrangements and transactions include operating service arrangements of \$11 million in letters of credit outstanding against our Credit Facility, respectively.

There are no other transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect our liquidity or availability of capital resources.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES AND COMMITMENTS

We have various contractual obligations in the normal course of our operations and financing activities. Significant contractual obligations as of the periods presented were as follows:

(In thousands)	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
Recorded contractual obligations				
Trade and other payables	\$ 53,490	\$ —	\$ —	\$ 53,490
Borrowings	200,822	864,264	259,762	1,324,848
Leases	10,563	20,559	—	31,122
Asset retirement obligation ^(a)	5,402	20,365	1,778,876	1,804,643
Other liabilities ^(b)	178,779	2,224	—	181,003
Off-Balance Sheet contractual obligations				
Firm Transportation ^(c)	28,242	29,919	183,209	241,370
Total	\$ 477,298	\$ 937,331	\$ 2,221,847	\$ 3,636,476

^(a) Represents our asset retirement obligation on an undiscounted basis. On a discounted basis the liability is \$507 million as of December 31, 2023 as presented in the Consolidated Statement of Financial Position.

^(b) Represents accrued expenses and net revenue clearing. Excludes taxes payable, asset retirement obligations and revenue to be distributed. Refer to Note 23 in the Notes to the Group Financial Statements for information.

^(c) Represents reserved capacity to transport gas from production locations through pipelines to the ultimate sales meters.

We believe that our cash flows from operations and existing liquidity will be sufficient to meet our existing contractual obligations and commitments for the next twelve months, even under a stressed scenario as evidenced by our **Viability and Going Concern** assessment. Cash flows from operations were \$410 million for the year ended December 31, 2023, which includes partial-year contributions from our Tanos II acquisition in 2023. Cash flows from operations were \$388 million for the year ended December 31, 2022, which similarly includes only a partial-year of contributions from our Central Region acquisitions in 2022. As of December 31, 2023 and 2022, we had current assets of \$305 million and \$354 million, respectively, and available borrowings on our Credit Facility of \$146 million and \$194 million, respectively, (excluding \$11 million in outstanding letters of credit, respectively), which could also be used to service our contractual obligations and commitments over the next twelve months.

Litigation and Regulatory Proceedings

From time to time, we may be involved in legal proceedings in the ordinary course of business. We are not currently a party to any material litigation proceedings, the outcome of which, if determined adversely to us, individually or in the aggregate, is reasonably expected to have a material and adverse effect on our business, financial position or results of operations. In addition, we are not aware of any material legal or administrative proceedings contemplated to be brought against us.

We have no other contingent liabilities that would have a material impact on our financial position, results of operations or cash flows.

Environmental Matters

Our operations are subject to environmental laws and regulation in all the jurisdictions in which we operate. We are unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would adversely affect our operations. We can offer no assurance regarding the significance or cost of compliance associated with any such new environmental legislation or regulation once implemented.

In May 2022, we joined the Oil and Gas Methane Partnership 2.0 (the “OGMP”), a multi-stakeholder initiative launched by the United Nations Environment Program and Climate and Clean Air Coalition in partnership with the European Commission, the UK Government, Environmental Defense Fund and other leading natural gas and oil companies, to further advance our commitment to reducing emissions.

The OGMP is a voluntary commitment which includes establishment of a credible pathway to attaining the “Gold Standard Compliance” designation for the natural gas produced by the Group. We have attained the “Gold Standard Pathway” for our implementation plan whereby we seek to improve our current measurement processes for natural gas emissions. We expect the impact on our operations to be improved efficiency and reduced emissions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Refer to Note 25 in the Notes to the Group Financial Statements for information regarding market risk.

TREND INFORMATION

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since December 31, 2023 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. For a discussion of trend information, Refer to Financial Review for additional information.

Risk Management Framework

Our ERM program focuses on the importance of risk awareness and mitigation across the organization. We proactively identify, assess, prioritize, monitor and mitigate risks enabling us to deliver the value-creating strategic objectives outlined in our business model. The Board regularly assesses our principal and emerging risks.

ENTERPRISE RISK MANAGEMENT PROGRAM

(Oversight and approval by the Audit & Risk Committee)

RISK UNIVERSE

Categories of risk



STRATEGIC RISKS



LEGAL, REGULATORY & REPUTATIONAL RISKS



OPERATIONAL RISKS



FINANCIAL RISKS

ENTERPRISE RISK ASSESSMENT REVIEW

(Senior Management Team led with business unit leader support)

PRINCIPAL RISKS

- Corporate Strategy and Acquisition Risk
- Cybersecurity Risk
- Health and Safety Risk
- Regulatory and Political Risk
- Climate Risk
- Commodity Price Volatility Risk
- Financial Strength and Flexibility Risk

ERM Program

Our ERM program is based on risk identification, assessment, prioritization, monitoring and mitigation processes, which are continually evaluated and enhanced with experience and industry best practices.

As part of our ERM activities our Senior Leadership Team, as directed by the Audit & Risk Committee of the Board, regularly engages in risk discussions across all areas of our operations. This healthy dialogue regarding risk creates a culture that highly regards risk mitigation as a way to preserve and create value for our stakeholders.

Within the program's risk identification phase, we capture potential and emerging risks that could arise as a result of a change in circumstances or new developments impacting us. To strengthen our risk identification, we carry out the following ongoing activities:

- Continuous monitoring of the risk universe for new or emerging risks;
- Refresh the risk universe at least annually;
- Enhance our risk awareness culture and identify risk ownership;
- Interview risk owners for current mitigation activities; and
- Design and implement a risk mitigation control framework.

2023 and Ongoing Risk Assessment

As part of our continuous assessment process during 2023, each business unit head determined the perceived level of risk for their individual unit's risk universe. Our Senior Leadership Team then reviewed and challenged each perceived risk level, and compared it to our risk universe as a whole. The results of this exercise were then used to narrow our risk universe into four principal risk categories and seven principal risks outlined below, which are closely monitored by our Senior Leadership Team and the Audit & Risk Committee.

During 2024, we will be updating our original risk identification and mitigation assessment by conducting in-depth interviews and group discussions with business process owners to determine emerging and escalating risks within the business and current business and market environments. Based on the findings of the updated assessment, we will reassess a new list of principal risks and the resulting mitigation plans for each risk.



Strategic Risks

Corporate Strategy and Acquisition Risk

Our future growth hinges on the successful completion of acquisitions aligned with our strategic objectives. The execution and seamless integration of these acquisitions could exert substantial pressure on our managerial, operational, and financial resources. Failure to adequately assess, execute, and integrate these acquisitions may adversely impact our business operations, financial performance, and overall prospects.

Risk Indicators

The following KPIs are sensitive to the impact of Corporate Strategy and Acquisition Risk:

- Adjusted operating cost per Mcfe
- Net cash provided by operating activities
- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Consistent adjusted EBITDA margin

Link to Strategy

- Acquire long-life stable assets
- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow
- Retire assets safely and responsibly and restore the environment to its natural state

Response/Mitigation

- Disciplined commitment to our core strategy of acquiring low-cost, long-life, relatively low-decline producing assets and complementary, synergistic midstream assets.
- Commercial Development, Land, Reserves, Strategic Planning and Financial Planning & Analysis teams work closely to identify and review potential acquisition opportunities which meet strategic objective criteria.
- Experience and knowledge throughout the organization in recognizing prospective opportunities.
- Thorough risk assessments and due diligence process on all potential new acquisitions which includes an analysis of the target's emissions profile.
- Feedback and evaluation of external experts in the diligence process.
- Strong balance sheet with significant liquidity to fund growth through acquisitions.

Climate Risk

Climate-related matters remain central to numerous global corporate discussions and decisions. While opportunities related to climate continue to arise in this swiftly changing landscape, we acknowledge that these issues also pose risks for DEC. Environmental regulations, climate change concerns, and investor-driven changes may lead to (i) increased business costs, (ii) challenges in executing our strategy, and (iii) restricted access to specific markets or investors.

Risk Indicators

The following KPIs are sensitive to the impact of Climate Risk:

- Emissions intensity
- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Adjusted operating cost per Mcfe
- Net cash provided by operating activities
- Consistent adjusted EBITDA margin
- Meet or exceed state asset retirement goals

Link to Strategy

- Operate our assets in a safe, efficient and responsible manner
- Retire assets safely and responsibly and restore the environment to its natural state

Response/Mitigation

- Our Board oversees the development of our climate change strategy which aims to position us at the heart of the energy transition based on responsible stewardship of existing natural gas assets. The Board's decision-making is informed by regular climate subject matter updates from each of our key Board committees.
- Through our annual TCFD reporting process, we identify and assess climate-related risks for consideration of appropriate risk mitigation actions.
- Our core business strategy aligns with sustainability initiatives and breeds sustainability. We acquire reliable, long-life, producing wells that often have not reached their full potential under their former owners. This stewardship model allows us to avoid the high cost and sometimes sizeable environmental impact often associated with exploration and drilling, which is the intended target of many sustainability initiatives.
- Alongside our zero-tolerance policy for fugitive emissions, we invest capital funds towards emission reduction technologies and projects and regularly deploy SAM optimization techniques that allow us to eliminate or reduce our carbon footprint.
- Our core KPI of methane intensity reduction is central to our corporate goals to reduce both methane and GHG emissions on our path towards net zero Scope 1 and 2 GHG emissions by 2040.
- We expanded our asset retirement capabilities, managed through our Next LVL subsidiary, that will permit DEC to exceed our long-term Appalachian asset retirement agreements, reflective of our core KPI to Meet or exceed state asset retirement goals.



Financial Risks

Commodity Price Volatility Risk

Changes in commodity prices may affect the value of our natural gas and oil reserves, operating cash flows and adjusted EBITDA, regardless of our operating performance.

Risk Indicators

The following KPIs are sensitive to the impact of Commodity Price Volatility Risk:

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Consistent adjusted EBITDA margin
- Net cash provided by operating activities

Link to Strategy

- Generate reliable free cash flow

Response/Mitigation

- Our Senior Leadership Team monitors commodity markets on a daily basis and internal models are routinely updated to evaluate market changes. This monitoring process includes reviewing realized pricing, forward pricing curves, and basis differentials. This active monitoring is critical to risk mitigation and the successful execution of our hedge strategy.
- Our hedging policy continues to be guided by our goal to generate reliable free cash flow in any commodity pricing environment and secure our debt and dividend payments. Our hedge strategy of proactively layering on appropriately structured hedge contracts at advantageous prices and tenors allows us to capitalize on beneficial price movements in a constantly changing, forward natural gas price market.
- External specialists are consulted on a regular basis to assist in the execution of our hedging strategy.

Financial Strength and Flexibility Risk

Liquidity and access to capital risk arises from our inability to generate cash flows from operations to fund our business requirements or our inability to access external sources of funding. This risk can result in difficulty in meeting our financial obligations as they become due.

Risk Indicators

The following KPIs are sensitive to the impact of Financial Strength and Flexibility Risk:

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Consistent adjusted EBITDA margin
- Net cash provided by operating activities
- Meet or exceed state asset retirement goals

Link to Strategy

- Acquire long-life stable assets
- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow
- Retire assets safely and responsibly and restore the environment to its natural state

Response/Mitigation

- Our Senior Leadership Team actively monitors debt levels and available borrowing capacity on our Credit Facility.
- Our Senior Leadership Team updates the Board at least quarterly on our debt and liquidity position.
- Our business model of stable production contributes to predictable cash flows, which makes it easier to forecast funding needs.
- Strong access to bank capital as our borrowing base in the Fall 2023 redetermination was reaffirmed unanimously by our 14-bank group syndicate.
- Maintain access to multiple avenues of funding beyond our Credit Facility: equity issuance, asset-backed securitizations, and bond issuance.
- Proactive hedge program to protect against commodity price volatility and stabilize operating cash flows.
- Continuous management review of the funding and financing alternatives available to us to ensure sufficient access to capital is available to meet our future needs.



Legal, Regulatory and Reputational Risks

Regulatory and Political Risk

Our operations are subject to regulations in all the jurisdictions in which we operate. We are unable to predict the effect of additional laws and or regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect our operations. We can provide no assurance that such new legislation, once implemented, will not oblige us to incur significant expenses, undertake significant investments, or reduce production.

Risk Indicators

The following KPIs are sensitive to the impact of Regulatory and Political Risk:

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Adjusted operating cost per Mcfe
- Net cash provided by operating activities
- Consistent adjusted EBITDA margin
- Emissions intensity
- Meet or exceed state asset retirement goals
- Safety Performance

Link to Strategy

- Operate our assets in a safe, efficient and responsible manner
- Retire assets safely and responsibly and restore the environment to its natural state

Response/Mitigation

- Operate to the highest industry standards with regulators and monitor compliance with our contracts, asset retirement program and taxation requirements.
- External specialists utilized on legal, regulatory, and tax issues as required.
- Maintain positive relationships with governments and key stakeholders.
- Continuous monitoring of the political and regulatory environments in which we operate.
- Working responsibly and community/stakeholder engagement and outreach is an important factor in maintaining positive relationships in the communities in which we operate.
- We encourage our employees to become actively involved in their communities through industry associations in their respective operating areas. By leading, participating in and championing a variety of these organizations, we believe that our support of the energy industry's associations adds value to our business through the sharing of operating best practices, technical knowledge and legislation updates, ultimately to the benefit of all of our stakeholders.

Health and Safety Risk

Potential impacts from a lack of adherence to health and safety policies may result in fines and penalties, serious injury or death, environmental impacts, statutory liability for environmental redemption and other financial and reputational consequences that could be significant.

Risk Indicators

The following KPIs are sensitive to the impact of Health and Safety Risk:

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Adjusted operating cost per Mcfe
- Net cash provided by operating activities
- Consistent adjusted EBITDA margin
- Safety Performance

Link to Strategy

- Operate our assets in a safe, efficient and responsible manner
- Retire assets safely and responsibly and restore the environment to its natural state

Response/Mitigation

- Effectively managing Health and Safety Risk exposure is the first priority for the Board and Senior Leadership Team. The Safety & Sustainability Committee of the Board regularly reviews health and safety programs and mitigations.
- Health and safety training is included as part of all staff and contractor inductions.
- Detailed training on our field manual procedures has been provided to key stakeholders to ensure processes and procedures are embedded throughout the organization and all operations.
- Establishing processes for continually assessing our overall operating and EHS capabilities, including evaluations to determine the level of oversight required.
- Effective execution of the field operating manual in operations.
- Crisis and emergency response procedures and equipment are maintained and regularly tested to ensure we are able to respond to an emergency quickly, safely and effectively.
- Leading and lagging indicators and targets developed in line with industry guidelines and benchmarks.
- Findings from 'lessons learned' reviews are implemented on future operations.
- All employees maintain work stoppage ability.



Operational Risk

Cybersecurity Risk

Cybersecurity risks for companies have increased significantly in recent years due to the mounting threat and increased sophistication of cybercrime. A cybersecurity breach, incident or failure of our IT systems could disrupt our businesses, put employees at risk, result in the disclosure of confidential information, damage our reputation and create significant financial and legal exposure for DEC.

Our network is designed using a Zero Trust Approach ("ZTA") and is segmented. We've established several layers of security, including least privilege access, conditional access policies, and multi-factor authentication ("MFA"). Our ZTA extends beyond our network to encompass identity, endpoints, infrastructure, data, and applications. This integrated ecosystem enables enhanced visibility, intelligence, and automation for our security team. Due to our 100% cloud environment, we now focus on continuous testing of our security posture from both trusted and untrusted sources—both external and internal to our networks—rather than relying on a one-time penetration testing approach. Additionally, we collaborate with a third-party managed security service provider and utilize internal resources for round-the-clock incident monitoring.

Risk Indicators

The following KPIs are sensitive to the impact of Cybersecurity Risk:

- Maintain net debt-to-adjusted EBITDA at or below 2.5x
- Consistent adjusted EBITDA margin
- Net cash provided by operating activities

Link to Strategy

- Operate our assets in a safe, efficient and responsible manner
- Generate reliable free cash flow

Response/Mitigation

- Employees are our first line of defense against these attacks and we promote secure behaviors to help mitigate this growing risk. We focus on practical rules that we promote through robust mandatory annual training and e-learning sessions delivered by our digital security team. One of these rules addresses phishing and reminds staff to 'think before they click'.
- We engage with key technology partners and suppliers to ensure potentially vulnerable systems are identified and secured.

- We test our cybersecurity crisis management and business continuity plans, recognizing the evolving nature and pace of the threat landscape.
- Continuous implementation and monitoring of our IT Security Policy, which includes measures to protect against cyberattacks.
- Advanced network security detection which includes regular threat testing.
- Control and protection of confidential information.
- Our Cybersecurity Council, which includes certain members of the Senior Leadership Team including the Chief Financial Officer, Chief Information Officer, Chief Information Security Officer and General Counsel, meets at least once a quarter to discuss cybersecurity issues, risks and strategies. The Cybersecurity Council regularly briefs (at least on a quarterly basis) the Board of Directors on information security matters, including assessing risks, efforts to improve our network security systems and enhanced employee trainings. The membership of this committee is adequately trained and educated to provide proper governance, risk management and control of the cyber security program utilizing the National Institute of Standards and Technology framework.

There were no cybersecurity incidents during the year ended December 31, 2023, that resulted in an interruption to our operations, known losses of any critical data or otherwise had a material impact on the Group's strategy, financial condition or results of operations. However, the scope and impact of any future incident cannot be predicted. Refer to **Risk Factors** for more information on how material cybersecurity attacks may impact our business.

Our ERM program is based on risk identification, assessment, prioritization, monitoring and mitigation processes, which are continually evaluated and enhanced with experience and industry best practices.

Viability and Going Concern

In accordance with Provision 31 section 4 of the UK Corporate Governance Code, and taking into account our current financial position and principal risks for a period longer than the 12 months required by the going concern statement, the Senior Leadership Team prepared a viability analysis which was assessed by the Board for approval.

Strategy, Business Model and Market Context

Our **Strategy** and **Business Model** are described in their respective sections within this Annual Report.

During 2023, we continued to grow and generate significant operating cash flows from both our Appalachian and Central Region assets. This growth allowed us to generate an 8% increase in adjusted EBITDA year-over-year. Our focus on acquiring assets from which we can generate robust free cash flow in any price environment remains central to our business model. We apply a disciplined approach to valuing and acquiring assets, protecting the associated cash flows with a proactive hedge program, all while diligently working to enhance the assets' productivity and reduce expenses and emissions to ensure we create a sustainable return to our shareholders. During this time we have also used a significant portion of our free cash flow to repay debt on our amortizing borrowing structures and Credit Facility providing strong additional evidence of our success.

2023 provided some unique market dynamics. We experienced uncharacteristically low commodity prices as well as significant inflationary pressures. We also saw an aggressive rise in interest rates to combat inflation which impacted the cost of capital for many. Our unique business model leaves us well positioned for volatile markets, however, and our consistent and reliable cash flows allowed us to not only grow, but also to opportunistically layer on additional derivative contracts at high pricing levels to secure our cash flows at elevated levels in the future. The importance of which has been recently evident as prices have retreated substantially during the onset of 2024.

While periods of extreme volatility can make it challenging for buyers and sellers to reach commercial terms, changing commodity markets create added growth opportunity. During higher commodity price environments companies seek exit strategies to divest non-core assets creating the necessary capital to drill and develop their core leasehold positions. Conversely, during low commodity price environments companies look to divest assets as they seek additional liquidity to cover marginal well economics on unhedged production. Thus, as markets cycle, it creates a plethora of opportunities to build on our strategy of value-accretive acquisitions.

Assessment Process and Key Assumptions

Our financial outlook is assessed primarily through a detailed annual business planning process and a more general multi-year forecast. The Senior Leadership Team provides the Board with a detailed overview as part of its annual budget approval while providing regular updates at each Board meeting throughout the year. The Board uses this information, along with any other detail it requests, to assess our current performance and longer-term outlook.

The outputs from the business planning process include a set of key performance objectives, an assessment of our primary risks, the anticipated operational outlook and a set of financial forecasts that consider the sources of funding available to DEC (the "Base Plan").



Key assumptions, which underpin the annual business planning process, include the forward price strip for each commodity (natural gas, NGLs and oil), forecasted operating cost and capital expenditure levels, production profiles, and the availability of liquidity or additional financing. We regularly produce cash flow projections, which we sensitize for different scenarios including, but not limited to, changes in commodity prices and production rates from our wells. The Directors and Senior Leadership Team closely monitor these forecast assumptions and projections and seek to mitigate our operating and liquidity risks.

Based on our financial scenario planning process, the Directors and Senior Leadership Team believe that stress testing forecast results over the Base Plan for a two-year period through March 2026 forms a reasonable expectation of our viability. At least annually, we perform our two-year Base Plan forecast for our medium-term strategic planning period. The two-year planning period has been reduced from three years due to the loss of information value in the third year primarily as a result of volatile commodity prices and an incomplete hedge book. Therefore the Directors and Senior Leadership Team endorse a two-year assessment period to furnish the most pertinent and valuable data for assessing the outlook of the business. The Directors and Senior Leadership Team are confident that they appropriately monitor and manage operational risks effectively within the two-year Base Plan, and our scenario planning is focused primarily on plausible changes in external factors, providing a reasonable degree of confidence.

Viability

The principal risks and uncertainties that affect the Directors' assessment of our viability in this period are:

- The effect of volatile natural gas prices on the business;
- Operational production performance of the producing assets; and
- Operating cost levels and our ability to control costs.

The Base Plan incorporates key assumptions that reflect these principal risks as follows:

- Projected operating cash flows are calculated using a production profile which is consistent with current operating results and decline rates;
- Assumes commodity prices are in line with the current forward curve which considers basis differentials;
- Operating cost levels stay consistent with historical trends which have been recently elevated due to the inflationary environment;
- The financial impact of our current hedging contracts in place, being approximately 83% and 76%, of total production volumes hedged for the years ending December 31, 2024 and 2025, respectively; and
- The scenario also includes the scheduled principal and interest payments on our current debt arrangements.

To assess our viability, the Directors and Senior Leadership Team considered various scenarios around the Base Plan that primarily reflect a more severe, but plausible, downside impact of the principal risks, both individually and in the aggregate, as well as the additional capital requirements that downside scenarios could place on us. Conservatively,

our viability statement considered the combined impact of all three listed scenarios in:

Scenario 1: Cyclically low gas prices for a year (Henry Hub prices of \$1.50 per MMBtu before returning to strip pricing), which have been historically observed in the market.

Scenario 2: Considered the impact of climate change by assuming a 2 week period of lost production in our East Texas/Louisiana region, which is susceptible to hurricanes, due to a natural disaster (assumed to occur once in each year of the assessment period).

Scenario 3: Considered the impact of climate change by assuming a 2 week period of lost production in our Appalachia region (assumption of lost production in 25% of the total region), which is susceptible to flooding, due to a natural disaster (assumed to occur once in each year of the assessment period).

The Directors and Senior Leadership Team considered the impact that these principal risks could, in certain circumstances, have on our prospects within the assessment period, and accordingly appraised the opportunities to actively mitigate the risk of these severe, but plausible, downside scenarios. Based on their evaluation, the Directors and Senior Leadership Team have a reasonable expectation that we will be able to continue to operate and meet our liabilities as we mature over the two-year period of their assessment.

Going Concern

In assessing our going concern status, we have taken account of our financial position, anticipated future trading performance, borrowings and other available credit facilities, forecasted compliance with covenants on those borrowings, and capital expenditure commitments and plans. Our cash generation and liquidity remain adequate and we believe we will be able to operate within existing facilities.

The Directors are satisfied that our forecasts and projections, that take into account reasonably possible changes in trading performance, show that we have adequate resources to continue in operational existence for the next 12 months from the date of this Annual Report and that it is appropriate to adopt the going concern basis in preparing our consolidated financial statements for the year ended December 31, 2023.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:



David E. Johnson

Chairman of the Board
March 19, 2024

Corporate Governance

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The Chairman's Governance Statement

Dear Shareholder,

As a Board we have been driving our governance standards towards meeting best practice, and it has been my privilege to work with this Board which is committed to maintaining high standards of corporate governance. As Chairman of the Group, my role is to provide leadership, ensuring that the Board performs its role effectively and has the capacity, ability, structure, corporate governance systems and support to enable it to continue to do so.

This Governance section of this Annual Report provides an update on our Board and Corporate Governance Policy. It includes our Corporate Governance Code compliance statements and the reports of the Board committees, namely the Audit & Risk, Nomination & Governance, Remuneration, and Sustainability & Safety Committees.

In these reports, we set out our governance structures and explain how we have applied the UK Corporate Governance Code and additional changes implemented due to the Group's recent NYSE-listing.



D.E. Johnson

David E. Johnson

Chairman of the Board

March 19, 2024

“

As a Board we have been driving our governance standards towards meeting or exceeding best practice.

Governance Framework

The Group's success is directly linked to sound and effective governance and we remain committed to achieving high standards in all we do. The Directors recognize the importance of strong corporate governance and have developed a corporate governance framework and policies appropriate to the size of the Group.

As the Group grows, the Directors and Senior Leadership Team continue to review and adjust our approach, make ongoing improvements to the Group's corporate governance framework and policies and procedures as part of building a successful and sustainable company. For example, in connection with our NYSE-listing, the Group refreshed its governance framework to incorporate NYSE Rules and SEC Rules, as appropriate. Among other things, this involved reviewing each Board committee charter and implementing several new governance policies.

Good governance creates the opportunity for appropriate decisions to be made by the right people at the right time to support the delivery of our strategy and manage any risks associated with delivery of that strategy.

Board Agenda and Activities During the Year

The Board is responsible for the direction and overall performance of the Group with an emphasis on policy and strategy, financial results and major operational issues.

During the year, the matters reserved for the Board's decision have been reviewed and re-affirmed. Specific matters for the Board's consideration include:

- Approval of the Group's strategic plan;
- Review of the performance of the Group's strategy, objectives, business plans and budgets;
- Review and assess the Group's sustainability goals, including the Group's GHG emission intensity reduction targets;
- Review and assess the Group's health and safety metrics and goals;
- Approval of the Group's operating and capital expenditure budgets and any material changes to them;
- Review of material changes to the Group's corporate structure and management and control structure;
- Review of changes to governance and business policies;
- Monitoring efforts related to community and stakeholder engagement;
- Ensuring an effective system of internal control and risk management;
- Ensure that appropriate succession planning procedures are in-place;
- Approval of annual and interim reports and accounts, and preliminary announcements of year-end results; and
- Review of the effectiveness of the Board and its committees.

The Board delegates matters not reserved for the Board to the Senior Leadership Team.

BOARD OF DIRECTORS

Defines business strategy, assesses risks and monitors performance

Remuneration Committee

Responsible for the Group's remuneration policy, and for setting pay levels and bonuses for senior management in line with individual performance. Ensures safety and sustainability KPIs are included in remuneration packages.

Sustainability & Safety Committee

Monitors the Group's social, ethical, environmental and safety performance, and oversees all sustainable development issues on behalf of the Board.

Nomination & Governance Committee

Ensures a balance of skills, knowledge, independence, experience and diversity on the Board and its committees. Monitors the Group's governance structure.

Audit & Risk Committee

Supports the Board in monitoring the integrity of the Group's financial statements and reviews the effectiveness of the Group's system of internal controls and risk management systems.

CEO

Takes ultimate responsibility for delivering on strategy, financial and operating performance.

Executive Vice President of Operations

Description of role

Coordinates operating activities and sustainability initiatives to ensure transparency and long-term value for DEC's stakeholders.

President & Chief Financial Officer

Description of role

Manages the finance and accounting activities of the Group and ensures that its financial reports are accurate and completed in a timely manner. Oversees the Group's information technology function to ensure safety and soundness of internal controls and systems.

Chief Legal & Risk Officer

Description of role

Responsible for legal and compliance, government, policy engagement, community engagement and land and mineral owner engagement.

Executive Vice President & Investment Officer

Description of role

Responsible for identifying and valuing acquisition targets and for developing and implementing a commodity marketing strategy to maximize commodity revenues.

Chief Human Resources Officer

Description of role

Responsible for HR function and employee relations, policies, practices and operations.

Responsibility

- Operations
- EHS
- Sustainability
- Regulatory

Responsibility

- Treasury
- Accounting & Financial Reporting
- Investor Relations
- Information Technology
- Sustainability Reporting

Responsibility

- Legal & Compliance
- Land
- Policy Engagement
- Community Relations

Responsibility

- Acquisitions
- Marketing

Responsibility

- Human Resource

Risk Management Guidelines

- Employee Handbook and Code of Business Conduct & Ethics
- EHS Policy & Field Operating Guidelines
- Socio-Economic Policy

Risk Management Guidelines

- Employee Handbook and Code of Business Conduct & Ethics
- Tax Policy
- Anti-Bribery & Corruption Policies

Risk Management Guidelines

- Employee Handbook and Code of Business Conduct & Ethics
- Anti-Bribery & Corruption Policies
- Compliance Hotline & Whistleblowing Policy
- Securities Dealing Policy

Risk Management Guidelines

- Employee Handbook and Code of Business Conduct & Ethics
- Anti-Bribery & Corruption Policies

Risk Management Guidelines

- Employee Handbook and Code of Business Conduct & Ethics
- Anti-Bribery & Corruption Policies
- Compliance Hotline & Whistleblowing Policy

Stakeholder Engagement Responsibility

- Communities
- Employees
- Joint Operating Partners
- Suppliers

Stakeholder Engagement Responsibility

- Employees
- Rating Agencies
- Financial Institutions
- Debt & Equity Investors

Stakeholder Engagement Responsibility

- Employees
- Industry Associations
- Communities
- Land & Mineral Owners
- Government & Regulators

Stakeholder Engagement Responsibility

- Customers

Stakeholder Engagement Responsibility

- Employees
- Communities

Board Effectiveness, Composition and Independence

As of December 31, 2023, the Board was comprised of seven Directors being the Group's CEO, the Non-Executive Chairman (who was independent upon appointment) and five other Non-Executive Directors, all of whom were deemed Independent Non-Executive Directors under the UK Corporate Governance Code. As a foreign private issuer, under the listing requirements and rules of the NYSE, we are not required to have independent directors on our Board, except that our audit committee is required to consist fully of independent directors, subject to certain phase-in schedules. Our Board has determined that six of our seven Directors do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the NYSE.

On January 1, 2023, Kathryn Z. Klaber was appointed to the Board as an Independent Non-Executive Director. She currently serves on the Nomination & Governance Committee and Sustainability & Safety Committee. This appointment was the culmination of a search effort led by the Nomination & Governance Committee, utilizing a leading external Board-appointment vendor, Heidrick & Struggles, which does not have any connection to the Group. Ms. Klaber brings to the Board a range of professional experience, including deep EHS, governance, regulatory and risk management experience.

On September 15, 2023, Bradley G. Gray stepped down from his role as an Executive Director of the Board concurrent with his appointment as the Group's President and Chief Financial Officer.

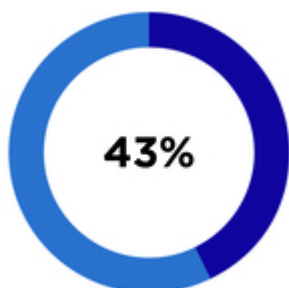
The skills and experience of the Non-Executive Directors are wide and varied and contribute to productive and challenging discussions in the boardroom ensuring the Board has appropriate independent oversight. For more details on the skills, knowledge and experience of our Board please see the Directors' biographies in the [Board of Directors](#) section within this Annual Report.

With a Non-Executive Chairman, and, as of January 1, 2024, four other Independent Non-Executive Directors, over half of the Board is independent and the Audit & Risk and Remuneration Committees are independent. As Mr. Thomas has served on the Board for nine years as of January 1, 2024, the Board no longer considers him independent.

GENDER DIVERSITY

3 of 7

Directors are Female



Female representation at the Board level has improved from 29% in late-2019 to 43% as of December 31, 2023 (three out of seven Board members being female).

Recognizing the importance of workforce engagement, Sandra M. Stash serves as the Director responsible for workforce engagement as required under the UK Corporate Governance Code. The Non-Executive Director Employee Representative directly engages with employees and provides a forum for feedback to management. These discussions cover a variety of topics including the Group's culture, policies and actions. Ms. Stash has served as the Non-Executive Director Employee Representative since 2019. Further information on her role and the work undertaken can be found in the [Directors' Report](#) within this Annual Report.

The Board provides effective leadership and overall management of the Group's affairs. It approves the Group's strategy and investment plans and regularly reviews operational and financial performance and risk management matters. A schedule of matters reserved for the Board is included in the previous section.

The Board and its committees hold regularly scheduled meetings each year. Additional meetings are held when necessary to consider matters of importance that cannot be held over until the next scheduled meeting.

All Directors have access to the advice and services of the Group's solicitors and the Group's Corporate Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Group's expense in the furtherance of their duties.

In accordance with the UK Corporate Governance Code, the Directors must stand for re-election annually. The Group's Articles of Association also require any new Director appointed by the Board during the year to retire at the next Annual General Meeting ("AGM") and offer themselves for re-election.

The Board delegates certain responsibilities to the Board committees, listed below, which have clearly defined terms of reference.

These terms of reference are reviewed annually to ensure they remain fit for purpose and can be viewed on the Group's [website](#).

TENURE

2 of 7

0-3 years



2 of 7

4-6 years



3 of 7

7+ years





From left to right: Mr. David J. Turner, Jr.; Mr. Martin K. Thomas; Ms. Sylvia Kerrigan; Ms. Sandra M. Stash; Mr. Rusty Hutson, Jr.; Mr. David E. Johnson; Ms. Kathryn Z. Klaber; Mr. Bradley G. Gray (served on the Board through September 15, 2023).

Board Committees

The Directors have established four Board committees: an Audit & Risk Committee, Remuneration Committee, Nomination & Governance Committee, and Sustainability & Safety Committee. The members of these committees are constituted in accordance with the requirements of the UK Corporate Governance Code (the “Code”), as applicable. The terms of reference of the committees have been prepared in line with prevailing best practice, including the provisions of the Code. A summary of the delegated duties and responsibilities, terms of reference of the committees and their activities for the year are presented in their committee reports set out below.

The Board is pleased to report it has achieved two of the UK Listing Rules’ targets of (i) more than 40% female representation on the Board, with 43% of the Board being female and (ii) a female holding a senior Board position, with Ms. Kerrigan serving as the Senior Independent Director.

Board Diversity

Diversity is a key component of the Group’s Board composition, with emphasis placed not only on gender but also on culture, nationality, experience and cognitive diversity. The Board has recruited consistently over the last few years to enhance its diversity and is focusing on a period of stability before making further additions. Although the Board does not currently have any ethnically diverse members, it acknowledges the UK Listing Rules’ diversity targets, which the Group intends to continue to closely examine and evaluate in 2024 in terms of Board membership, additions, recruitment and retention.

Diversity targets – Progress Update

Target	Progress
The Board aspires to meet and ultimately exceed the target for at least 40% of Board positions to be held by females.	We are pleased to report that as at December 31, 2023, 43% of our Board identified as female.
That at least one of the positions of Chair, CEO, CFO or Senior Independent Director is held by a female.	As of December 31, 2023, our Senior Independent Director position is held by a female.
That at least one member of the Board is from a minority ethnic background.	While we have not achieved this target yet, we continually aspire to increase diverse representation on our Board.

Board and Executive Management Diversity

Prepared in accordance with UK Listing Rule 9.8.6R(10) as of March 1, 2024:

GENDER IDENTITY OR SEX^(a)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ^(a)	Number in executive management	Percentage of executive management
Male	4	57%	3	6	67%
Female	3	43%	1	3	33%
Other categories	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

ETHNIC BACKGROUND

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ^(a)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	100%	4	9	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specific/prefer not to say	0	0%	0	0	0%

^(a) The data reported on the basis of gender identity.

The Board continues to demonstrate diversity in a wider sense, with Directors from the U.S. as well as the UK, bringing a range of domestic and international experience to the Board. The Board's diverse range of experience and expertise covers not only a wealth of experience of operating in the natural gas and oil industry but also extensive technical, operational, financial, legal and environmental expertise. Further information on our commitment to diversity at the Board and senior management level is included in the [Nomination & Governance Committee Report](#) within this Annual Report.

UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

The Directors support high standards of corporate governance, and it is the policy of the Group to comply with current best practice in UK corporate governance.

The UK Corporate Governance Code published in July 2018 by the Financial Reporting Council ("FRC"), as amended from time to time, (the "Corporate Governance Code") recommends that: (i) the Chair of the Board of Directors should meet the independence criteria set out in the Corporate Governance Code on appointment; and (ii) the Board should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director. The Chair of the Board is David E. Johnson, who was independent as of his appointment and whom the Group continues to consider independent, and the Senior Independent Director is Sylvia Kerrigan. The Board also considers Sandra M. Stash, David J. Turner, Jr., Sylvia Kerrigan and Kathryn Z. Klaber to meet the independence criteria set out in the Corporate Governance Code.

Currently, the Board is of the opinion that as of the date of this report it fully complies with the requirements of the Corporate Governance Code other than as set out below.

The Corporate Governance Code recommends that the chair of the Remuneration Committee should have served on a remuneration committee previously for at least 12 months. When Sylvia Kerrigan was appointed as chair of the Remuneration Committee, she had only served on the committee for approximately 9 months. However, as of March 17, 2023, Sylvia Kerrigan had served on the Remuneration Committee for a full 12 months and, as a result, the Group is currently in compliance in this respect.

Additionally, the Directors acknowledge the requirement to implement a diversity policy that will be applicable to the Group's administrative, management and supervisory bodies and the remuneration, audit and nomination committees. The Group has yet to finalize such a policy at this time but is committed to encouraging diversity and will continue to evaluate and develop plans and policies in the coming year that will promote diversity. Current disclosures on the Group's diversity achievements is included in the section "Our Employees - Workforce Diversity" in the [Strategic Report](#) and [Nomination & Governance Committee Report](#) within this Annual Report, with the Board closely overseeing progress against regulatory and stakeholder expectation.

OUR APPROACH TO GOVERNANCE

As of the date of this Annual Report, our Board is made up of seven Directors: one Executive Director, chairman and five Non-Executive Directors (four of whom are independent).

Alongside the continued focus on our business strategy, we achieved significant milestones in 2023 in strengthening core areas of the business. One such area of focus was corporate governance, where we engaged external consultants to advise on Board best practices, including independence, composition and diversity.

Key Governance Improvements During 2023

The Board recognizes the benefits of good governance and is seeking to apply this in a meaningful way. DEC is a rapidly evolving company that is in an expansion and transition phase. Accordingly, the Board is acutely aware of the need to rapidly and effectively integrate new businesses into the reporting and governance framework of the Group,

as determined by the Board. It is recognized that the Board has a key role in balancing the fundamental elements of good governance, namely to deliver business growth and build trust while maintaining a dynamic management framework.

The Board appreciates the importance of good and effective communication and remains in close contact with its shareholders and other stakeholders.

The Board is actively engaged in the process of solidifying its governance framework for its rapidly expanding business. The Board concluded that overall compliance with governance best practice has improved during the year under review, with the following having been achieved:

- The Board re-affirmed several key governance policies including the following: **Securities Dealing Code, Compliance Hotline and Whistleblowing Policy, Anti-Bribery Policy, Socio-Economic Policy, Modern Slavery Policy, EHS Policy, Climate Change Policy, Employee Relations Policy, Human Rights Policy and Business Partners Policy**. Additionally, in 2023, the Board reviewed and approved the following new governance policies: Biodiversity Policy, Code of Business Conduct & Ethics, Tax Policy and Hedging Policy.
- The Board achieved further progression of the Group's overall corporate governance framework and practices, taking into account evolving market best practices and the Group's NYSE-listing, including, among other things, a review and update of the Group's committee charters and governance policies.
- The Audit & Risk Committee is fully independent and continues to adopt best practice.
- The Remuneration Committee is also independent with 3 Non-Executive Directors and the Non-Executive Chairman, and, together with a third-party consultant, conducted a thorough review of the remuneration policy and practices and undertook a consultation exercise with the Group's largest shareholders.
- Each committee completed a thorough charter evaluation to identify gaps in coverage, relevance and applicability as well as potential areas of improvement. As a result of this exercise and with guidance from external advisors, the committee charters for the Nomination & Governance Committee, Audit & Risk Committee and Remuneration Committee were updated to reflect NYSE Rules and SEC Rules.
- Together with the executive management team, the Chairman and the Nomination & Governance Committee continued to formulate succession planning procedures and plans around key-roles in management.
- The Board encouraged employee outreach and training regarding the Group's Compliance Hotline and Whistleblowing Policy and was satisfied by measures taken, including the placement of awareness posters with hotline details in all major offices.
- The percentage of female Board members was increased from 38% to 43%.
- Sylvia Kerrigan was appointed as Senior Independent Director.

Corporate Governance Practices and Foreign Private Issuer Status

Companies listed on the NYSE must comply with the corporate governance standards provided under Section

303A of the NYSE Listed Company Manual. As a "foreign private issuer," as defined by the SEC, we are permitted to follow home country corporate governance practices, instead of certain corporate governance practices required by the NYSE for U.S. domestic issuers, except that we are required to comply with Sections 303A.06, 303A.11 and 303A.12(b) and (c) of the Listed Company Manual. Under Section 303A.06, we must have an audit committee that meets the independence requirements of Rule 10A-3 under the Exchange Act. Under Section 303A.06, we must disclose any significant ways in which our corporate governance practices differ from those followed by domestic companies under NYSE listing standards. Finally, under Section 303A.12(b) and (c), we must promptly notify the NYSE in writing after becoming aware of any non-compliance with any applicable provisions of this Section 303A and must annually make a written affirmation to the NYSE. Further, an LSE listed company must disclose in its annual financial report a statement of how the listed company has applied the principles set out in the UK Corporate Governance Code, in a manner that would enable shareholders to evaluate how the principles have been applied, and a statement as to whether the listed company has (a) complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code; or (b) not complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code and if so, setting out: (i) those provisions, if any it has not complied with; (ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and (iii) the company's reasons for non-compliance.

For the purposes of NYSE rules, so long as the Group qualifies as a foreign private issuer, we are eligible to take advantage of certain exemptions from NYSE corporate governance requirements provided in the NYSE rules. We are required to disclose the significant ways in which our corporate governance practices differ from those that apply to U.S. companies under NYSE listing standards.

Section 312.03 of the NYSE Rules requires that a listed company obtain, in specified circumstances, (1) shareholder approval to adopt or materially revise equity compensation plans, as well as (2) shareholder approval prior to an issuance (a) of more than 1% of its ordinary shares (including derivative securities thereof) in either number or voting power to related parties, (b) of more than 20% of its outstanding ordinary shares (including derivative securities thereof) in either number or voting power or (c) that would result in a change of control. The Group intends to follow home country law in determining whether shareholder approval is required. Section 302 of the NYSE Rules also requires that a listed company hold an annual shareholders' meeting for holders of securities during each fiscal year. We will follow home country law in determining whether and when such shareholders' meetings are required.

The Group may in the future decide to use other foreign private issuer exemptions with respect to some or all of the other requirements under the NYSE Rules. Following our home country governance practices may provide less protection than is accorded to investors under the NYSE listing requirements applicable to domestic issuers. We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NYSE listing standards. Because we are a foreign private issuer, our directors and senior management are not subject to shortswing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Board of Directors

The Group has a commitment to strong governance, reporting and operating standards. At the date of this report, the current Board consists of seven Directors: including a Non-Executive Chair (who was independent upon appointment and whom the Group continues to consider independent), a Non-Executive Vice-Chair, an Executive Director, the Senior Independent Director, three additional independent Non-Executive Directors.

COMMITTEE MEMBERSHIPS

-  Audit & Risk
-  Nomination
-  Remuneration
-  Sustainability & Safety
-  Chair



David E. Johnson

Non-Executive Chairman,
Independent upon Appointment

Age **63**

Appointed **February 3, 2017** and
as **Chair of the Board on April 30, 2019**

Committee Membership:

Remuneration Committee, Sustainability & Safety Committee

Experience:

Mr. Johnson has served on our board of directors since February 2017 and as our Non-Executive Chairman of the Board since April 2019. He has worked at a number of leading investment firms, as both an investment analyst and a manager, and more recently in equity sales and investment management. Mr. Johnson currently serves on the board of Chelverton Equity Partners, an AIM-listed holding company, where he serves as a member of the Remuneration, Audit & Nomination committees. Previously, Mr. Johnson was a consultant at Chelverton Asset Management from August 2016 to February 2019. Prior to that, he worked as a fund manager for the investment department of a large insurance company and then as Head of Sales and Head of Equities at a London investment bank. Mr. Johnson earned a Bachelor of Arts in Economics from the University of Reading.

Key Strengths:

Investment sector knowledge; providing strong leadership to the Board in connection with the Board's role of overseeing strategy and developing stakeholder relations.

Current External Roles:

Chelverton Equity Partners (Director), an AIM-listed holding company.



Rusty Hutson, Jr.

Co-Founder and Chief Executive
Officer

Age **54**

Appointed **July 31, 2014**

Committee Membership:

None

Experience:

Mr. Hutson is our co-founder and has served as our Chief Executive Officer since the founding of our predecessor entity in 2001. Mr. Hutson also serves on our board of directors. Mr. Hutson is the fourth generation in his family to immerse himself in the natural gas and oil industry, with family roots dating back to the early 1900s. Mr. Hutson spent many summers of his youth working with his father and grandfather in the oilfields of West Virginia. He graduated from Fairmont State College (WV) with a degree in accounting. After college, Mr. Hutson spent 13 years steadily progressing into multiple leadership roles at well-known banking institutions such as Bank One and Compass Bank. His final years in the banking industry were spent as CFO of Compass Financial Services. Building upon his experiences in the natural gas and oil industry, as well as the financial sector, Mr. Hutson established Diversified Energy Company in 2001. After years of refining his strategy, Mr. Hutson and his team took the Company public in 2017. He continues to lead his team and expand the Group's footprint. With a rapidly growing portfolio, Mr. Hutson remains focused on operational excellence and creating shareholder value.

Key Strengths:

Deep understanding and leadership in the natural gas and oil sector; strong track record in developing and delivering results in line with strategy.

Current External Roles:

Vice Chairman of Board of Governors of Fairmont State University



Martin K. Thomas

Non-Executive Vice Chair

Age **59**

(Independent through 12/31/23)

Appointed **January 1, 2015**

Committee Membership:

Nomination & Governance Committee

Experience:

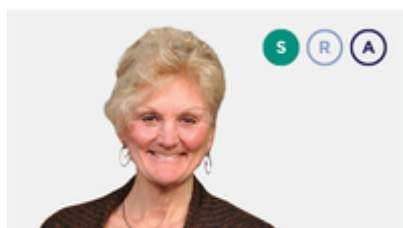
Mr. Thomas has served on our board of directors since January 2015. He is a consultant in the corporate team of the law firm Wedlake Bell LLP in London. During a legal career of over 35 years, Mr. Thomas specialises in advising on IPOs and secondary offerings of equity and debt on the London capital markets, corporate governance requirements for UK listed companies, corporate finance and M&A work (including cross-border transactions). Previously named one of The Lawyer's "UK Hot 100 Lawyers" and ranked by both Chambers and Partners and Legal 500, Mr. Thomas has advised clients operating in a variety of sectors, including natural gas and oil, renewable energy, natural resources and mining, climate change, financial services and early stage technology. Mr. Thomas has also held senior management positions including seven years as the European Managing Partner of a global law firm headquartered in the United States.

Key Strengths:

Corporate law; advising on mergers and acquisitions; public offerings.

Current External Roles:

Wedlake Bell LLP (Consultant) and Jasper Consultants Limited (Director).



Sandra M. Stash

Independent Non-Executive
Director and Non-Executive
Director Employee
Representative

Age **64**

Appointed **October 21, 2019**

Committee Membership:

Sustainability & Safety Committee (Chair), Remuneration Committee,
Audit & Risk Committee

Experience:

Ms. Stash has served on our board of directors since October 2019. Ms. Stash accumulated more than 35 years of international experience in the natural gas and oil and hard rock and coal mining industries, beginning her career as one of the first female drilling engineers in North America and most recently served as Executive Vice President for Tullow Oil until her retirement on 1 April 2020. During her time in these industries, Ms. Stash developed deep business and operations experience across six continents and is recognized for her unique capabilities in bridging the extractive sector to external stakeholders – in government, civil society and at the community level. Her distinguished professional career also included roles at ARCO, TNK-BP, BP, Anaconda and Talisman Energy, and spanned top leadership positions in general management, commercial negotiations, operations and engineering, supply chain management, government and public affairs, sustainability and HSE. Ms. Stash holds a Directorship Certification through the National Association of Corporate Directors and also serves on the boards of Trans Mountain Company and Chaarat Gold.

Key Strengths:

Risk management and sustainability; operations and engineering;
employee engagement

Current External Roles:

Colorado School of Mines (Board of Governors member), Trans Mountain Corporation, a Canadian Crown Corporation (Director) and Chaarat Gold Holdings Limited (Director), an AIM-listed gold mining company.



David J. Turner, Jr.
Independent Non-Executive
Director

Age **60**

Appointed **May 27, 2019**

Committee Membership:

Audit & Risk Committee (Chair), Remuneration Committee

Experience:

Mr. Turner has served on our board of directors since May 2019. Mr. Turner serves as Chief Financial Officer of Regions Financial Corporation ("Regions") and is a member of the Regions Executive Leadership Team. Regions is an NYSE-listed S&P 500 banking group. Mr. Turner leads all of Regions' finance operations, including financial systems, investor relations, corporate treasury, corporate tax, management planning and reporting, and accounting. Mr. Turner joined Regions in 2005 and led the Internal Audit Division before being named Chief Financial Officer in 2010. His responsibilities included overseeing various audits of the overall corporation, reporting to the Audit and Risk Committee of the Board of Directors. Prior to joining Regions, Mr. Turner served as an Audit Partner of KPMG LLP and previously served Arthur Andersen LLP in a number of positions, culminating in Audit Partner. His primary focus was auditing financial institutions. Mr. Turner earned a BS degree in accounting from the University of Alabama and attended Tulane University in Louisiana.

Key Strengths:

Financial expert with recent and relevant experience; capital markets; financial operations; audit experience.

Current External Roles:

Regions Financial Corporation (CFO) and Junior Achievement of Alabama, Inc. (Board and Executive Committee).



Kathryn Z. Klaber
Independent Non-Executive
Director

Age **58**

Appointed **January 1, 2023**

Committee Membership:

Nomination & Governance Committee (Chair), Audit & Risk Committee, Sustainability & Safety Committee

Experience:

Ms. Klaber has served on our board of directors since January 2023. Ms. Klaber has more than 30 years of experience with a focus on energy development and EHS compliance complements the Board's collective experience. Ms. Klaber currently serves as the Managing Director of The Klaber Group, which provides strategic consulting services to businesses and organizations with a focus on energy development in the United States and abroad. Prior to founding The Klaber Group, Ms. Klaber launched and led the Marcellus Shale Coalition as its first CEO, growing the organization to be the premier regional trade association for the natural gas and oil industry in the Northeastern United States. As CEO from 2009 to 2013 of the Marcellus Shale Coalition, Ms. Klaber worked closely with elected leaders, regulators and member companies to advance the responsible development of the Appalachian Basin. Ms. Klaber's other experience also includes serving as the Executive Vice President for Competitiveness at the Allegheny Conference on Community Development and Executive Director of the Pennsylvania Economy League where her work focused on advancing key policy and regulatory matters. Earlier in her career, Ms. Klaber accumulated significant experience in EHS strategy and compliance with the international consulting firm Environmental Resource Management. Ms. Klaber holds an undergraduate degree in environmental science from Bucknell University and a Masters in Business Administration from Carnegie Mellon University.

Key Strengths:

Regulatory compliance, energy specific sustainability programs; EHS processes industry knowledge, risk management; governance

Current External Roles:

The Klaber Group (Managing Director); RLG International (Director) processes, industry knowledge, risk management; governance


Sylvia Kerrigan

Senior Independent
Non-Executive Director

Age **58**

Appointed October 11, 2021

Committee Membership:

Remuneration Committee (Chair), Nomination & Governance Committee

Experience:

Ms. Kerrigan has served on our board of directors since October 2021. Ms. Kerrigan provides a wealth of experience in the energy, industrial and transportation sectors where she has engaged in corporate responsibility and sustainability, merger and acquisition, regulatory, risk management, cybersecurity and information privacy matters. Ms. Kerrigan currently serves as the Chief Legal Officer for Occidental Petroleum (NYSE: OXY). Prior to working at Occidental, Ms. Kerrigan served as the Executive Director of the Kay Bailey Hutchinson Energy Center for Business, Law and Policy at the University of Texas where she also earned a Doctor of Jurisprudence degree and served in a number of roles with Marathon Oil Corporation over the course of more than 20 years. In her time with Marathon Oil Corporation, she held a number of roles overseeing public policy, legal and compliance, corporate positioning and external communications before retiring in 2017 after eight years as the Executive Vice President, General Counsel and Corporate Secretary. Prior to working at Marathon, Ms. Kerrigan served in various domestic and international corporate, government and legal roles, including an appointment to the United Nations Security Council in Geneva, Switzerland. Ms. Kerrigan holds a NACD Directorship Certification through the National Association of Corporate Directors.

Key Strengths:

Corporate law, governance, merger and acquisition, regulatory, risk management, cybersecurity and information privacy matters, corporate responsibility and sustainability.

Current External Roles:

Occidental Petroleum (Chief Legal Officer) and Team Industrial Services (Lead Director).

Senior Management

**Bradley G. Gray**

President and Chief
Financial Officer

Age **55**

Mr. Gray has served as our President and Chief Financial Officer since September 2023, and prior to that served as Executive Vice President, Chief Operating Officer since October 2016. Prior to joining us, Mr. Gray served as the Senior Vice President and Chief Financial Officer for Royal Cup, Inc. from August 2014 to October 2016. Prior to that, from 2006 to 2014, Mr. Gray served in various roles at The McPherson Companies, Inc., most recently as Executive Vice President and Chief Financial Officer from September 2006 to December 2013. Mr. Gray previously worked in various financial and operational roles at Saks Incorporated from 1997 to 2006. Mr. Gray has a B.S. degree in Accounting from the University of Alabama and earned his CPA license (Alabama).

Key Strengths:

Corporate structure; operational processes and management; acquisition integration; finance; strategic support to the CEO.

Current External Roles:

None

**Ben Sullivan**

Senior Executive Vice President,
Chief Legal & Risk Officer, and
Corporate Secretary

Age **45**

Mr. Sullivan has served as our Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary since September 2023, and prior to that served as Executive Vice President, General Counsel and Corporate Secretary since 2019. Prior to joining us, Mr. Sullivan worked with Greylock Energy, LLC (an ArcLight Capital Partners portfolio company) and its predecessor, Energy Corporation of America, from 2012 to 2017, most recently as Executive Vice President, General Counsel and Corporate Secretary from 2017 to 2019. Prior to that, Mr. Sullivan served as counsel for EQT Corporation from 2006 to 2012. He is a member of the leadership and board of directors of several commerce, legal and industry groups, and has considerable experience in corporate governance and reporting, corporate responsibility and sustainability matters, complex commercial transactions, land/real estate, acquisitions & divestitures, financing, government investigations and corporate workouts and restructurings. Mr. Sullivan received a B.A. from the University of Kentucky and a J.D. degree from the West Virginia University College of Law. He holds licenses to practice law in several states, including Pennsylvania and West Virginia.

Key Strengths:

Legal expert, mergers and acquisitions, land/real estate, regulatory compliance and governance, risk management and strategic support to the CEO

Current External Roles:

None

Directors' Report

The Directors present their report on the Group, together with the audited Group Financial Statements, for the year ended December 31, 2023.

Board of Directors

The Directors of the Group who were in office during the year and up to the date of signing the financial statements were:

- David E. Johnson - Non-Executive Chair (independent upon appointment)
- Rusty Hutson, Jr. - Chief Executive Officer and Executive Director
- Bradley G. Gray - President and Chief Financial Officer and Executive Director (until September 15, 2023)
- Martin K. Thomas - Non-Executive Vice Chair (independent from 1/1/2023 to 12/31/2023)
- David J. Turner, Jr. - Independent Non-Executive Director
- Sandra M. Stash - Independent Non-Executive Director
- Sylvia Kerrigan - Senior Independent Non-Executive Director
- Kathryn Z. Klaber - Independent Non-Executive Director

Incorporation and Listing

The Company was incorporated on July 31, 2014, and completed the transfer to the Premium Listing Segment of the Official List of the Financial Conduct Authority ("FCA") and admission to the Main Market of the LSE from AIM in May 2020. The Company commenced trading on the New York Stock Exchange ("NYSE") on December 18, 2023.

Review of Business, Outlook and Dividends

The Group is a natural gas, NGLs and oil producer and midstream operator and is focused on acquiring and operating mature producing wells with long lives and low-decline profiles. The Group's assets have historically been located within the Appalachian Basin, but the Group has acquired assets expanding its footprint into the Central Region, consisting of the states of Louisiana, Texas and Oklahoma. The Group is headquartered in Birmingham, Alabama, U.S., and has field offices located throughout the states in which it operates.

Details of the Group's progress during the year and its future prospects, including its intended dividend strategy, are provided in the **Chairman's Statement** and **Strategic Report** within this Annual Report.

Results

The Group's reported statutory earnings for 2023 was \$760 million, or \$16.07 per share, and when adjusted for certain non-cash items, it reported adjusted EBITDA of \$543 million, or \$11.51 per share. The Group's adjusted EBITDA for 2022 was \$503 million, or \$11.92 per share. For more information on adjusted EBITDA refer to the **APMs** section in **Additional Information** within this Annual Report.

Dividend Approach

The Board's target has been to return free cash flow to shareholders by way of dividend, on a quarterly basis, in line with the strength and consistency of the Group's cash flows.

For the three months ended March 31, 2023, the Group paid a dividend of \$0.875 per share on September 29, 2023. For the three months ended June 30, 2023, the Group paid a dividend of \$0.875 per share on December 29, 2023. For the three months ended September 30, 2023, the Group expects to pay a dividend of \$0.875 per share on March 28, 2024. For the three months ended December 31, 2023, the Group expects to pay a dividend of \$0.29 per share.

The Directors may further revise the Group's approach to dividends from time to time in line with the Group's actual results and financial position. The Board's approach to its dividend reflects the Group's current and expected future cash flow generation potential.

Disclosure of Information under LR 9.8.4R

The information that fulfills the reporting requirements under this rule can be found on the pages identified below.

Section	Topic	Location
(1)	Interest capitalized	Director's Report, starting on page 94
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long-term incentive schemes	Directors' Remuneration Report, starting on page 110
(5)	Waiver of emoluments by a Director	Not applicable
(6)	Waiver of future emoluments by a Director	Not applicable
(7)	Non pre-emptive issues of equity for cash	Share Capital, starting on page 95
(8)	As item (7), in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Material Contracts, starting on page ##
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreements with controlling shareholders	Not applicable

Directors' Interest in Shares

The Directors' beneficial interests in the Group's share capital, including family interests, on December 31, 2023 are shown below. These interests are based on the issued share capital at that time. As of March 1, 2024, there have been no

changes to the Directors' interests. The Non-Executive Directors will purchase shares after the release of this Annual Report pursuant to the Non-Executive Director Share Purchase Program implemented in 2022.

Director	Appointed	Shares of £0.20	% of Issued Share Capital
Rusty Hutson, Jr.	July 31, 2014	1,207,645	2.54%
Bradley G. Gray^(a)	October 24, 2016	146,947	0.31%
Martin K. Thomas	January 1, 2015	112,250	0.24%
David E. Johnson	February 3, 2017	23,750	0.05%
David J. Turner, Jr.	May 27, 2019	26,923	0.06%
Sandra M. Stash	October 21, 2019	2,234	0.00%
Kathryn Klaber	January 1, 2023	1,050	0.00%
Sylvia Kerrigan	October 11, 2021	1,341	0.00%
		1,522,140	3.20%

^(a) Bradley G. Gray stepped down from the Board effective September 15, 2023.

Future Developments

The Directors continue to review and evaluate strategic acquisition opportunities recommended by the Senior Leadership Team, which align with the strategy and requirements of the Group. Additional details are disclosed in the **Strategy** section within this Annual Report.

Share Capital

As of December 31, 2023, the Group's issued share capital consisted of 47,923,726 shares with a par value of £0.20 each, with ~31% of record holders in the U.S. and ~57% of record holders in the UK. The Group has only one class of share and each share carries the right to one vote at the Group's AGM. No person has any special rights of control over the Group's share capital and all issued shares are fully paid. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Group's Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Group's shares that may result in restrictions on the transfer of securities or on voting rights. The amount of interest capitalized by the Group during the period under review is immaterial.

The Group was authorized by shareholders at the 2023 AGM held on May 2, 2023 to purchase in the market up to 10% of its issued shares (excluding any treasury shares), subject to certain conditions laid out in the authorizing resolution. The standard authority is renewable annually; the Directors will seek to renew this authority at the upcoming AGM. Details of shares issued and repurchased by the Group during the period are set out in Note 16 in the Notes to the Group Financial Statements.

In February 2023, the Group placed 6,422,200 new shares at \$25.34 per share (£21.00) (stated on an adjusted basis post the share consolidation) at a 5.2% discount to raise gross proceeds of \$163 million (approximately £135 million). The new shares placed represented 13.4% of the Group's existing share capital at the date of placement. The Group used the proceeds to fund the Tanos II transaction, discussed in Note 5.

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in 2022 to purchase shares already in the market and is operated through a third-party trustee. The objective of the EBT is to benefit the Group's employees and in particular, to provide a mechanism to satisfy rights to shares arising on the exercise or vesting of awards under the Group's share-based incentive plans and reduce dilution for shareholders. As of March 1, 2024, the EBT holds 354,441 shares and has distributed 435,072 shares under the Group's share-based incentive plans.

Financial Instruments

Details of the Group's principal risks and uncertainties relating to financial instruments are detailed below and in Note 25 in the Notes to the Group Financial Statements.

Risk Management

Risk management is integral to all of the Group's activities. Each member of executive management is responsible for continuously monitoring and managing risk within the relevant business areas. Every material decision is preceded by an evaluation of applicable business risks. Reports on the Group's risk exposure and reviews of its risk management are regularly undertaken and presented to the Board. Additional details regarding the Group's risk management can be found in **Principal Risks and Uncertainties** in the **Strategic Report** within this Annual Report.

Securities Dealing Code

The Group adopted a **Securities Dealing Code** for share dealings appropriate for a company listed on the Premium Listing Segment of the Official List of the FCA and admitted to the Main Market of the LSE and NYSE-listed company. The code applies to the Directors, members of the Senior Leadership Team and other relevant employees of the Group and is monitored by the Group's compliance-focused employees.

Other Corporate Governance Policies

The Board reviewed and reaffirmed several key governance policies in 2023, including the following:

- **Compliance Hotline and Whistleblowing Policy** - aims to provide guidance as to how individuals may raise their concerns and to ensure that they may do so confidently and confidentially.
- **Anti-Bribery & Corruption Policy** - acknowledges the Group's commitment to right and ethical practices and addresses bribery and corruption risk as a part of the Group's overall risk management strategy.
- **Socio-Economic Policy** - affirms the Group's commitment to being recognized as a leader in the field of corporate responsibility and recognizes the added value for our shareholders.
- **Modern Slavery Policy** - recognizes that modern slavery is a significant global human rights issue and has many forms including human trafficking, forced labor, child labor, domestic servitude, people trafficking and workplace abuse. The Group is committed to respecting internationally recognized human rights, including ensuring that we are in no way involved or associated with the issue of forced or involuntary labor and that modern slavery and human trafficking are not taking place in any part of our business.
- **EHS Policy** - guides activities to protect employees, contractors, the public and the environment.
- **Climate Change Policy** - recognizes that climate change is a complex global issue and that the Group is committed to playing its part in supporting the global transition to a lower carbon world by reducing the impact of the Group's operations through advancements and investments in our processes, equipment and capabilities.

- **Employee Relations Policy** - acknowledges the value of the Group's employees and highlights the Group's commitments to promote employee safety, health and well-being.
- **Human Rights Policy** - recognizes the Group's commitment and responsibility to ensure that human rights are upheld in every of its business operations and to promote human rights where it can make a positive contribution.
- **Business Partners Policy** - provides the standards the Group expects from its consultants, outsourced providers, subcontractors, vendors and suppliers to adhere to in their business activities with the Group.

The Board also reviewed and adopted the following new governance policies in 2023:

- **Biodiversity Policy** - outlines the Group's commitment to promote a net positive impact on the environment and its natural biodiversity.
- **Code of Business Conduct and Ethics** - provides the standards the Group expects from its Directors, officers and employees, including honest and ethical conduct, compliance with applicable laws and prompt internal reporting and accountability for adherence to the code.
- **Tax Policy** - outlines the Group's tax objections and the foundation of the Group's tax approach.

These corporate governance policies can be viewed on the Group's [website](#).

Subsequent Events

Refer to Note 28 in the Notes to the Group Financial Statements.

Director Attendance at Board and Committee Meetings

Directors are expected to attend and participate in all Board meetings and meetings of committees on which they serve and are expected to be available for consultation with management as requested from time to time. Regular Board and committee meetings are held at such times as the Board and committees, respectively, may determine. Special meetings may be called upon appropriate notice at any time.

The following table shows the number of Board and committee meetings required to be held and actually held in 2023:

Type of Meeting	Number of Meetings Required to be Held	Number of Meetings Held
Board of Directors	0	11
Audit & Risk Committee	3	6
Nomination & Governance Committee	2	2
Remuneration Committee	2	7
Sustainability & Safety Committee	2	5

Members of the Board attended Board and committee meetings (to the extent they were members of such committee in 2023) as summarized in the following table.

Director	Committee Seats (during 2023)	Board	Audit & Risk Committee	Nomination & Governance Committee	Safety & Sustainability Committee	Remuneration Committee
Rusty Hutson, Jr.	None	11	0	0	0	0
Bradley G. Gray^(a)	None	11	0	0	3	0
David E. Johnson	 	11	0	2	5	7
Martin K. Thomas^(b)		11	4	2	0	0
Kathryn Z. Klaber^(c)	  	11	2	2	5	0
Sandra M. Stash	  	11	6	0	5	7
David J. Turner, Jr.	 	11	6	-	0	7
Sylvia Kerrigan	 	9	0	2	0	7

^(a) Left the Sustainability & Safety Committee concurrent with his departure from the Board on September 15, 2023, and thus was not required to attend the last two committee meetings held in 2023.

^(b) Left the Audit & Risk Committee on September 15, 2023 and thus was not required to attend the last two committee meetings held in 2023.

^(c) Appointed to the Audit & Risk Committee on September 15, 2023 and thus was not required to attend the first four committee meetings held in 2023.

DIRECTORS' INDEMNITIES

As permitted by the Group's Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial year and remains in force at the date of this report. The Group also purchased and maintained throughout the financial period Directors' and officers' liability insurance in respect of itself and its Directors. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

CONFLICT OF INTEREST

There are no potential conflicts of interest between any

duties owed by the Directors or members of the Senior Leadership Team to the Group and their private interests and/or other duties. In addition, there are no arrangements or understandings with any of the shareholders of the Group, customers, suppliers or others pursuant to which any Director or member of the Senior Leadership Team was selected to be a Director or Senior Manager. The Group tests regularly to ensure awareness of any future potential conflicts of interest and related party transactions. Directors are required to declare any additional or changed interests at the beginning of each Board meeting. In the event a conflict should arise, the pertinent Director would not take part in decision making related to the conflict. Additionally, there are no family relationships among any of our Directors or Senior Managers.

SUBSTANTIAL SHAREHOLDERS

As of March 1, 2024, the following shareholders hold greater than 3% of the Group's issued shares with voting rights:

Shareholders ^(a)	Number of Shares	% of Issued Share Capital
NYSE Control Account	3,160,498	6.64%
Hargreaves Landsdown	2,842,924	5.98%
Interactive Investor	2,480,602	5.21%
Columbia Management Investment Advisers	2,394,439	5.03%
Vanguard Group	2,326,236	4.89%
JO Hambro Capital Management	2,281,524	4.80%
GLG Partners	2,230,257	4.69%
BlackRock	2,054,151	4.32%
M&G Investments	1,998,712	4.20%
abrdn	1,929,927	4.06%

^(a) The Group derives the information from TR1 notifications, its third-party performed annual shareholder analysis to support its Foreign Private Issuer status as a U.S. Corporation listed on the LSE, and from periodic third-party share register reports it receives.

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP ("PwC"), have expressed their willingness to continue in office as auditors and a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the forthcoming AGM.

CORPORATE GOVERNANCE STATEMENT

The Directors recognize the importance of sound corporate governance and their associated report is set out in the [Chairman's Governance Statement](#) within this Annual Report. The Group reports against the UK Corporate Governance Code.

As further described in the [UK Corporate Governance Code Compliance Statement](#) provided within this Annual Report, the Group is currently in compliance with the Corporate Governance Code other than as set on page [87](#).

ENGAGEMENT WITH EMPLOYEES' STATEMENT

The Group is exempted from some reporting requirements, as it did not employ more than 250 employees in the UK during the year under review. As of December 31, 2023, the Group had 1,603 full-time employees, with 1,214 production employees and 389 production support employees located in ten states in the U.S.

In line with industry standards in the country of employment, our employees maintain a range of relationships with union groups. The Group has not previously experienced labor-related work stoppages or strikes and believe that our relations with union groups and our employees are satisfactory.

As per Section 54(1) of the Modern Slavery Act 2015, our Modern Slavery Policy is reviewed and approved by the Board annually and published on our [website](#). The statement covers the activities of the Group and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our business. More information on our Modern Slavery Policy can be found on our [website](#).

Pursuant to the Group's Employee Handbook, the Group will endeavour to make reasonable accommodation to the known physical or mental limitations of qualified employees with disabilities.

ENGAGEMENT WITH STAKEHOLDERS' STATEMENT

The Group adheres to best-in-class operating standards, with a strong focus on EHS to ensure the safety of its employees, local communities and the environment in which the Group operates. This element of reporting is discussed in the [Section 172 Statement](#) and [Sustainability & Safety Committee's Report](#) within this Annual Report. Furthermore, the Director designated to engage with the workforce as required under the Corporate Governance Code is currently Sandra M. Stash.

RELATIONS WITH SHAREHOLDERS

The Group aims to maintain its committed approach to long-term sustainability, which, alongside its strict fiscal discipline and stewardship, maximizes returns to its shareholders. The Directors attach great importance to

maintaining good relationships with shareholders. Extensive information about the Group's activities is included in its annual and interim reports and accounts and related presentations. The Group also issues regular updates to shareholders.

Persons possessing market sensitive information are notified in accordance with the Market Abuse Regulation. The Group is active in communicating with both its institutional and private shareholders. The AGM provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Group maintains a corporate website at www.div.energy where information on the Group is regularly updated, including Annual and Interim Reports and all announcements.

The Directors are available for communication with shareholders and all shareholders have the opportunity, and are encouraged, to attend and vote at the AGM of the Group during which the Board will be available to discuss issues affecting the Group. The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders.

Following the Group's 2023 AGM and as part of its engagement related to items on which shareholders voted at that meeting (including Resolution 14 concerning the Directors' Remuneration Report which passed with 62% of votes in favor), the Group consulted and engaged with a number of shareholders who voted against the resolutions to better understand their concerns. The Directors are thankful to the shareholders for sharing their views. They understand that the negative voting results for Resolution 14 were principally related to the specific, one-off issue of the grant price used for the 2020 LTIP awards and the resulting remuneration outcomes. The dialogue with the shareholders has highlighted that there remains strong support for the Group's remuneration policy, which was approved by shareholders at the 2022 AGM.

The Group's Remuneration Committee has discussed the feedback received in detail with the Board and will maintain dialogue with shareholders on matters related to executive remuneration.

ENVIRONMENTAL INFORMATION

The Group adheres to best-in-class operating standards, with a strong focus on EHS to ensure the safety of its employees. There is extensive coverage of these issues within the Group's 2023 Sustainability Report which will be available on its website at www.div.energy and in the [Sustainability & Safety Committee's Report](#) within this Annual Report.

DIVERSITY

We believe that an inclusive culture and diverse workforce are healthy for a successful and sustainable business. We value the rich diversity, skills, abilities and creativity that people from different backgrounds and experiences bring to the Group.

The Group is committed to encouraging diversity amongst its workforce. Decisions related to recruitment selection, development or promotion are based upon merit and ability to adequately meet the requirements of the job, and are not influenced by factors such as race, colour, religion, alienage or national origin, ancestry, citizens, age, disability, gender,

marital status, pregnancy, veteran status, sexual orientation, gender identity, genetic information, or any other characteristic protected by applicable law. The Group aims to ensure that applications for employment are given full and fair consideration. We will continue to develop our diversity metrics to promote equality of opportunity, pay and reward on a non-discriminatory basis. The Group seeks to ensure that all employees are given access to training, development and career opportunities. In addition, every effort is made to retrain and support employees who become disabled while working within the Group.

CHARITABLE AND POLITICAL DONATIONS

The Group did not make any political donations or incur any political expenditures to candidates or political campaigns or candidates during the period.

During the year, the Group contributed nearly \$2.1 million to approximately 120 different community organizations. Please refer to the [Community Outreach and Engagement](#) section of this Annual Report.

GOING CONCERN

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The validity of the going concern concept is dependent on funding being available for the working capital requirements of the Group in order to finance the continuing development of its existing projects for at least the next 12 months. Sufficient funds are available in the short-term to fund the working capital requirements of the Group. The Directors believe that this will enable the Group to continue in operational existence for the foreseeable future and to continue to meet obligations as they fall due. Please refer to the [Viability and Going Concern](#) section of this Annual Report for a summary of the Directors' assessment.

ANNUAL GENERAL MEETING

The AGM of the Group will be held in London in mid-May of 2024. Full details of these proposals will be set out in a separate Notice of AGM sent to all shareholders.

Shareholders are invited to complete the proxy form received either by post or vote electronically in CREST in accordance with the Notes contained in the Notice of the AGM. The Notice of the AGM and Proxy Form are available on the Group's website at www.div.energy.

ADDITIONAL DISCLOSURES

Supporting information that is relevant to the Directors' report, which is incorporated by reference into this report, can be found throughout this Annual Report.

For considerations of post balance sheet events please refer to Note 28 in the Notes to the Group Financial Statements within this Annual Report.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing this Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under the Companies Act 2006, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Group's [website](#). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

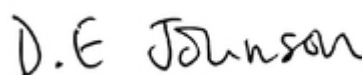
Each of the Directors, whose names and functions are listed in **Board of Directors** confirm that, to the best of their knowledge:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- The Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, and financial position of the Company; and
- The **Strategic Report** includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

- In the case of each Director in office at the date the Directors' Report is approved:
- So far as that Director is aware, there is no relevant audit information of which the Group's and the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This Annual Report was approved by the Board of Directors and authorized for issue on March 19, 2024.

On behalf of the Board:



David E. Johnson

Chairman of the Board

March 19, 2024

The Nomination & Governance Committee's Report

Committee Composition



**Kathryn Z. Klaber
(58)**

Independent
Non-Executive
Director
(Chair as of 9/15/23)
Strength:
**Regulatory,
Sustainability**
Independence from:
**Management & Other
interests**



**Martin K. Thomas
(59)**

Non-Executive
Director (Chair until
9/15/23; independent
from 1/1/23 to
12/31/23)
Strength:
Legal
Independence from:
Other interests



**Sylvia Kerrigan
(58)**

Senior Independent
Non-Executive
Director
Strength:
Industry, Governance
Independence from:
**Management & Other
interests**



**David E. Johnson
(63)**

Non-Executive
Director, Independent
upon appointment
(until 9/15/23)
Strength:
Finance
Independence from:
**Management & Other
interests**



**David J.
Turner, Jr.
(60)**

Independent
Non-Executive
Director
(committee member
until 1/1/23)
Strength:
Finance
Independence from:
**Management &
Other interests**

Key Objective

The Nomination & Governance Committee assists the Board in (i) discharging its responsibilities related to reviewing its structure, size and composition, (ii) recommending to the Board any changes required for succession planning and monitoring governance trends and best practices, and (iii) identifying and nominating for approval Board candidates to fill vacancies as and when they arise. The Nomination & Governance Committee is responsible for leading the process for appointments, ensuring plans are in place for orderly succession for both the Board and senior management positions, and overseeing the development of a diverse pipeline for succession.

The committee is responsible for reviewing the results of the Board's Performance Review process and for making recommendations to the Board concerning suitable candidates for the role of Senior Independent Director, the membership of the Board's committees and the election or re-election of Directors at each AGM.

The committee also oversees the Group's governance structure and monitors trends and compliance with governance best practices.

Key Matters Discussed by the Committee

During the past year the Nomination & Governance Committee:

- Led the annual Board Performance Review process, using Leadership Advisor Group as an outside resource, over the course of the year, which included (i) an evaluation of the structure, agendas and outcomes of Board and Board committee meetings and (ii) a comprehensive report and roundtable exercise with the entire Board;
- Took steps with senior management to develop a training regime for the entire Board for the 2023 year and beyond, with training from internal personnel and external resources on topical subjects such as governance, oversight and Director responsibilities;
- Assessed the member composition of each Board committee and recommended changes in connection with Mr. Gray's departure as an Executive Director of the Board concurrent with his appointment as the Group's President and Chief Financial Officer with effect from September 15, 2023 to ensure alignment with best practices for Board and committee independence.
- Assisted with the transition of responsibilities in connection with Ms. Klaber's appointment as the Nomination & Governance Committee Chair as of September 15, 2023.
- Conducted (together with senior management) a committee-by-committee assessment process to evaluate and provide feedback to each committee chair;

- Worked with the Senior Independent Director and senior management to facilitate the Senior Independent Director's review of the Chairman;
- Worked with the Chairman and senior management to facilitate the review of the CEO;
- Worked with the Chief Human Resources Officer and Chief Legal & Risk Officer to formulate succession planning procedures and plans around key-roles in management;
- Reviewed management's stakeholder engagement efforts and advised on strategy and best practices;
- Together with management, encouraged and maintained oversight of the process to ensure appropriate and proactive engagement with proxy firms;
- Monitored the gender and racial diversity statistics for the Group's application, interview and hiring process;
- Focused on the Group's diversity objectives and strategies and encouraged employee-wide diversity training and other diversity initiatives;
- Reviewed and updated the committee's Terms of Reference to reflect best practices;
- Worked with management to ensure that filings submitted to the SEC in connection with the Group's NYSE listing followed best recommended practices for governance and oversight;
- Worked with external advisors and senior management to analyze, assess and implement an enhanced governance framework related to the Group's NYSE listing, including, among other things, a review and update of the Group's committee charters and governance policies; and
- Encouraged and maintained oversight of employee outreach and training regarding the Group's Compliance Hotline and Whistleblowing Policy and was satisfied by measures taken, including the placement of awareness posters with hotline details in all major offices.

Committee Effectiveness

The committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Membership

The committee is currently comprised of three Non-Executive Directors, two of whom are considered independent: Ms. Klaber (independent), the Nomination & Governance Committee Chair, Mr. Thomas and Ms. Kerrigan (independent). Ms. Klaber was appointed to the committee as of January 1, 2023 and was appointed as the Nomination & Governance Committee Chair as of September 15, 2023. Additionally, Mr. Turner and Mr. Johnson stepped down from the committee on January 1, 2023 and September 15, 2023, respectively. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the committee.

Meetings and Attendance

The Nomination & Governance Committee met twice in 2023 and has met once thus far in 2024. At the end of each committee meeting, the committee typically meets in private executive session without management present to ensure that points of common concern are identified and that priorities for future attention by the committee are

agreed upon. The Chair of the committee keeps in close contact with the Chief Executive Officer and Chief Legal & Risk Officer between committee meetings. For committee meeting attendance for each Director see the **Directors' Report** within this Annual Report.

Responsibilities and Terms of Reference

The committee's main duties are:

- Reviewing the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of its members) and making recommendations to the Board with regard to any changes required;
- Identifying and nominating, for Board approval, candidates to fill Board vacancies as and when they arise;
- Succession planning for Directors and other senior managers;
- Reviewing annually the time commitment required of Non-Executive Directors; and
- Overseeing the Group's governance structure as well as trends and compliance in governance best practices.

The committee has formal terms of reference which can be viewed on the Group's [website](#).

Corporate Responsibility in Hiring

The committee and Board are proud of the progress made to date on diversity within the Group, including achieving the UK Listing Rules' targets of (i) more than 40% female representation on the Board, with 43% female Board members, and (ii) a female holding a senior Board position, with Ms. Kerrigan serving as the Senior Independent Director.

The Group improved in gender balance in 2023. Evidencing this improvement, the FTSE Women Leaders Review 2023 indicated Diversified ranks in 76th place among the FTSE 250. It also recognized 43% female representation at Board level and 34% in the executive committee and direct reports category (which is comprised of 35 females and 69 males). Within the energy sector, the Group is in 4th place. The FTSE Women Leaders Review is an independent framework supported by the Government that builds on the excellent work of both the Hampton-Alexander and Davies Reviews which ensures that talented women at the top of business are recognized, promoted and rewarded.

The committee also acknowledges the UK Listing Rule ethnic diversity targets, and the important role played by the Parker Review, which the Group intends to continue to closely examine and evaluate in 2024 in terms of Board membership, additions, recruitment and retention.

The Group has a strong commitment to increasing its gender and ethnic diversity and believes that a diverse and engaged workforce and Board is an important goal. In particular, the Group has taken steps to increase support for and communication with underrepresented groups in the communities in which it operates. It is the committee's hope that these efforts will increase interest in our industry and assist in the development of an ethnically diverse pipeline of candidates.

Board Performance Review

Consistent with last year, the Nomination & Governance Committee selected Leadership Advisor Group as an independent consultant to assist with the Board Performance Review process based on the positive experience the committee had in prior years. Leadership Advisor Group does not have any other connection with the Group. The Board Performance Review focused on the following topics, among other things:

- Strategy development and implementation;
- Risk awareness, monitoring and reporting;
- Cooperation with and evaluation process of the CEO and Senior Leadership Team;
- Board composition and dynamics;
- Onboarding and induction programs;
- Meeting structure and operation;
- Meeting effectiveness;
- Shareholder and stakeholder relations;
- Committee, Senior Independent Director and Vice Chairman value contribution; and
- Individual evaluation of the Chairman and all Board members

The Board Performance Review utilized a variety of methods, including a bespoke, online questionnaire, analysis of how time is spent during Board meetings, Board composition mapping and Board composition benchmarking. The evaluation, analysis and reporting took place from May to November 2023 and confirmed that the Board and its committee effectively perform their respective roles. The review highlighted certain areas for improvement such as restructuring meeting agendas to enhance strategic discussions.



Kathryn Z. Klaber

Chair of the Nomination & Governance Committee

March 19, 2024

The Audit & Risk Committee's Report

Committee Composition



David J. Turner, Jr.
(60)

Independent Non-Executive Director (Chair)

Strength:

Finance

Independence from:
Management & Other interests



Sandra M. Stash
(64)

Independent Non-Executive Director

Strength:

Industry

Independence from:
Management & Other interests



Kathryn Z. Klaber
(58)

Independent Non-Executive Director

(as of 9/15/23)

Strength:

Regulatory, Sustainability

Independence from:

Management & Other interests



Martin K. Thomas
(59)

Non-Executive Director (until 9/15/23;

Independent from 1/1/23 to 12/31/23)

Strength:

Legal

Independence from:
Other interests

This report covers the activities of the Audit & Risk Committee in 2023 and in the period up to the approval of the Annual Report for the year ended December 31, 2023.

Key Objective

The Audit & Risk Committee acts on behalf of the Board and the shareholders to ensure the integrity of the Group's financial reporting. The committee's main functions include, among other things, reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, reviewing annual and interim accounts and auditors' reports; making recommendations to the Board in relation to the appointment and remuneration of the Group's external auditors; and monitoring and reviewing annually the external auditors' independence, objectivity, effectiveness and qualifications.

Key Matters Discussed by the Committee

MAIN ACTIVITIES

- Reviewed and challenged interim and annual financial reporting;
- Reviewed and approved the Group's Hedging Policy;
- Reviewed the Group's system of internal controls and assessed its effectiveness;
- Engaged with management on the U.S. listing efforts, including assessments of the related risks and post-listing integration of the applicable NYSE Rules and SEC Rules into the Group's framework;
- Reviewed and assessed the Group's approach to its asset retirement obligations and overall liquidity;
- Reviewed and updated the committee's Terms of Reference to reflect best practices;
- Reviewed the Enterprise Risk Management control strategy and function;

- Reviewed the Group's procedures for detecting fraud, prevention of bribery, and anti-money laundering systems and controls;
- Reviewed the adequacy and security of processes for employees and contractors to raise concerns confidentially about possible wrongdoing in financial reporting or other matters;
- Engaged with management regarding internal investigations and compliance reviews;
- Oversaw the promotion of Joyce Collins to Vice President of Internal Audit to further enhance the Group's internal audit function and engaged with Ms. Collins during private executive sessions;
- Approved the external audit plan presented by PwC, reviewed the effectiveness of the external audit and held independent discussions with the lead audit partner as well as private confirmatory meetings with members of the PwC audit team; and
- Reviewed correspondence with the Financial Reporting Council (the "FRC") related to financial reporting.

INDEPENDENCE

- The committee regards independence of the External Auditor as crucial in safeguarding the integrity of the audit process and takes responsibility for ensuring an effective three-way relationship between the committee, the External Auditor and management. The committee confirmed that the external auditors, PwC, remain independent and that non-audit fees remain appropriate and reasonable.

COMMITTEE EFFECTIVENESS

- The committee completed a critical review of its operations and effectiveness during 2023 as part of its annual self-review process. An independent third-party conducted interviews with members of the committee to obtain feedback. No significant areas of concern were raised.

AREAS OF FOCUS IN 2024

- Review the Group's procedures in relation to maintaining high standards across all ethics and compliance matters;
- Ensure that all risks are appropriately identified, prioritized, addressed, and are managed by the respective risk owner; and
- Enhance our internal control procedures and financial reporting mechanisms to ensure the Group's ability to achieve compliance with the Sarbanes-Oxley Act.

Membership

In line with the recommendations set by the UK Corporate Governance Code, the Audit & Risk Committee is comprised of three Independent Non-Executive Directors members: David J. Turner, Jr., the Audit & Risk Committee Chair and Financial Expert, Sandra M. Stash and Kathryn Z. Klaber. Martin K. Thomas was appointed to the committee as a Non-Executive Director as of January 1, 2023 and stepped down from the committee on September 15, 2023 concurrent with Ms. Klaber's appointment to the committee. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the committee.

The committee has recent and relevant financial experience through the leadership of Mr. Turner, who is presently the Chief Financial Officer at Regions Financial Corporation, a publicly traded U.S. bank that is a member of the S&P 500 Index. Each committee member has been selected to provide a wide range of financial and commercial expertise necessary to fulfil the committee's responsibilities.

No members of the Audit & Risk Committee have outside connections with the Group's external auditors.

Meetings and Attendance

The Audit & Risk Committee met six times in 2023 and has met once thus far in 2024. Before each meeting, the committee Chair met with the members of the finance team to ensure there was a shared understanding of the key issues to be discussed. Committee meetings are held in advance of Board meetings to facilitate an effective and timely reporting process. The committee Chair provided a report to the Board following each meeting. For committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

The committee regularly meets in private executive sessions without management present, one with the Vice President of Internal Audit and one with committee members only, to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. It also conducts private discussions with PwC as appropriate to ensure that the committee has a clear and unobstructed line of communication with its external auditors. The Chair of the committee keeps in close contact with the Chief Legal & Risk Officer, the Vice President of Internal Audit, the President and Chief Financial Officer, Corporate Controller, the finance team and the external auditors between committee meetings.

Detailed below are the members of the Senior Leadership Team who were invited to attend meetings as appropriate

during the calendar year. In addition, PwC attended certain of the meetings by invitation as auditors to the Group.

- Rusty Hutson, Jr., Chief Executive Officer
- Bradley G. Gray, President and Chief Financial Officer
- Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary
- Martin K. Thomas, Vice Chairman of the Board
- David E. Johnson, Chairman of the Board
- Michael Garrett, Senior Vice President of Accounting and Corporate Controller
- Joyce Collins, Vice President of Internal Audit
- Representatives from PwC UK and PwC U.S.

Responsibilities and Terms of Reference

The main responsibilities of the committee are:

- Reviewing accounting policies and the integrity and content of the financial statements, including focusing on significant judgments and estimates used in the accounts;
- Monitoring disclosure controls and procedures and the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- Monitoring the integrity of the financial statements of the Group to assist the Board in ensuring that the Annual Report, when taken as a whole, are fair, balanced and understandable;
- Considering the adequacy and scope of external audits and overseeing the relationship with the external auditors, including appraising the effectiveness of their work prior to considering their reappointment and considering whether to put the external audit contract out to tender;
- Reviewing and approving the statements to be included in annual reports on internal control and risk management; and
- Reviewing and reporting on the significant issues considered in relation to the financial statements and how they are addressed.

In 2023, the Board undertook a formal assessment of the Group's primary financial service vendors, including its external auditors', PwC, independence and will continue to do so as part of the annual audit process and prior to making a recommendation to the Board for the auditors' re-appointment. This assessment in 2023 included:

- Reviewing PwC's non-audit services provided to the Group, including Audit Related Assurance Services provided and the related fees;
- Reviewing PwC's procedures for ensuring the independence of the audit firm, and parties and staff involved in the audit; and
- Obtaining confirmation from the auditors that, in their professional judgment, they are independent.

The committee has formal terms of reference which can be viewed on the Group's [website](#).

Actions Undertaken During the Year

The key activities for the committee for the period under review are set out below.

REVIEW OF THE FINANCIAL STATEMENTS

The Audit & Risk Committee monitored the integrity of the annual financial statements and reviewed the significant financial reporting matters and accounting policies and disclosures in the financial reports. The external auditors attended an Audit & Risk Committee meeting as part of the full-year accounts approval process. The process included the consideration of reports from the external auditors in respect of the audit approach, and their findings in respect of the audit of the 2023 financial statements.



The committee reviewed the presentation of the Group's audited results for the year ended December 31, 2023 and the unaudited results for the six months ended June 30, 2023 to ensure they were fair, balanced and understandable, when taken as a whole.

FINANCIAL STATEMENTS AND PRESENTATION OF RESULTS

The committee reviewed the presentation of the Group's audited results for the year ended December 31, 2023 and the unaudited results for the six months ended June 30, 2023 to ensure they were fair, balanced and understandable, when taken as a whole. The results were assessed to ensure they provide sufficient information for shareholders and other users of the accounts to assess the Group's position and performance, business model and strategy. In conducting this review, particular focus was given to the disclosures included in the basis of preparation in Note 2 in the Notes to the Group Financial Statements in relation to the Group's funding position and the suitability of the going concern assumption.

The committee reviewed the significant judgments associated with the 2023 financial statements, including "key audit matters", and also reviewed the supporting evidence for the Group's going concern assessment.

The Board is required to provide its opinion on whether it considers that the Group's 2023 Annual Report, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The committee discussed the preparation of the Group's 2023 Annual Report with the Board. To support the Board in providing its opinion, the committee considered the content and overall cohesion and clarity of the Annual Report and assessed the quality of reporting through discussion with management and the external auditors. This included ensuring that feedback from stakeholders and other individuals had been addressed and that examples of best practice had carefully been considered in the context

of the Group. The process included considering each of the elements (fair, balanced and understandable) on an individual basis to ensure the Group's reporting was comprehensive in a clear and consistent way, and in compliance with accounting standards and regulatory and legal requirements and guidelines. The reviews carried out by internal functions within the Group and independent reviewers were undertaken with a view to ensuring that all material matters have been correctly reflected in the Group's 2023 Annual Report. In summary, the committee is comfortable that the overall disclosures in the 2023 Annual Report are fair, balanced and understandable, when taken as a whole.

Attention continues to be paid to the presentation of the results and financial position in the Annual Report as well as APMs as indicators of performance. The Board considers current treatment, which retains reference to "adjusted EBITDA" and "EBITDA" to remain appropriate. The Board regards these measures as an appropriate way to present the underlying performance and development of the business since it reflects the continuing investment being made by the Group, particularly in relation to recent and future acquisition activity. Additionally, this is how the Board monitors the progress of the existing Group businesses. Accordingly, the committee believes that adjusted EBITDA provides useful information to investors and the market generally in understanding and evaluating the Group's performance.

VALUATION OF NATURAL GAS AND OIL PROPERTIES AND RELATED ASSETS

The committee considered the carrying value of the Group's assets and any potential impairment triggers. It reviewed management's recommendations, which were also reviewed by the external auditors, including an evaluation of the appropriateness of the identification of cash-generating units and the assumptions applied in determining asset carrying values. The committee was satisfied with the assumptions and judgments applied by management as well as the triggering event assessment, which concluded that depressed commodity prices represented an impairment trigger. Upon completing the impairment analysis, the Group determined that the carrying amounts of certain proved properties were not recoverable from future cash flows, and therefore, recognized an impairment charge of \$42 million. Refer to Note 10 in the Notes to the Group Financial Statements.

The committee also considered management's determination of the fair values of the acquisitions made during 2023 and challenged management on such determination. It reviewed management's assumptions and judgements, which were also reviewed by the external auditors. The committee was satisfied with the fair values calculated.

VIABILITY AND GOING CONCERN

Management presented to the committee an assessment of the Group's future cash flow forecasts and profit projections, available facilities, facility headroom, banking covenants and the results of its sensitivity analysis. Detailed discussions were held with management concerning the matters outlined in the **Viability and Going Concern** section in the **Strategic Report** and the basis of preparation in Note 2 in the Notes to the Group Financial Statements within this Annual Report. The committee discussed the assessment with management and was satisfied that the going concern basis of preparation, including the change in the viability period, continues to be appropriate for the Group and advised the Board accordingly. In addition, the committee reviewed the going concern assumptions with PwC, including PwC's review of management's assessment of the Group's ability to continue as a going concern. The financial statements of Diversified Energy Company PLC have been prepared on a going concern basis.

The committee reviewed and challenged management's process and assessment of viability by considering various scenarios on forecasted cash flows, including a base case and downside scenario analysis which reflects the more severe impact of the principal risks and includes future climate change impacts. In reaching its view, the committee also considered: (i) financial forecasts and the appropriate period for the viability outlook; (ii) the Group's financing facilities including covenant tests and future funding plans, (iii) the updated assessment period of 2 years and (iv) the external auditors' findings and conclusions on this matter. The committee also considered the adequacy and accuracy of the disclosures in the 2023 Annual Report in respect of the Group's future viability. Following this thorough assessment, the committee considered the extent of the assessment made by management to be appropriate and recommended the viability statement, including the change to the viability period, and related disclosures (for inclusion in the 2023 Annual Report) for approval by the Board.

RISK MANAGEMENT

Effective risk management and controls are key to executing the Group's business strategy and objectives. Risk management and control processes are designed to identify, assess, mitigate and monitor significant risks, and can only provide reasonable and not absolute assurance that the Group will be successful in delivering its objectives. The Board is responsible for the oversight of how the Group's strategic, operational, financial, human and personnel, legal and regulatory risks are managed and for assessing the effectiveness of the risk management and internal control framework.

Embedding the enterprise risk management framework and assessing management's response to the Group's material risks continues to be an area of focus with the committee providing challenge and direction as appropriate. During 2023, the committee continued to consider the process for identifying and managing risk within the business and assisted the Board in relation to compliance with the UK Corporate Governance Code and FRC guidance. Recognizing the evolving nature of the risk landscape, due to the increasing pace of change in the industry, the continued impact of the macroeconomic environment and global instability, more than ever, the Group needs to manage risks smartly to achieve its vision, deliver strategy and create sustainable shareholder value.

The Group maintains a risk management program to identify principal risks and risk mitigation activities that includes reviewing the impact, likelihood, velocity, mitigation measures and residual risk. A description of the Group's risk management program, principal risks, and risk mitigation activities is provided in the **Principal Risks and Uncertainties** section in the **Strategic Report** within this Annual Report.

In addition to the risks that management identifies through the ongoing processes of reporting and performance analysis, the Audit & Risk Committee has additional risk identification processes, which include:

- A risk and control process for identifying, evaluating and managing major business risks;
- External experts, who comment on controls to manage identified risks; and
- A confidential and externally managed whistleblowing hotline and a compliance reporting website for employees to contact the Chair of the Audit & Risk Committee, Chief Legal & Risk Officer and Head of Human Resources in confidence.

INTERNAL AUDIT

The work performed by the Internal Audit team in 2023 and the results of testing the risk framework continue to support a favorable outcome on the adequacy and effectiveness of the Group's internal controls. The Internal Audit team leveraged both audit work previously completed and knowledge of the Group to arrive at that conclusion. Internal testing was performed (and continues to take place) on the key controls identified throughout the business processes that impact the financial statements. There was additional focus around the completeness and accuracy element of support, updating process documentation, and completing walkthroughs of the processes with the Group's external auditors.

At each committee meeting, an update on Internal Audit is provided covering an overview of the work undertaken in the period, actions arising from audits conducted, the tracking of remedial actions, and progress against the Internal Audit Plan. The team continues to be led by the Vice President of Internal Audit who has significant prior experience in leading natural gas and oil industry internal audits and has a straight line of communication available with the Audit & Risk Committee. The team also consists of a highly experienced audit manager as well as two additional staff auditors, all of whom have years of industry experience. Collectively, this team works under the oversight of the Corporate Controller and reports to the Chief Financial Officer who is responsible for the Group's ERM and internal controls framework.

The Group's internal controls over financial reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately. Management regularly conducts reviews of the internal controls in place in order to provide a sufficient level of assurance over the reliability of the financial statements.

INTERNAL CONTROL SYSTEMS

The committee is responsible for overseeing management's establishment and maintenance of the Group's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Group and the particular risks to which it is exposed. The Board has reviewed the Group's risk management and control systems noting they were in place for the year under review and up to the date of approval of the 2023 Annual Report and believes that the controls are satisfactory, given the nature and size of the Group.

The internal controls, which provide assurance to the Audit & Risk Committee of effective and efficient operations, internal financial controls and compliance with laws and regulations include:

- A formal authorization process for investments;
- An organizational structure where authorities and responsibilities for financial management and the maintenance of financial controls are clearly defined;
- Anti-bribery and corruption policies and procedures and a dedicated telephone number and website designed to address the specific areas of corruption risk faced by the Group; and
- A comprehensive financial review cycle where annual budgets are formally approved by the Board and monthly variances are reviewed against detailed financial and operating plans.

The committee considered the inherent risk of management override of internal controls as defined by Auditing Standards and performed the following actions during 2023:

- Reviewed management's report on the Group's fraud prevention framework and the key controls in place in its operations designed to prevent and detect fraud, as well as future plans for enhancement of the relevant controls;
- Discussed the on-going assessment of application controls and the impact on the Group's fraud framework. Once complete, this assessment will help identify the information technology controls that already exist within certain financial processes and provide further confidence in the strength of fraud prevention;
- Discussed the steps management had taken, including designing a fraud detection process for the specific fraud risks identified;
- Financial processes identified with critical fraud risk potential were reviewed at an elevated level and controls adjusted accordingly per discussion with management;
- Assessed the measures in place, including segregation of duties ensuring independent review, to mitigate against the risk of management override of controls;
- Discussed PwC's audit procedures, including the results of their conclusions relating to the fraud risk in revenue recognition with a particular focus on ensuring the existence of revenue transactions;
- The Committee challenged management on the robustness of the controls; and
- Reviewed the overall robustness of the control environment, including consideration of the Group's whistleblowing and compliance arrangements.

The committee agreed with management's assessment that the overall control framework remained effective and, with a focus on high-risk and material areas, additional controls introduced had mitigated risk.

SAFEGUARDS AND EFFECTIVENESS OF THE EXTERNAL AUDITORS

The committee is responsible for oversight and for managing the relationship with our external auditors. The committee recognizes the importance of safeguarding the independence and objectivity of the external auditors. The following safeguards are in place to ensure that the independence of the auditors is not compromised.

- The Audit & Risk Committee carries out an annual review of the external auditors regarding their independence from the Group and that they are adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review, the Audit & Risk Committee recommends to the Board the continuation, or removal and replacement, of the external auditors;
- The external auditors may only provide non-audit services permitted by the FRC's Revised Ethical Standard 2019 (the "Ethical Standard") which was issued in December 2019. These services include audit-related services such as regulatory and statutory reporting as well as other items relating to shareholder and other circulars;
- The committee reviews all fees paid for audit and audit-related services on a regular basis to assess the reasonableness of fees, value of delivery and any independence issues that may have arisen or may potentially arise in the future;
- The external auditors report to the Directors and the Audit & Risk Committee regarding their independence in accordance with relevant standards;
- Non-audit services carried out by the external auditors are limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is beneficial, and utilizes subject matter experts not conducting audit services;
- The committee monitors costs for non-audit services in absolute terms and in the context of the audit fee for the year to ensure that the potential to affect the independence and objectivity of the auditors does not arise. During 2023, non-audit services included work around the Group's half-year review and acquisitions which did not affect the independence and objectivity of the auditors; and
- Information related to audit fees for 2023 is detailed in Note 7 in the Notes to the Group Financial Statements.

This is the external auditor's fourth year as the Group's external auditor following a formal tender process during 2020 and subsequent appointment at the 2020 AGM. Tim McAllister has fulfilled the role of lead audit partner for a fourth year.

The committee confirms that the Group has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

The committee is cognizant of the fact that assessing external audit quality is a key responsibility within its remit which stakeholders look to the committee to discharge. The Audit & Risk Committee continually monitors the effectiveness of the external audit. To comply with this requirement, the committee reviewed and commented on PwC's detailed audit plans and strategy, including the intended scope of the audit, identification of significant and elevated audit risks, the level of materiality proposed and the principles of PwC's centrally directed audit approach. Many elements of the audit plan approach remained consistent with the 2022 audit, and the committee welcomed the plan to enhance the focus on utilizing data-enabled auditing approaches to maximize efficiencies and insight from the auditors' testing. Following discussion and challenge, the committee agreed on the methodology adopted for determining materiality and the scope of the audit.

It then considered progress during the year by assessing the major findings of its work, the perceptiveness of observations, the implementation of recommendations and the management of feedback. At the request of the Board, the committee also monitors the integrity of the financial information in the Annual Report, half-year results statements, and the significant financial reporting judgments contained in them. Further details of the committee's procedures to review the effectiveness of the Group's systems of internal control during the year can be found in the section on effective risk management and internal control above.

The committee recognizes that all financial statements include estimates and judgments by management. The key audit areas are agreed upon with management and the external auditors as part of the year-end audit planning process. This includes an assessment by management of the significant areas requiring management judgment and the committee challenging management's judgments. These areas are reviewed with the auditors to ensure that appropriate levels of audit work are completed, and the committee reviews the results of this work. The numerous interactions with the auditor provided the committee with an insight into the quality of the audit process and the audit leadership team, and with the opportunity to assess the auditor's challenge of management's views.

ASSURANCE MEASURES

On behalf of the Board, the Audit & Risk Committee examines the effectiveness of:

- The systems of internal control, primarily through reviews of the financial controls for financial reporting of the annual, preliminary and half-yearly financial statements;
- The management of risk by reviewing evidence of risk assessment and management; and
- Any action taken to manage critical risks or to remedy any control failings or weaknesses identified, ensuring these are managed through to closure.

Where appropriate, the Audit & Risk Committee ensures that necessary actions have or are being taken to remedy or mitigate significant failings or weaknesses identified during the year either from internal review or from recommendations raised by the external auditors. In 2023, the committee did not identify any significant failings or weaknesses in the system of risk management and internal control. The Group's internal controls over the financial reporting and consolidation processes are designed under

the supervision of the Group's President and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes, in accordance with UK-adopted International Accounting Standards.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance and may not prevent or detect all misstatements whether caused by error or fraud. The Group's internal controls over financial reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately.

Management regularly conducts reviews of the internal controls in place in respect of the processes of preparing consolidated financial information and financial reporting. During the year, there has been a significant investment in resources, processes and personnel relating to the internal controls of these processes to reflect the growth of the Group. This is in order to provide a sufficient level of assurance over the reliability of the financial statements.

OTHER FINANCIAL REPORTING MATTERS

In October 2023, the Group received a letter from the FRC in relation to its regular review and assessment of the quality of corporate reporting. The letter focused on the 2022 Annual Report with inquiries on the following main areas:

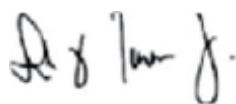
- The nature of the restrictions placed on the restricted cash balances and their classification within the Statement of Financial Position and the Statement of Cash Flows;
- The nature of royalty payments, how they are determined and the extent to which they are recognized in revenue or expenses.

The Group responded to the FRC with responses to their inquiries and noted certain clarifying enhancements would be made to relevant disclosures, following which the review was closed. These enhancements have been included within the 2023 Annual Report.

An FRC review provides no assurance that the Group's 2022 Annual Report was correct in all material respects. The FRC's role was not to verify the information provided, but to consider compliance with reporting requirements. Its letters are written on the basis that the FRC accepts no liability for reliance on them by the Group or any third party, including but not limited to investors and shareholders.

Summary

For the year under review, and beyond, the Audit & Risk Committee will continue its monitoring of financial reporting and of internal controls and risk management, as these evolve in response to the Group's continuing growth and new opportunities as they arise.



David J. Turner, Jr.

Chair of the Audit & Risk Committee
March 19, 2024

The Remuneration Committee's Report

Committee Composition



**Sylvia Kerrigan
(58)**

Independent Non-Executive Director (Chair)
Strength:
Industry, Governance
Independence from:
Management & Other interests



**David E. Johnson
(63)**

Non-Executive Director, Independent upon Appointment
Strength:
Finance
Independence from:
Management & Other interests



**Sandra M. Stash
(64)**

Independent Non-Executive Director
Strength:
Industry
Independence from:
Management & Other interests



**David J. Turner, Jr.
(60)**

Independent Non-Executive Director (as of 1/1/23)
Strength:
Finance
Independence from:
Management & Other interests

Letter from Chair of the Remuneration Committee

I am pleased to present our 2023 Directors' Remuneration Report on behalf of the Board. Included within this report is the Annual Report on Remuneration, which sets out payments and awards made to the Directors for the year ended 2023 and how the Directors' Remuneration Policy will operate for the year ended December 31, 2024 and a summary of the Directors' Remuneration Policy for which shareholder approval was obtained at the 2022 Annual General Meeting and which will continue to apply without amendment for the forthcoming year. The Director's Remuneration Report will be presented to shareholders for approval at the **2024 Annual General Meeting**.

Key Objective

The Remuneration Committee oversees the remuneration program of Executive Directors and the Senior Leadership Team ("executives") on behalf of the Board. The Remuneration Committee is focused on ensuring that remuneration is designed to emphasize "pay for performance" by:

- Providing performance-driven remuneration opportunities that attract, retain and motivate executives to achieve optimal results for the Group and its shareholders;
- Aligning remuneration with the Group's short- and long-term business objectives while providing sufficient flexibility to address the unique dynamics of the Group's business model; and
- Emphasizing the use of equity-based remuneration to motivate the long-term retention of the Group's executives and align their interests with those of shareholders.

As an executive's seniority increases, and the scope, duties and responsibilities of the executive's position expand, the Remuneration Committee believes a greater portion of total remuneration should be performance driven and be based on a longer time horizon. Fixed remuneration should therefore be a relatively smaller portion of senior executive total remuneration with the majority of an executive's realized remuneration being driven by the performance of the Group.

DEC'S PERFORMANCE IN 2023

2023 was a year of continued execution and transition. The Group brought a focused execution on increased cash flow generation, capital discipline, and balance sheet management. The year also marked a transition as the Group closed the accretive Tanos II acquisition, which expanded Central Region upstream and midstream assets, established a dual listing on the New York Stock Exchange, and completed its seventh Asset-Backed Securitization that further enhanced the Group's liquidity.

Through its continual, daily focus on SAM and its zero tolerance policy for fugitive emissions, the Group made significant progress in its emissions reduction goals, including through its handheld and aerial leak detection and repair programs and methane-driven pneumatic device conversions to compressed air. Further, the Group expanded asset retirement operations, deploying 17 rigs across Appalachia to retire a combined 383 wells – including 182 state and federal owned orphan wells and other third-party owned wells and 201 Diversified-owned wells.

The Group's formal Community Giving and Engagement Program also made meaningful contributions to surrounding communities, with more than \$2 million contributed to various charitable, education related, and community and stakeholder engagement and outreach groups, and community organizations, including to food

pantries, arts and educational programs, health and wellness organizations, and municipal services.

These achievements combined with the year's equity performance has impacted the performance-related pay outcomes for the Executive team. With respect to the 2023 annual bonus, as reported elsewhere in this Annual Report, DEC's adjusted EBITDA for 2023 was \$543 million. This equated to adjusted EBITDA per basic share of \$11.51, or \$11.57 per diluted share, after making certain adjustments for acquisitions and share dilution as described on page 121. The threshold, target and stretch metric was \$10.60, \$11.64 and \$12.60 per share, respectively. Metrics were established using the 2023 budget, with the stretch metric achievable from over-performing in production, management of costs, and/or executing on acquisitions. Due to adjusted EBITDA per share being between the threshold and target levels the committee awarded 36% for this metric out of a potential 50%.

Under the cash cost metric the Group achieved \$1.26 per Mcfe, which is similar to the Group's KPI for adjusted operating cost per Mcfe, yet excludes certain adjustments for acquisitions and production taxes. The threshold, target and stretch metric was \$1.27, \$1.21 and \$1.18 per Mcfe, respectively. As such, the committee awarded 7% for this metric out of a potential 20%.

In relation to the non-financial elements which account for the remainder of the annual award, the two Executive Directors (CEO and COO) were determined to have performed towards the top end of the objectives (20% of potential 30%). The Group's overall performance resulted in awards of 110.1% of salary out of a maximum of 175% of salary being awarded to the CEO and awards of 94.4% of salary out of a maximum of 150% of salary being awarded to the COO under the annual bonus plan.

The 2023 financial year was the end of the three-year performance period for the Performance Share Award granted in 2021. The performance conditions are a mix of Return on Equity ("ROE") (40%), Absolute TSR (40%) and Relative TSR (20%) targets measured over three years. The overall payout for the award is 40% of maximum.

The 2023 financial year was also the end of the performance period for one tranche of stock options ("Options") for the Executive Directors. The 3rd tranche of the Options granted in 2019 vested at 0%. These Options vested in three tranches based on performance ending 2021, 2022, 2023 and were subject to an Adjusted EPS condition and Absolute TSR condition.

The committee considers that the Remuneration Policy operated as intended during 2023 and that the remuneration outcomes described above reflect the overall performance by the Group. The committee determined that no discretion needed to be applied for the above remuneration outcomes.

Key Matters Discussed by the Committee

The key activities carried out by the committee in 2023 with the support of key management team individuals including the President and Chief Financial Officer, Chief Legal & Risk Officer, and Chief Human Resources Officer, included:

- Determining 2023 annual bonus outcomes for an Executive Director;
- Determining base salaries of the Executive Director for the period starting January 2024;
- Reviewing the annual total remuneration of the Group's executives;
- Reviewing the Group's overall workforce remuneration and benefits plans, ensuring alignment of incentives and rewards with culture;
- Reviewing and approving the 2024 Executive Director Bonus Plan and Performance Share Award targets;
- Discussed the voting results of the 2023 AGM;
- Determination that the remuneration policy for 2023 operated as intended;
- Preparing the Directors' Remuneration Report; and
- Reviewing and updating the committee's Terms of Reference to reflect best practices.

DIRECTORS' REMUNERATION POLICY APPROVED AT THE 2022 AGM

The current policy was approved by shareholders in a binding vote at the 2022 AGM with just under 83% of votes cast in favor. The main features of the current package are as follow:

- Base salaries which are broadly in-line with UK norms;
- A standard package of benefits but no pension provision;
- Annual bonus opportunity of 175% of base salary for the CEO and 150% of salary for an Executive Director COO of which any bonus in excess of 100% of salary is deferred for one year;
- From 2023, Performance Share Awards with a maximum of 325% of salary for the CEO and 275% of salary for an Executive Director COO; and
- A shareholding requirement set at 300% of salary for the CEO and 250% of salary for the COO whilst in employment and a two-year post cessation shareholding guideline.

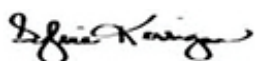
Implementation of Directors' Remuneration Policy for 2024

The committee has ensured that the executive remuneration policy and practices, as well as the committee's charter, are consistent with the six factors set out in Provision 40 of the Corporate Governance Code.

Matters to be Approved at our Annual General Meeting

As no changes are proposed to the existing Policy, only one remuneration resolution will be tabled at the 2024 AGM, namely the advisory shareholder vote on the Directors' Remuneration Report.

Our approach to executive pay is designed to address the challenge of balancing a U.S. based management team with the expectations of a UK and U.S. listed company. I hope that our shareholders will remain supportive of the approach and that you will vote in favor of the remuneration resolution at the 2024 AGM.



Sylvia Kerrigan

Chair of the Remuneration Committee
March 19, 2024

Membership

The committee is currently comprised of the Non-Executive Chairman and three Independent Non-Executive Directors: Sylvia Kerrigan, the Remuneration Committee Chair, Sandra M. Stash, David J. Turner, Jr., and David E. Johnson. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the committee.

Meetings and Attendance

The Remuneration Committee met formally seven times during the year and has met twice thus far in 2024. The committee regularly meets in private executive session at the end of its committee meetings, without management

present to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the committee keeps in close contact with the Chief Legal & Risk Officer and Human Resources team between committee meetings. For committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

COMMITTEE EFFECTIVENESS

- The committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Responsibilities and Terms of Reference

A key objective of the committee is to help attract, retain and motivate talented executives by ensuring competitive remuneration and motivating incentives. The incentives are linked to the overall performance of the Group and, in turn, to the interests of all shareholders.

The Remuneration Committee is responsible for:

- Discussing and determining the Group's framework for executive remuneration;
- Determining the remuneration for the Executive Director;
- Reviewing remuneration for other members of the Senior Leadership Team;
- Reviewing and recommending to the Board the remuneration of the Non-Executive Directors; and
- Overseeing and reviewing the structure and operation of the remuneration policy.

The committee has formal terms of reference which can be viewed on the Group's website at www.div.energy.

Role of Management

The Group's Human Resources Department assists the Remuneration Committee and its independent compensation consultant (as applicable) in gathering the information needed for their respective reviews of the Group's compensation program with respect to the Senior Leadership Team. This assistance includes assembling requested compensation data. The CEO develops pay recommendations for members of the Senior Leadership Team for review and discussion by the committee. The committee, in private session and without executive officers present, approves the CEO's pay levels.

Committee Considerations

Consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code, when determining the Directors' Remuneration Policy and practices, the committee has determined there are no significant changes from the prior year and has continued to address the following:

Clarity – the Directors' Remuneration Policy is well understood by our executives and has been clearly articulated to Shareholders;

Simplicity – the committee believes the remuneration structure is simple and well understood. The design has avoided any complex structures which have the potential to deliver unintended outcomes;

Risk – the Directors' Remuneration Policy and approach to target setting seek to discourage inappropriate risk-taking. Malus and clawback provisions apply;

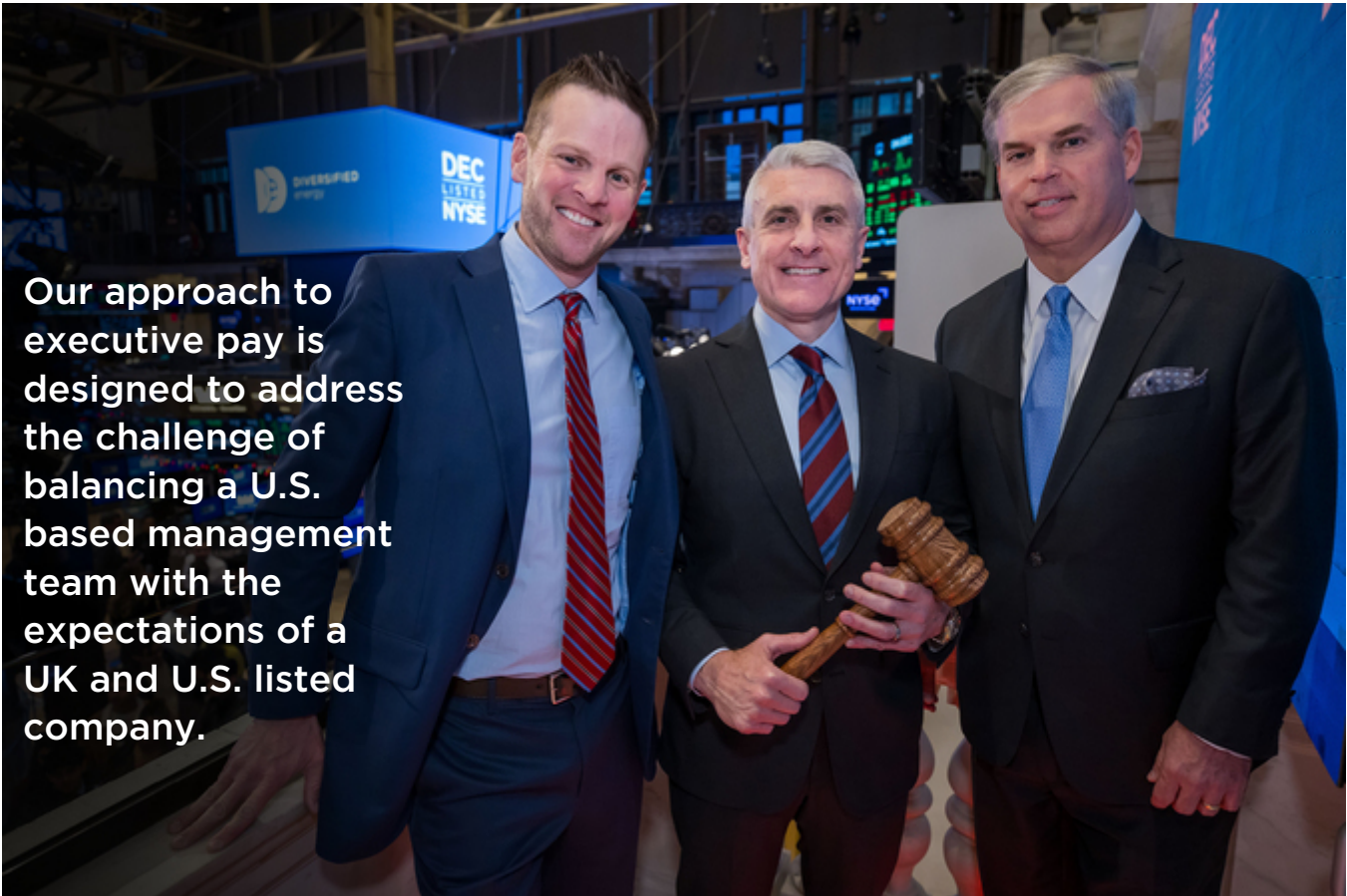
Predictability – executives' incentive arrangements are subject to individual participation caps. An indication of the range of values in packages is provided in the remuneration scenario charts. The final value of any share awards is based on achieving performance criteria and for shares issued their final values will depend on share price at the time of vesting;

Proportionality – there is a clear link between individual awards, delivery of strategy and our long-term performance; and

Alignment to Culture – pay and policies cascade down the organization and are fully aligned to the Group's culture and specifically to "pay for performance".

External Advisors

During the year, FIT Remuneration Consultants LLP ("FIT"), signatories to the Remuneration Consultants Group's Code of Conduct, provided advice to the committee on all matters relating to remuneration, including best practice. FIT provided no other services to the Group or its Directors and does not have any other connection with the Group or its Directors. Accordingly, the committee was satisfied that the advice provided by FIT was objective and independent. The committee selected and appointed FIT based on the positive experience with FIT in prior years, among other factors. FIT's fees in respect of 2023 were \$35,702 (GBP: £28,006), plus value added tax. FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.



Our approach to executive pay is designed to address the challenge of balancing a U.S. based management team with the expectations of a UK and U.S. listed company.

Remuneration at a Glance

REMUNERATION POLICY AND IMPLEMENTATION

Stated Objective	Overview of Policy	Implementation for 2024
Base salary	- Reviewed annually. - Consideration given to the performance of the Group, the individual's performance, the individual responsibilities or scope of the role, and pay practices in relevant comparator companies in both the UK and U.S.	Executive Director ^(a) : CEO: Rusty Hutson, Jr.: \$779,834
Pension and benefits	The current Executive Director does not receive a pension contribution and any future provision will be aligned to the wider workforce.	- The current Executive Director does not receive a pension contribution. - In line with the approach taken for all employees, the Group offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which the Executive Director may make voluntary pre-tax contributions towards his own retirement. The Group matches the Executive Director's contributions up to \$26 thousand per annum. - Benefits consist of standard car and health/insurance related benefits.
Annual bonus	- Maximum of 175% of salary for Rusty Hutson, Jr. - Paid in cash up to 100% of base salary; Outcomes above this level deferred as either shares or cash (at the individual's discretion) for one year provided continued service. - Subject to the achievement of relevant performance conditions, both qualitative and quantitative. - Subject to malus and clawback provisions.	Potential awards for 2024 performance period: - Rusty Hutson, Jr.: 175% of salary - Performance conditions, which will have defined Threshold, Target, and Stretch payout criteria:  50% adjusted EBITDA per share  20% cash cost per Mcfe  30% ESG/EHS
Long-term incentives	- Performance Share Awards, subject to service and performance over a three-year period, and eligible for payment of applicable Dividend Equivalent Rights during the vesting period. - Maximum award of 325% of salary for Rusty Hutson, Jr. - Subject to malus and clawback provisions.	Potential awards for 2024: - Rusty Hutson, Jr.: 325% of salary - Performance conditions:  40% return on equity  10% relative TSR  30% absolute TSR  20% emissions
Share ownership requirements	- Rusty Hutson, Jr.: 300% of salary - Continues to apply for first year post-employment, reducing to 200% of salary for the second year.	Rusty Hutson, Jr. meets the requirement.

^(a) Effective January 1, 2024 and represents a 4% increase for Rusty Hutson, Jr. over 2023. This compares to increases across the Group ranging from 0% to 10% based on performance, with an average of 4%.

INTRODUCTION

Part A: Summarizes the Director's Remuneration Policy which was approved by shareholders at the AGM held on April 26, 2022 (the "Directors' Remuneration Policy").

Part B: Constitutes the Annual Report on Remuneration sections of the Executive Directors' Remuneration Report.

PART A: DIRECTORS' REMUNERATION POLICY

A summary of the main sections of the Directors' Remuneration Policy, which was approved by shareholders at the 2022 AGM, is shown below. Certain details have been updated to reflect the implementation of the policy for the year ended December 31, 2024. The policy as approved by the Group's shareholders can be found within our 2021 Annual Report and Accounts which are available on our [website](https://ir.div.energy/reports-announcements) at <https://ir.div.energy/reports-announcements>.

The following table summarizes the Group's policies in respect of the key elements of our Directors' remuneration:

Element and Purpose	Policy and Operation	Maximum	Performance Measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	- Base salaries will typically be reviewed annually, with consideration given to the performance of the Group and the individual, any changes in responsibilities or scope of the role and pay practices in relevant U.S. and UK comparator companies of a broadly similar size and complexity, with due account taken of both market capitalization and turnover. - The committee does not strictly follow benchmark pay data, but instead uses it as one of a number of reference points when considering, in its judgment, the appropriate level of salary. Base salary is paid monthly in cash.	It is anticipated that salary increases will generally be in line with those awarded to the general workforce. That said, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Group performance), the committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report.	n/a
Benefits To provide benefits valued by recipients.	- The Executive Director currently receives standard car and health/insurance related benefits. - Where appropriate, the Group will meet certain costs relating to Executive Director relocations. - In line with the approach taken for all employees, the Group offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which the Executive Director may make voluntary pre-tax contributions towards his own retirement. The Group matches the Executive Director's contributions up to \$26 thousand per annum. - The committee reserves the discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice.	- It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year to year. - Relocation expenses are subject to a maximum limit of 100% of base salary, provided that such expenses may be paid only in the year of appointment and for a further two financial years. - With limited exceptions, the U.S. Section 401(k) defined contribution plan currently provides company matching contributions up to a maximum of \$26 thousand per annum. - The committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than what the committee considers appropriate in all the circumstances.	n/a

Element and Purpose	Policy and Operation	Maximum	Performance Measures
Pension To provide retirement benefits.	- Currently, no element of the Directors' remuneration is pensionable, and the Group does not operate any pension scheme or other scheme providing retirement or similar benefits. - The committee reserves the discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice.	- The current Executive Director does not receive a pension contribution. - Any future pension provision will be limited to levels aligned to the contribution levels for the majority of the workforce.	n/a
Annual bonus plan To motivate the Executive Director and incentivize the delivery of performance over a one-year operating cycle, focusing on the short- to medium-term elements of our strategic aims.	- Annual bonus plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. - Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other major transactions where the committee considers it to be necessary in its opinion to make appropriate adjustments. - Annual bonus plan outcomes can be paid in cash up to 100% of base salary. Outcomes above this level will be deferred as either cash or shares (at the individual's discretion) for one year provided continued service. During the deferral period, the value of any dividends (if deferred as shares) will be paid in cash or shares. - Clawback provisions apply to the annual bonus plan, and malus and clawback will apply to deferred shares in accordance with the Group's clawback and malus policies.	The maximum level of annual bonus plan outcomes is 175% of base salary for the CEO.	- The performance measures applied may be financial or non-financial; quantitative and qualitative; and corporate, divisional or individual and with such weightings as the committee considers appropriate. The metrics and weightings applicable in 2024 are as follows:  50% adjusted EBITDA per share  20% cash cost per Mcfe  30% ESG/EHS - Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 25% of the maximum portion of the overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance. - However, the annual bonus plan remains a discretionary arrangement and the committee retains a standard power to apply its discretion to adjust the outcome of the annual bonus plan for any performance measure (from zero to any cap), should it consider that to be appropriate.

Element and Purpose	Policy and Operation	Maximum	Performance Measures
Long-term incentives To motivate and incentivize the delivery of sustained performance over the long-term, and to promote alignment with shareholders' interests, the Group grants Performance Share Awards.	— Performance Share Awards vest over a period of three years, with awards vesting to the extent that performance conditions are satisfied. — Vested awards for the Executive Director will be subject to a further two-year holding period during which time awards may not normally be exercised or released but are no longer contingent on performance conditions or future employment. — After the vesting period, the value of any dividends accrued during the vesting period on Performance Share Awards will be paid in shares and will be subject to a further two-year holding period, or paid in cash at the end of a further two-year holding period. — Clawback and malus provisions apply to Performance Share Awards.	— Performance Share Awards may be granted with a maximum value of 325% of base salary per financial year to the CEO. — In determining the number of shares subject to an award, the market value of a share shall, unless the committee determines otherwise, be assumed to be the average share price for the five days following the announcement of the Group's results for the previous financial year.	— The committee may set such performance conditions on Performance Share Awards as it considers appropriate, whether financial or non-financial and whether corporate, divisional or individual. Performance periods may be over such periods as the committee selects at grant, which will not be less than, but may be longer than, three years. — The metrics and weightings applicable in 2024 are as follows:  40% Return on Equity  30% Absolute TSR  10% Relative TSR  20% Emissions — No more than 15% of awards vest for attaining the threshold level of performance conditions. The committee also has a standard power to apply its judgment to adjust the formulaic outcome of all performance measures to take account of any circumstances (including the performance of the Group, any individual or business) should it consider that to be appropriate.

Element and Purpose	Policy and Operation	Maximum	Performance Measures
Share ownership guidelines To further align the interests of the Executive Director with those of shareholders.	— The Executive Director is expected to build up a prescribed level of shareholding. — Minimum shareholding is 300% of base salary for the CEO. The committee reserves the power to amend, but not reduce, these levels in future years. — To the extent that the prescribed level has not been reached, the Executive Director will be expected to retain a proportion of the shares vesting under the Group's share plans until the guideline is met. — Any vested Performance Share Award shares subject to a holding period and any shares awarded in connection with annual bonus deferral will be included for the purpose of the guidelines (discounted for anticipated tax liabilities). — A post-employment shareholding requirement normally applies to Performance Share Award shares vesting after the effective date of the Directors' Remuneration Policy for 2022. The policy requires the Executive Director to hold the shares equivalent to his share ownership guideline at that date, for a period of one year post-employment and reducing to 200% of salary for the second year post-employment.	n/a	n/a
Chairman's and Non-Executive Directors' fees To enable the Group to recruit and retain a Chairman of the Board and Non-Executive Directors of the highest caliber.	— The fees paid to the Chairman and Non-Executive Directors aim to be competitive with other U.S. and UK listed peers of equivalent size and complexity. — The fees payable are determined by the Board, and will include incremental committee Chair and additional responsibility fees (as applicable). Directors do not participate in decisions regarding their own fees. — Non-Executive Directors are reimbursed all necessary and reasonable expenses incurred in connection with the performance of their duties and any tax thereon in accordance with the Group's Non-Executive Director Expense Reimbursement Policy. — No other benefits are envisaged for the Chairman and Non-Executive Directors, but the Group reserves the right to provide benefits, including company related travel and office support.	— Fees are paid monthly in cash. — A proportion of each Non-Executive Directors' fees may be required to be used for the acquisition of Group shares which must then be held until they cease to be a Director. — The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Group's Articles of Association for such fees. — Any increases actually made will be appropriately disclosed.	n/a

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The following table summaries key dates for the service contracts of Rusty Hutson, Jr. and Bradley G. Gray effective as of December 31, 2023. Note that concurrent with Mr. Gray's appointment as the Group's President and Chief Financial Officer, he resigned from the Board and is no longer an Executive Director effective as of September 15, 2023.

Name	Date of Service Contract	Duration
Rusty Hutson, Jr.	January 30, 2017	Each Executive Director's service agreement should be of indefinite duration, subject to termination by the Group or the individual on six months' notice. The service agreements of all current Executive Directors comply with that policy.
Bradley G. Gray^(a)	January 30, 2017	

The contract of the current Executive Director, which is available for inspection at the Group's registered office, contains a payment in lieu of notice clause which is limited to base salary only. In line with U.S. practice, depending on the circumstances of their severance from service, the Executive Director may be entitled to certain payments, including previously accrued salary plus 12 months salary. For each Non-Executive Director, the effective date of their latest letter of appointment is:

Name	Date of Letter of Appointment	Duration
David E. Johnson	February 3, 2017	Initial period of 12 months, subject to re-election at each AGM of the Group and are terminable on three months' notice given by either party.
Martin K. Thomas	January 1, 2015	
David J. Turner, Jr.	May 27, 2019	
Sandra M. Stash	October 21, 2019	
Kathryn Klaber	January 1, 2023	
Sylvia Kerrigan	October 11, 2021	

The full policy included in the Group's 2021 Annual Report also includes further information on the following:

- Malus and Clawback
- Travel and Hospitality
- Differences Between the Policy on Remuneration for Directors from the Policy on Remuneration of Other Staff
- Committee Discretions
- Recruitment Remuneration Policy
- Remuneration Policy on Termination
- External Appointments
- Committee Discretion

ILLUSTRATIONS OF APPLICATION OF EXECUTIVE DIRECTOR REMUNERATION POLICY

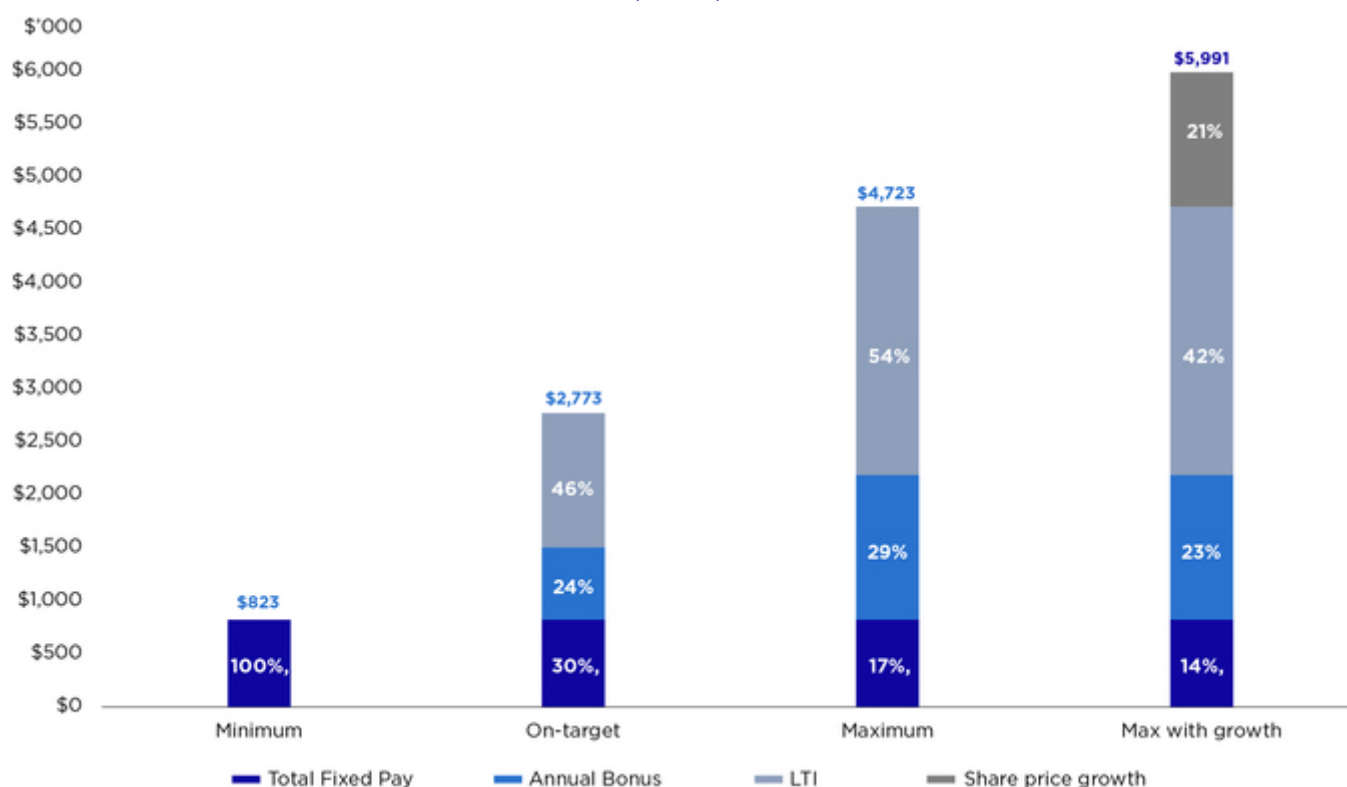
The following charts show how the remuneration policy for the Executive Director will be applied in 2024 using the assumptions shown overleaf:

Minimum	— Consists of base salary, benefits and pension. — Base salary is the salary to be paid in 2024. — Benefits are the value received in 2023. — No pension is provided, only 401(k) match to the extent applicable.
Target	Based on what the Executive Director would receive if performance was on-target (excluding share price appreciation and dividends): — Annual bonus: Consists of the target bonus (50% of maximum opportunity used for illustrative purposes). — Long-Term Incentives ("LTI"): Consists of the target level of vesting (50% vesting) of Performance Share Awards (at 325% of salary for Rusty Hutson, Jr.).
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): — Annual bonus: Consists of maximum bonus of 175% of base salary for Rusty Hutson, Jr. — LTI: Consists of full vesting of Performance Share Awards (at 325% of salary for Rusty Hutson, Jr.).
Maximum with share price growth	Based on the Maximum scenario set out above but with a 50% share price increase applied to the value of Long-Term Incentive Plan ("LTIP") awards.

(\$ thousands)	Base Salary	Benefits	Benefit Plan ^(a)	Total Fixed
Rusty Hutson, Jr.	\$ 780	\$ 12	\$ 31	\$ 823

^(a) Reflects amounts received under the Group's 401(k) contribution plan and health insurance benefits.

ROBERT R. (RUSTY) HUTSON JR.



PART B: ANNUAL REPORT ON REMUNERATION

The remuneration for the Executive and Non-Executive Directors of the Group who performed qualifying services during the year is detailed below. For the year ended December 31, 2023, the aggregate compensation paid to the members of our board of directors and our executive officers for services in all capacities was approximately \$4 million.

Executive officers are entitled to matching contributions from the Group of up to \$26 thousand per annum into their 401(k) retirement plans. They also receive a range of core

benefits such as life insurance, private medical coverage and annual health screens.

The Non-Executive Directors received no remuneration other than their annual fee. The aggregate fees and any benefits of the Chairman of the Board and non-executive directors will not exceed the limit from time to time prescribed within the Group's Articles of Association for such fees which is currently £1,055,000 per annum. In addition, non-executive directors are reimbursed all necessary and reasonable expenses incurred in connection with the performance of their duties and any tax thereon in accordance with the Group's Non-Executive Director Expense Reimbursement Policy.

Directors' remuneration for the years ended December 31, 2023 and 2022 (audited):

Executive Directors (In thousands)	Rusty Hutson, Jr.		Bradley G. Gray ^(a)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Salary/Fees	\$ 750	\$ 720	\$ 323	\$ 437
Taxable Benefits ^(b)	12	12	8	12
Benefit Plan ^(c)	31	37	15	36
Pension ^(d)	—	—	—	—
Total Fixed Pay	793	769	346	485
Bonus ^(e)	825	1,072	305	558
Long-Term Incentives ^(f)	442	4,030	272	2,378
Total Variable Pay	1,267	5,102	577	2,936
Total Remuneration	\$ 2,060	\$ 5,871	\$ 923	\$ 3,421

Non-Executive Directors - Total Remuneration (In thousands)	December 31, 2023	December 31, 2022
David E. Johnson	\$ 216	\$ 200
Martin K. Thomas	155	145
David J. Turner, Jr.	168	156
Sandra M. Stash	156	145
Kathryn Z. Klaber ^(g)	139	—
Sylvia Kerrigan	160	120

- ^(a) Mr. Gray ceased to be a Director on September 15, 2023. The fixed pay figures represent the period Mr. Gray was a Director for the year ended December 31, 2023.
- ^(b) Taxable benefits were comprised of Group paid life insurance premiums and automobile reimbursements.
- ^(c) Reflects matching contributions under the Group's 401(k) plan and health insurance benefits.
- ^(d) The Executive Directors do not receive a pension provision.
- ^(e) Further details of the bonus outcome for 2023 can be found in the 2023 [Annual Bonus for Executive Directors](#) section within this Annual Report. For 2023, the bonus totals for Rusty Hutson, Jr., and Bradley G. Gray represent 110.1% and 94.4% of approved base salary, respectively. The amounts above 100% of salary will be deferred compulsorily into either cash or shares for one year provided continued service, without additional performance conditions. For 2022, the bonus totals for Rusty Hutson, Jr., and Bradley G. Gray represent 148.75% and 127.5% of base salary, respectively. The amounts above 100% of salary were deferred into cash for one year provided continued service, without additional performance conditions.
- ^(f) For 2023, the value of the Performance Share Award granted in 2021, including dividend equivalent units ("DEUs") accrued to date, has been based on the number of shares and DEUs that will vest and the three-month average share price for the period to December 31, 2023 (£13.615 per share) using an exchange rate of £1:\$1.24055. The overall payout for the Performance Share Award was 40% and the grant share price for the awards was £23.96 and, accordingly, the relevant figures are reflective of a decrease of more than 43% in the Group's share price over the three year period.
- ^(g) Appointed to the Board on January 1, 2023.

2023 ANNUAL BONUS FOR EXECUTIVE DIRECTORS (AUDITED)

For 2023 the overall bonus plan for Executive Directors was a maximum of 175% of base salary for Mr. Hutson and 150% of salary for Mr. Gray with an actual achieved formulaic bonus of 110.1% and 94.4%, respectively. The Group delivered a strong operational performance in 2023. The following table summarizes the performance targets and outcomes which led to the committee's decisions as to the payout percentages.

The targets were as follows:

Measure	Threshold	Target ^(a)	Maximum (100% Payout)	Actual	% of Total Bonus	Payout %
Adjusted EBITDA per share ^(b)	\$ 10.60	\$ 11.64	\$ 12.60	\$ 11.57	50%	35.9%
Cash cost per Mcfe ^(c)	\$ 1.27	\$ 1.21	\$ 1.18	\$ 1.26	20%	7.0%
ESG and EHS	(See below)				30%	20.0%
Total % of maximum						62.9%
Total % of salary - Rusty Hutson, Jr.						110.1%
Total % of salary - Bradley G. Gray						94.4%

- ^(a) Target was 75% for the adjusted EBITDA per share and cash cost per Mcfe measures and 50% for the ESG and EHS measures, but for all measures stretch allowed inclusion of acquisitions.
- ^(b) Actual results for the adjusted EBITDA per share measure utilized fully diluted weighted average shares outstanding.
- ^(c) Actual results for the cash cost per Mcfe measure excluded 2023 acquisitions and irregular G&A expense.

In respect of the non-financial performance targets set for the Executive Directors, these were set against a range of strategic targets at the start of the year. The targets set were aligned to the Group's corporate objectives and strategy. Details of the measures, to the extent they are not commercially sensitive are shown below.

		% of Total Bonus	Payout %
ESG - ENVIRONMENTAL			
Target	Performance	15.00%	15.00%
Reduce methane intensity Threshold: 6% Target: 8% Stretch: 10%	Achieved: 10%	10.00%	10.00%
Central emissions surveys Threshold: N/A Target: N/A Stretch: 100%	Achieved: 100%	5.00%	5.00%
ESG - SOCIAL			
Target	Performance	10.00%	5.00%
Reduce TRIR Rate: Threshold: 1.12 Target: 1.03 Stretch: 0.97	Achieved: 1.28	5.00%	0.00%
Reduce MVA: Threshold: 0.85 Target: 0.80 Stretch: 0.75	Achieved: 0.55	5.00%	5.00%
ESG - GOVERNANCE			
Target	Performance	5.00%	0.00%
Diversity advisory team/Diversity training	Achieved: 0%	5.00%	0.00%

LONG-TERM INCENTIVES OUTCOME (AUDITED)

2021 LTIP Awards

The performance period in respect of the Performance Share Award granted in 2021 came to an end on December 31, 2023. Performance conditions were Return on Equity (40%), Absolute TSR (40%) and Relative TSR (20%) targets measured over three years. The targets and outcomes are set out below:

	% of Total Award	Threshold	Maximum	Achieved	Vesting % of Component	Payout % ^(a)
Three-Year Average ROE ^(b)	40%	15%	25%	25%	100%	40%
Absolute TSR (per annum)	40%	10%	20%	(7%)	0%	0%
Three-Year TSR v FTSE 250	20%	Median	Upper Quartile	Below Median	0%	0%

^(a) Calculated as % of total award multiplied by vesting % of component.

^(b) Calculated as (adjusted EBITDA - recurring capital expenditures - interest expense) / invested equity.

Based on the vesting percentages above, the number of shares expected to vest in March 2024 and their estimated value (based on the three-month average share price to December 31, 2023 of £13.615 per share (\$16.89 per share based upon a GBP:USD exchange rate of £1:\$1.24055)) are as follows:

	Maximum number of shares ^(a)	Number of shares to lapse ^(b)	Number of Shares to vest ^(c)	Estimated value at vesting ^(d)	Face value of awards vesting ^(e)	Impact of share price on vesting ^(f)
Rusty Hutson, Jr.	65,359	39,213	26,146	\$ 441,606	\$ 870,662	\$ (429,056)
Bradley G. Gray	40,183	24,108	16,075	271,507	535,298	(263,791)

^(a) Includes 23,727 and 14,587 dividend equivalent units accrued over the performance period to date in the maximum number of shares that will vest in March 2024 for Rusty Hutson Jr. and Bradley G. Gray, respectively.

^(b) Includes 14,234 and 8,751 dividend equivalent units accrued over the performance period to date in the number of shares to lapse in March 2024 for Rusty Hutson Jr. and Bradley G. Gray, respectively.

- (c) Includes 9,493 and 5,836 dividend equivalent units accrued over the performance period to date in the number of shares to vest in March 2024 for Rusty Hutson Jr. and Bradley G. Gray, respectively.
- (d) Based on the three-month average share price to December 31, 2023.
- (e) Based on the number of shares vesting multiplied by the share price at the date of grant of £23.96 (\$33.30 based upon a GBP:USD exchange rate of £1:\$1.3899).
- (f) The grant share price for the award was £23.96 and accordingly the relevant figures are reflective of a decrease of 43% in the Group's share price comparing the award price to the estimated vesting price.

The award also received the value of dividend equivalent rights.

2019 Options

The performance period in respect of the third tranche of the Options granted in 2019 came to an end on December 31, 2023. Performance conditions were Adjusted EPS and Annualized TSR on an equally weighted basis. The targets and outcomes are set out below:

	Threshold		Maximum		Achieved	Vesting % of Component
Adjusted EPS	£	3.80	£	4.40	£ 2.20	0%
Annualized TSR		10%		20%	3%	0%

The number of shares expected to vest in March 2024 is shown below:

	Exercise Price		Number of Shares in Tranche	Vesting %	Number of Shares Vesting
Rusty Hutson, Jr.	£	24.00	40,000	0%	0
Bradley G. Gray	£	24.00	18,333	0%	0

SHARE AWARDS GRANTED IN 2023 (AUDITED)

2023 LTIP Awards

During the year, the Executive Directors received a Performance Share Award (conditional shares), which may vest after a three-year performance period which will end on December 31, 2025, based on the achievement of stretching performance conditions.

	Value of Award as a % of Base Salary		Face Value of Award (\$)	Number of Shares
Rusty Hutson, Jr.	300%	\$	2,250,000	98,045
Bradley G. Gray	250%		1,137,500	49,567

In line with the ongoing policy, the share price used to calculate the award was £18.694, being the average share price over the five-day period commencing on March 21, 2023, the date that the Group issued its final 2022 results. The awards are based upon a GBP:USD exchange rate of £1:\$1.2276, which was the exchange rate at the date of grant. The date of grant was March 21, 2023. The LTIP Awards will vest following completion of the performance period (January 1, 2023 - December 31, 2025), and no later than March 31, 2026, and vested shares will also be subject to a further two-year holding period.

The performance conditions are a weighted mix of Return on Equity (40%), Absolute TSR (30%), Relative TSR (10%) and Emissions (20%) targets measured over three years as described below. These measures encourage the generation of sustainable long-term returns to shareholders. In determining the level of vesting, the Remuneration Committee will consider that the outcome of the measurement reflects the underlying performance or financial health of the Group.

RETURN ON EQUITY (40% OF TOTAL AWARD)			ABSOLUTE TSR (30% OF TOTAL AWARD)		
Three-Year Average ROE ^(a)	% of that Part of the Award that Vests		Three-Year TSR	% of that Part of the Award that Vests	
Below 15% per annum	0%		Below 10% per annum	0%	
15% per annum	15%		10% per annum	15%	
25% per annum or above	100%		20% per annum or above	100%	
15% to 25% per annum	Pro rata straight-line between 15% and 100%		10% to 20% per annum	Pro rata straight-line between 15% and 100%	

RELATIVE TSR (10% OF TOTAL AWARD)		EMISSIONS (20% OF TOTAL AWARD)	
Three-Year TSR v FTSE 250	% of that Part of the Award that Vests	Emissions over Three Years	% of that Part of the Award that Vests
Below median	0%	Below 8% Methane Intensity Reduction	0%
Median	15%	8% Methane Intensity Reduction	15%
Upper quartile or above	100%	20% Methane Intensity Reduction	100%
Median to upper quartile	Pro rata straight-line between 15% and 100%	8% to 20% Methane Intensity Reduction	Pro rata straight-line between 15% and 100%

^(a) Calculated as adjusted EBITDA - recurring capital expenditures - interest expense) / invested equity.

OUTSTANDING EXECUTIVE DIRECTOR SHARE PLAN AWARDS (AUDITED)

Details of all outstanding share awards as of December 31, 2023 made to Executive Directors are set out below:

Rusty Hutson, Jr.

Award Type	Exercise Price (£)	Grant Date	Interest at January 1, 2023	Awards Granted in the Year	Accrued Dividend Equivalents	Awards Exercised in the Year	Awards Lapsed in the Year	Interest at December 31, 2023 ^(a)	Exercise/Vesting Period
PSU		March 21, 2023	—	98,045	26,006	—	—	124,051	March 2026 ^(b)
PSU		March 15, 2022	81,275	—	17,994	—	—	99,269	March 2025 ^(c)
PSU		March 15, 2021	53,512	—	11,847	—	39,213	26,146	March 2024 ^(d)
Options	£ 24.00	May 9, 2019	46,600	—	—	—	40,000	6,600	May 2022 ^(f) - May 2029
Options	£ 16.80	April 14, 2018	64,333	—	—	—	—	64,333	May 2021 ^(g) - May 2028

Bradley G. Gray

Award Type	Exercise Price (£)	Grant Date	Interest at January 1, 2023	Awards Granted in the Year	Accrued Dividend Equivalents	Awards Exercised in the Year	Awards Lapsed in the Year	Interest at December 31, 2023 ^(a)	Exercise/Vesting Period
PSU		March 21, 2023	—	49,567	13,146	—	—	62,713	March 2026 ^(b)
PSU		March 15, 2022	41,640	—	9,218	—	—	50,858	March 2025 ^(c)
PSU		March 15, 2021	32,899	—	7,284	—	24,108	16,075	March 2024 ^(d)
Options	£ 24.00	May 9, 2019	21,358	—	—	—	18,333	3,025	May 2022 ^(e) - May 2029
Options	£ 16.80	April 14, 2018	29,485	—	—	—	—	29,485	May 2021 ^(f) - May 2028

^(a) A performance factor of 40.0% was applied to 41,632 of the awards granted to Mr. Hutson and 25,596 of the awards granted to Mr. Gray in March 2021, and 23,727 and 14,587 dividend equivalent units accrued over the performance period to date, respectively, resulting in remaining interest of 26,146 and 16,075 total units vesting in March 2024, respectively. A performance factor of 0% was applied to 40,000 of the awards granted to Mr. Hutson and 18,333 of the awards granted to Mr. Gray in May 2019, resulting in no options vesting in March 2024 and remaining interest of 6,600 and 3,025, respectively, which consists entirely of vested but unexercised options.

^(b) Refer to [Share Awards Granted in 2023](#) above for details of performance conditions.

^(c) Refer to the Group's 2022 Annual Report and Accounts for details of performance conditions.

^(d) Refer to the Group's 2021 Annual Report and Accounts for details of performance conditions.

^(e) Options granted on May 9, 2019 with an exercise price of £24.00 per share with a three-year ratable vesting period. 100% of the Options are subject to performance conditions.

^(f) Options granted on April 14, 2018 with an exercise price of £16.80 per share with a three-year ratable vesting period. Two-thirds of the Options are subject to performance conditions.

During the year ended December 31, 2023, the highest closing price of the Group's shares was £23.72 and the lowest closing price was £10.78. At December 31, 2023 the closing share price was £11.15.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The table below details, for each Director, the total number of Directors' interests in shares at December 31, 2023:

	Shareholding	Shareholding Required (% of Salary)	Compliance With Share Ownership Guidelines	Share Interests
Rusty Hutson, Jr.	1,207,645	300%	✓	320,399 ^(a)
Bradley G. Gray	146,947	–	N/A	162,156 ^(b)
David E. Johnson	23,750	–	(c)	—
Martin K. Thomas	112,250	–	(c)	—
David J. Turner, Jr.	26,923	–	(c)	—
Sandra M. Stash	2,234	–	(c)	—
Kathryn Z. Klaber	1,050	–	(c)	—
Sylvia Kerrigan	1,341	–	(c)	—

^(a) A performance factor of 40.0% was applied to 41,632 of the awards granted to Mr. Hutson in March 2021 and 23,727 dividend equivalent units accrued over the performance period to date, resulting in remaining interest of 26,146 total units vesting in March 2024. A performance factor of 0% was applied to 40,000 of the awards granted to Mr. Hutson in May 2019, resulting in no options vesting in 2023. As of December 31, 2023, 70,933 vested options remained unexercised. All other awards were unvested as of December 31, 2023.

^(b) A performance factor of 40.0% was applied to 25,596 of the awards granted to Mr. Gray in March 2021 and 14,587 dividend equivalent units accrued over the performance period to date, resulting in remaining interest of 16,075 total units vesting in March 2024. A performance factor of 0% was applied to 18,333 of the awards granted to Mr. Gray in May 2019, resulting in no options vesting in 2023. As of December 31, 2023, 32,510 vested options remained unexercised. All other awards were unvested as of December 31, 2023.

^(c) The Non-Executive Directors purchase shares twice annually pursuant to the Non-Executive Director Share Purchase Program implemented in 2022. Shares purchased under the Non-Executive Director Share Purchase Program must be held until retirement from the Board. While this is not part of the Share Ownership Guidelines, each Non-Executive Director is in compliance with the parameters of the Non-Executive Director Share Purchase Program.

PAYMENTS TO PAST DIRECTORS (AUDITED)

Robert Post retired as a Board member in April 2020. Mr. Post continued to provide advice to the Board post-retirement as a consultant, receiving fees in 2023 of \$97,500.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

Bradley G. Gray resigned from the Board effective as of September 15, 2023 and received no payment for loss of office. Mr. Gray continues to be employed by the Group as its President & Chief Financial Officer.

No payments for loss of office were made during the year.

EXECUTIVE DIRECTORS SERVING AS NON-EXECUTIVE DIRECTORS OF OTHER COMPANIES

During the year none of the Executive Directors served as a Non-Executive Director of any other company in respect of which any Board-related remuneration was received.

PERFORMANCE GRAPH AND CEO REMUNERATION TABLE

The Directors' Remuneration Report Regulations 2002 require a line graph showing the TSR on a holding of shares in the Group since admission to the Premium Segment of the Main Market of the LSE to the most recent financial year end following such admission, as well as the TSR for a hypothetical holding of shares in a broad equity market index for the same period. The Group was admitted to the Main Market on May 18, 2020 and the graph below covers that period, comparing the Group's TSR to that of the FTSE 250 (excluding Investment Trusts), an index of which the Group is a constituent. The committee is satisfied that the CEO's remuneration is supported by the TSR performance data presented below.

TOTAL SHAREHOLDER RETURN

Rebased at 100 on May 18, 2020



Source: Datastream (a Refinitiv product)

The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph:

(In Thousands)

Year	CEO	Single Figure of Total Remuneration	Annual Bonus Pay-Out Against Maximum %	Long-Term Incentive Vesting Rates Against Maximum Opportunity %
2023	Rusty Hutson, Jr.	\$ 2,060	63%	40%
2022	Rusty Hutson, Jr.	\$ 5,871	85%	71%
2021	Rusty Hutson, Jr.	\$ 2,195	85%	45%
2020	Rusty Hutson, Jr.	\$ 2,307	94%	100%

ANNUAL CHANGE IN REMUNERATION OF EACH DIRECTOR COMPARED TO EMPLOYEES

The table below presents the year-on-year (2021-2023) percentage change in remuneration for each Director and all employees of the Group and its subsidiaries.

Name	% Change from 2022 to 2023			% Change from 2021 to 2022			% Change from 2020 to 2021			% Change from 2019 to 2020		
	Salary/Fee	Annual Bonus	Taxable Benefits	Salary/Fee	Annual Bonus	Taxable Benefits	Salary/Fee	Annual Bonus	Taxable Benefits	Salary/Fee	Annual Bonus	Taxable Benefits
Rusty Hutson, Jr.	4%	(23%)	—%	4%	21%	20%	3%	(7%)	400%	59%	55%	—%
Bradley G. Gray ^(a)	4%	(45%)	(8%)	3%	3%	—%	3%	(7%)	(14%)	19%	15%	56%
David E. Johnson	8%	—%	—%	19%	—%	—%	3%	—%	—%	66%	—%	—%
Martin K. Thomas	7%	—%	—%	14%	—%	—%	2%	—%	—%	27%	—%	—%
David J. Turner, Jr. ^(b)	8%	—%	—%	16%	—%	—%	3%	—%	—%	132%	—%	—%
Sandra M. Stash ^(c)	8%	—%	—%	14%	—%	—%	2%	—%	—%	520%	—%	—%
Kathryn Z. Klaber ^(d)	100%	—%	—%	—%	—%	—%	2%	—%	—%	—%	—%	—%
Sylvia Kerrigan ^(e)	33%	—%	—%	445%	—%	—%	100%	—%	—%	—%	—%	—%
All employees, excluding Directors	4%	4%	—%	5%	5%	—%	11%	(2%)	—%	4%	4%	—%

- (a) Mr. Gray was a Director until September 15, 2023. Mr. Gray's fixed pay compensation for the year ended December 31, 2023 is for the period he was a Director.
- (b) David J. Turner, Jr. was appointed to the Board on May 27, 2019.
- (c) Sandra M. Stash was appointed to the Board on October 21, 2019.
- (d) Kathryn Z. Klaber was appointed to the Board on January 1, 2023.
- (e) Sylvia Kerrigan was appointed to the Board on October 11, 2021.

CEO TO EMPLOYEE PAY RATIO

Although the Group does not have 250 full time equivalent UK employees, the Group provides a CEO to employee pay ratio on a voluntary basis below. The average CEO to employee pay ratio improved this year. The committee is satisfied that the CEO to employee pay ratio is consistent with the Group's overall aim to ensure its employees are rewarded fairly and competitively for their contributions.

Year	Method	25th Percentile Pay Ratio	Average Pay Ratio	75th Percentile Pay Ratio
2023	Option A	25:1	17:1	16:1
2022	Option A	28:1	19:1	17:1
2021	Option A	44:1	30:1	28:1

Notes to the CEO to employee pay ratio:

- We have used Option A with figures as of December 31, 2023, following guidance that this is the preferred approach of some proxy advisors and institutional shareholders. Option A captures all relevant pay and benefits for all employees.
- The ratios shown are representative of the 25th percentile, median and 75th percentile pay for all employees within the Group during the 2023 calendar year.
- The CEO pay ratio is based on the taxable income for all employees employed for the duration of calendar year 2023 as reported on U.S. IRS Form W-2, Wage and Tax Statement.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below details the change in total employee pay between 2022 and 2023, compared with distributions to shareholders by way of dividend or share buybacks.

(In thousands)	2023	2022	% Change
Total gross employee pay	\$ 124,834	\$ 113,267	10%
Dividends/share buybacks	179,089	178,146	1%

The number of employees as of December 31, 2023 was 1,603, as compared to 1,582 employees as of December 31, 2022.

Statement of Voting at General Meeting

The following table shows the results of the binding Remuneration Policy vote at the April 26, 2022 AGM and the advisory Directors' Remuneration Report vote at the May 2, 2023 AGM.

	(Binding Vote)		(Advisory Vote)	
	Approval of the Directors' Remuneration Policy		Director Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	27,783,031	83%	21,839,879	62%
Against	5,793,079	17%	13,566,740	38%
Votes withheld	1,164,541		910,347	

Shareholder Engagement

At the 2023 AGM, the committee was disappointed that the Directors' remuneration report was passed with 62% support from shareholders. Following the AGM, the Group consulted and engaged with a number of shareholders including those who voted against the resolutions to better understand their concerns. The Board is thankful to the shareholders for sharing their views and understand that the negative vote was principally related to the specific, one-off issue of the grant price used for the 2020 LTIP awards and the resulting remuneration outcomes.

The longstanding approach to the calculation of the share price used to set the number of shares subject to an LTIP award is included in the shareholder approved Directors' Remuneration Policy as the average share price for the five days following the announcement of the Group's results for the previous financial year. This was the approach followed for the 2020 LTIP awards and all other recent awards.

The committee did not consider it appropriate to apply a reduction to the vesting outcome as this was assessed to be commensurate with the performance over the period, which included the ROE and relative TSR targets being met in full. The committee was mindful that any downward adjustment could have risked damaging the integrity of the LTIP and was also conscious that no reciprocal upward adjustment would be made in a year when the share price peaked at the time of grant, resulting in a reduced number of shares being awarded. The vested awards are also subject to a two-year holding period, so the value subsequently realised by the executive directors will be subject to market movements over this period.

The dialogue with the shareholders highlighted that there remains strong support for the Group's remuneration policy which was approved by shareholders at the 2022 AGM. The Group's Remuneration Committee has discussed the feedback received in detail with the Board and will maintain dialogue with shareholders on matters related to executive remuneration. The committee will review with shareholders the evolving needs of the business in advance of the cyclical renewal of our Directors' Remuneration Policy in 2025.

IMPLEMENTATION OF POLICY FOR 2024

Base Salary

The Executive Director's base salary for 2024 will be as follows:

— Rusty Hutson, Jr: \$779,834

For 2024, the committee approved an increase to the CEO's salary by 4%. This compares to increases across the Group ranging from 0% to 10% based on performance, with an average of 4%. It is anticipated that increases for the remainder of the life of the policy will be in-line with the range of the workforce.

Pension

The Executive Director does not receive a pension provision.

Benefits

The Executive Director receives life insurance and automobile benefits, and matching contributions under the Group's 401(k) plan. There is no current intention to introduce additional benefits in 2024.

Annual Bonus

The overall 2024 bonus plan maximum will be 175% of base salary for Rusty Hutson, Jr.

The bonus will be based on a range of targets relating to adjusted EBITDA per share (50%), cash cost per Mcfe (20%), and ESG/EHS (30%).

Due to issues of commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the committee is committed to adhering to principles of transparency in terms of retrospective annual bonus target disclosure and will, therefore, provide appropriate and relevant levels of disclosure for the bonus targets applied to the 2024 bonus (and performance against these targets) in next year's Director's Remuneration Report.

Bonuses are payable in cash for outcomes up to 100% of base salary, with any outcomes above this level made as awards of deferred shares or cash which vests after one year.

Long-Term Incentives

Performance Share Awards will be made in 2024 to Rusty Hutson, Jr. with shares worth 325% of salary. The share price used to calculate the number of shares subject to the award will be based on the average share price over the five-day period commencing on the date that the Group issues its final 2023 results. These awards will vest three years after grant, and will also be subject to a further two-year holding period after the initial three-year period to vesting.

The performance conditions for the Performance Share Award will be a mix of Return on Equity (40%), Absolute TSR (30%), Relative TSR (10%) and Emissions (20%) targets measured over three years as described below. These are measures which encourage the generation of sustainable long-term returns to shareholders. When determining the level of vesting the committee will also consider that the outcome of the measurement reflects the underlying performance or financial health of the Group.

RETURN ON EQUITY (40% OF TOTAL AWARD)		ABSOLUTE TSR (30% OF TOTAL AWARD)	
Three-Year Average ROE	% of that Part of the Award that Vests	Three-Year Absolute TSR	% of that Part of the Award that Vests
Below 15% per annum	—%	Below 10% per annum	—%
15% per annum	15%	10% per annum	15%
25% per annum or above	100%	20% per annum or above	100%
15% to 25% per annum	Pro rata straight-line between 15% and 100%	10% to 20% per annum	Pro rata straight-line between 15% and 100%

RELATIVE TSR (10% OF TOTAL AWARD)		EMISSIONS (20% OF TOTAL AWARD)	
Three-Year TSR v FTSE 250	% of that Part of the Award that Vests	Emissions over Three Years	% of that Part of the Award that Vests
Below median	—%	Below 5% Methane Intensity Reduction	—%
Median	15%	5% Methane Intensity Reduction	15%
Upper quartile or above	100%	15% Methane Intensity Reduction	100%
Median to upper quartile	Pro rata straight-line between 15% and 100%	5% to 15% Methane Intensity Reduction	Pro rata straight-line between 15% and 100%

NON-EXECUTIVE DIRECTORS' FEES

David E. Johnson will receive an annual fee of £174,000 (or \$215,760) as Chairman. Each Non-Executive Director receives a base annual fee of £105,000 (or \$133,350), with additional fees as noted below (table in thousands, except rates).

		GBP	Exchange Rate	USD
David J. Turner, Jr. ^(a)	£	135	1.24 \$	167
Sandra M. Stash ^(b)		125	1.24	155
Sylvia Kerrigan ^(c)		135	1.24	167
David E. Johnson		174	1.24	216
Martin K. Thomas ^(d)		125	1.24	155
Kathryn Z. Klaber ^(e)		125	1.24	155
Total	£	819	\$	1,015

(a) Includes Audit & Risk Committee Chair fee of £30,000 (or \$37,200).

(b) Includes Sustainability & Safety Committee Chair fee of £20,000 (or \$24,800).

(c) Includes Senior Independent Director fee of £10,000 (or \$12,400) and Remuneration Committee Chair fee of £20,000 (or \$24,800).

(d) Includes Vice Chair fee of £20,000 (or \$24,800).

(e) Includes Nomination & Governance Committee Chair fee of £20,000 (or \$24,800).



Sylvia Kerrigan

Chair of the Remuneration Committee
March 19, 2024

“

The Remuneration Committee is focused on ensuring that remuneration is designed to emphasize “pay for performance”

The Sustainability & Safety Committee's Report

Committee Composition



Sandra M. Stash
(64)

Independent Non-Executive Director (Chair)

Strength:

Industry

Independence from:

Management & Other interests



David E. Johnson
(63)

Non-Executive Chairman, Independent upon Appointment

Strength:

Finance

Independence from:

Management & Other interests



Kathryn Z. Klaber
(58)

Independent Non-Executive Director (as of 1/1/23)

Strength:

Regulatory, Sustainability

Independence from:

Management & Other Interests



Bradley G. Gray
(55)

President & Chief Financial Officer (Executive Director and committee member until 9/15/23)

Strength:

Industry, Finance

Independence from:

Other Interests

Key Objective

The Sustainability & Safety Committee acts on behalf of the Board and the shareholders to oversee the practices and performance of the Group with respect to health and safety, business ethics, conduct and responsibility, social affairs, the environment (including climate) and broader sustainability issues. As part of the Group's overall sustainability actions, the committee oversees the Group's climate scenario analysis planning and performance against goals and ensures adherence to the recommended TCFD disclosures for use by investors, lenders, insurers and other stakeholders.

Overview

The committee assesses the Group's overall sustainability performance and provides input into the Annual Report, the Sustainability Report and other disclosures on sustainability. It also advises the Remuneration Committee on metrics relating to sustainable development, GHG and other emissions, regulatory compliance, diversity and inclusion, community engagement and other social goals, as well as health and safety that apply to executive remuneration.

The committee reviews the Group's Sustainability and Safety plans and reviews execution of the plan and audit outcomes. In addition, the committee reviews and considers external stakeholder perspectives in relation to the Group's business, and reviews how the Group addresses issues of stakeholder concern that could affect its reputation and license to operate.

The overall accountability for sustainability and safety is with the President and Chief Financial Officer and the Senior Leadership Team, including the Executive Vice

President of Operations, Chief Human Resources Officer, the Senior Vice President of EHS and the Senior Vice President of Sustainability, who are assisted by the EHS team.

Key Matters Discussed by the Committee

MAIN ACCOMPLISHMENTS OVER THE COURSE OF 2023

- Established and reviewed the Group's sustainability and safety strategies and assessed the Group's performance;
- Engaged with the leadership of the Group and monitored progress against the Group's methane emission intensity reduction targets and accelerated commitment to achieve net zero absolute Scope 1 and 2 GHG emissions by 2040;
- Continued the review program to align executive management remuneration with key safety and sustainability performance indicators and metrics, including factoring GHG reductions into long-term incentives, that has been communicated to the Remuneration Committee;
- Engaged with the leadership of the Group to understand the diversity profile of the Group's workforce;
- Engaged with a consortium of advisers, comprising leading global environmental consultancies and other strategic advisers, and continued to implement the recommendations set forth by the TCFD with the exception of reporting on Scope 3; and
- Reviewed the Group's sustainability related communications, including the composition and approval of the Group's 2022 Sustainability Report and preparation for issuance of the 2023 Sustainability Report.

Committee Activities by Focus Area

During 2023, the committee met regularly to review and discuss a range of prioritized topics. These topics included (i) the safe and responsible operation of the Group's upstream and midstream assets; (ii) environmental protection and conservation activities; (iii) the Group's approach to diversity and inclusion; (iv) the Group's approach to managing climate risk, (v) the Group's emissions reduction capital programs; and (vi) the Group's plugging business. The committee also focused on the following:

PROCESS SAFETY

- The Executive Vice President of Operations presented an overview of the Group's process safety approach and identification of high-risk facility performance, as well as comparable performance benchmarking against industry peers.

CORPORATE SCORECARD METRICS OVERSIGHT

- The committee reviewed the quantitative and qualitative drivers impacting the Group's personnel safety, emissions management, environmental performance, and asset retirement metrics that support performance analysis.
- The committee reviewed and discussed the Group's increased incident rate for the year, which were attributable in part to short service employees with less than one year of service under Diversified's safety culture. The Group is seeking to address this increase through a new Safety Strategy Committee which was created to identify and advance specific areas for improvement and accountability.

SUSTAINABILITY RATING AGENCY SCORECARD

- The committee reviewed the Group's various third-party sustainability rating scores, including analysis of the process and review of scorecards to determine targeted areas of improvement.

CLIMATE RISK

- The committee engaged the support of industry and internationally recognized consultants and advisers to help the Group update its climate scenario analysis and advance its work on climate governance, strategy, risk management and metrics as set forth under the TCFD. The committee oversaw the Group's engagement with the GHG emissions inventory and associated scenario analyses and remains actively engaged in setting targets in accordance with the recommendations. The committee has considered the relevance of material climate-related matters, including the physical and transition risks of climate change, when preparing this Annual Report. Further information can be found in the [TCFD](#) and [Climate-Related Risks](#) sections within this Annual Report.

ACQUISITION DUE DILIGENCE

- Adding emphasis to its oversight of the Group's investment activities, the committee stayed apprised of the progress and assessment of the Group's emissions screening efforts to aid in its assessment that proposed acquisitions and other capital investments have on its consolidated GHG emissions profile and associated publicly stated targets.

EMISSION REDUCTION INITIATIVES

- The committee engaged in strategic discussions with senior management regarding its capital program for emissions reductions, including regular updates on the deployment and success of handheld detection equipment and aerial LiDAR surveys, as well as the replacement of pneumatic valves. The Group also advanced its Marginal Abatement Cost Curve (MACC) analysis that will help to inform reduction emissions planning in future years.

OIL & GAS METHANE PARTNERSHIP RECOGNITION

- The committee supported the Group's efforts in achieving the OGMP 2.0 Gold Standard Pathway designation in recognition of the Group's demonstrated commitment to set aggressive and achievable multi-year plans designed to accurately measure and transparently report its efforts to reduce methane emissions.

AREAS OF FOCUS FOR 2024 AND BEYOND

- Support the Group in meeting increasing sustainability oversight, reporting and disclosure expectations of the Group's stakeholders, including short, medium and long-term quantitative metrics and qualitative objectives tied to executive compensation for reducing GHG emissions (including formalizing a roadmap to be net zero absolute Scope 1 and 2 GHG emissions by 2040);
- Support the Group in its diversity and inclusion aspirations;
- Support management with effective oversight and advice as the Group executes and reports on the recommendations of the TCFD work and MACC analysis, serving to further integrate climate considerations into business planning and strategies; and
- Provide advice and guidance on potential further EHS enhancements and reporting metrics, including an increased focus on safety, well abandonment, water management and biodiversity; and

COMMITTEE EFFECTIVENESS

- The committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Membership

The formation of a Sustainability & Safety Committee is not a recommendation under the current UK Corporate Governance Code. The Group and the Board, however, consider such a committee to be an imperative given the operational footprint of the business and the evolving operational, regulatory, social and investment markets within which the Group operates.

The committee is currently comprised of the Non-Executive Chairman and two Independent Non-Executive Directors: Sandra M. Stash, the Sustainability & Safety Committee Chair, David E. Johnson and Kathryn Z. Klaber. Ms. Klaber was appointed to the committee as an Independent Non-Executive Director as of January 1, 2023. Additionally, Bradley G. Gray stepped down from the committee on September 15, 2023 concurrent with his departure from the Board and appointment as the Group's President and Chief Financial Officer. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary acts as Secretary to the committee.

The committee has extensive and relevant experience in EHS and social matters through their other business activities. For one example, Ms. Stash formerly served as Executive Vice President — Safety, Operations, Engineering, and External Affairs for Tullow Oil until her retirement.

Meetings and Attendance

The Sustainability & Safety Committee met five times during 2023 and one time thus far in 2024. The committee also regularly meets in private executive session at the end of its committee meetings, without management present, to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the committee keeps in close contact with the Chief Legal & Risk Officer, the Senior Vice President of Sustainability, the Senior Vice President of EHS and the EHS team and external consultants between meetings of the committee. For committee meeting attendance for each Director see the [Directors' Report](#) within this Annual Report.

The list below details the members of the Senior Leadership Team who were invited to attend meetings as appropriate during the calendar year.

- Bradley G. Gray (President and Chief Financial Officer)
- Benjamin Sullivan (Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary)
- Maverick Bentley (Executive Vice President of Operations)
- Paul Espenan (Senior Vice President of Environmental, Health and Safety)
- Teresa Odom (Senior Vice President of Sustainability)
- Mark Kirkendall (Executive Vice President, Chief Human Resources Officer)

Responsibilities and Terms of Reference

The committee's main duties are:

- Overseeing the development and implementation by management of policies, compliance systems, and monitoring processes to ensure compliance by the Group with applicable legislation, rules and regulations;
- Establishing with management long-term climate, environmental and social sustainability and, EHS goals and evaluating the Group's progress against those goals;
- Advising management on implementing, maintaining and improving environmental and social sustainability and EHS strategies, implementation of which creates value consistent with long-term preservation and enhancement of shareholder value;
- Considering and advising management of emerging environmental and social sustainability issues that may affect the business, performance or reputation of the Group and makes recommendations, as appropriate, on how management can address such issues;
- Monitoring the Group's risk management processes related to environmental and social sustainability and EHS with particular attention to managing and reducing environmental risks and impacts; and
- Reviewing handling of incident reports, results of investigations into material events, findings from environmental and social sustainability and EHS audits and the action plans proposed pursuant to those findings.

The committee has formal terms of reference which can be viewed on the Group's [website](#).



Sandra M. Stash

Chair of the Sustainability & Safety Committee
March 19, 2024

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The committee has extensive and relevant experience in EHS matters through their other business activities.

Group Financial Statements

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Independent auditors' report to the members of Diversified Energy Company PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Diversified Energy Company PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Consolidated and the Company Statements of Financial Position as at 31 December 2023; the Consolidated Statement of Comprehensive Income, the Consolidated and the Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

In establishing the overall approach to the Group audit, we determined the type of work required to be performed for the consolidated financial statements by the Group audit team, or through the involvement of our component auditors in the USA. The Group's assets and operations are located in the USA and all financial reporting is undertaken there. Our component audit team, under the Group team's direction and supervision, performed walkthroughs to understand and evaluate the key financial processes and controls across the Group. Where work was performed by our component auditors in the USA, we determined the level of our involvement in the audit work for the consolidated Group in order to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As part of our year end audit, the Group team's involvement included visits to Birmingham, Alabama during the interim and execution phases of the audit, as well as conference calls, review of component auditor work papers and key meetings and other forms of communication as considered necessary.

Overview

Audit scope

- The Group's assets and operations are based in the Appalachian and Central regions of the USA. Consistent with prior year, we conducted a full scope audit over the consolidated Group based in the USA, treating this as one component including the Parent Company, in line with how the Group is managed and the organisation of the Group's financial reporting system. Financial reporting is undertaken for the consolidated Group at the head office in Birmingham, Alabama.

Key audit matters

- Accounting for Acquisitions of Gas and Oil Properties (Group)
- Carrying Value of Investments in Subsidiaries (Company)

Materiality

- Overall Group materiality: \$13.4m (2022: \$12.4m) based on 2.5% of adjusted EBITDA, excluding non-cash equity compensation.
- Overall Company materiality: £9.5m (2022: £9.7m) based on 1% Total Assets capped at 90% of overall Group materiality.
- Performance materiality: \$10.1m (2022: \$9.3m) (Group) and £7.1m (2022: £7.3m) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Accounting for Acquisitions of Gas and Oil Properties (Group)</i> Refer to Note 3 (Significant Accounting Policies), Note 4 (Significant Accounting Judgments and Estimates) and Note 5 (Acquisitions and Divestitures). During 2023, the Group completed one significant acquisition. Tanos II was an acquisition of certain upstream assets and related infrastructure in the Central Region for \$262m cash consideration. Accounting for significant acquisitions like this is complex and involves judgement including around the assessment of the fair value of assets acquired and liabilities assumed. In particular, the valuation of identified tangible and intangible assets can be a subjective process and there is a risk that the accounting treatment may be incorrect and as such this was an area of focus for us. IFRS 3 (amended), 'Business Combinations' allows for an optional concentration test that, if met, allows an entity to account for the acquisition as an asset acquisition rather than as a business combination. In relation to Tanos II, the assets and processes acquired will be operated by the Group's existing operational and marketing team. The initial value of the gross assets acquired is largely attributable to the proved developed wells which are considered similar in nature and therefore can be treated as a group of similar identifiable assets in relation to the concentration test under IFRS3 (amended). As the acquisition of Tanos II has been accounted for as an asset acquisition, the cash consideration of \$262m is attributed to the acquired assets and liabilities, respectively. Acquisition costs have also been capitalised as part of total consideration.	Our audit procedures in respect of the Tanos II acquisition comprised the following: • Reading the sale and purchase agreement to gain an understanding of the assets acquired, liabilities assumed and the overall nature of the transactions; • Ensuring the accounting is in accordance with IFRS 3(amended), ensuring the acquisition met the optional concentration test permitting the acquisition to be accounted for as an asset acquisition as opposed to a business combination; and • Agreeing cash consideration to bank statements. In order to assess whether the fair value attributed to the proved developed wells used for the purpose of the concentration test was accurate, the following procedures were performed: • Tested management's valuation of the producing assets by comparing the assumptions used within the valuation models to approved budgets and business plans and other evidence of future intentions for the relevant assets, which we consider to be consistent with those of market participants; • Compared reserves and production profiles and operating expenditure forecasts to Group approved budgets, operator estimates or reserve reports, which we consider to be consistent with those of market participants; • Benchmarked key assumptions including estimated future commodity prices and the inflation rate against external data; • Performed sensitivities over the components of the discount rate used to estimate the fair value of gas and oil properties acquired; • Engaged a valuation specialist to assist us in reviewing management's third party expert, used for the purposes of assessing a reasonable discount rate; • Performed sensitivity analysis over key assumptions in the model in order to assess the potential impact of a range of possible outcomes; and • Assessed the completeness of assets and liabilities included within the valuation and agreed that all relevant balances have been included. We assessed the reasonableness of the allocation of the purchase consideration to the gas and oil properties and other assets acquired based on their relative fair value. Based on our audit procedures performed, we consider the accounting for the Tanos II acquisition and the related valuation of the gas and oil properties and other assets acquired, and liabilities assumed, to be reasonable. We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising.

Carrying Value of Investments in Subsidiaries (Company)

Refer to Note 2 (Accounting Policies), Note 3 (Significant Accounting Judgments and Estimates) and Note 4 (Investments) of the Company financial statements.

Impairment assessments require significant judgement and there is a risk that the valuation of the assets may be incorrect, and any potential impairment charge or reversal miscalculated. As such, this was a key area of focus for our audit due to the size of the balance.

As disclosed in Note 4 to the Company financial statements, the Company has investments of £1,056m in its subsidiaries. There is a risk that the performance of the subsidiary undertakings is not sufficient to support their carrying value and the assets may be impaired.

The Directors have considered the recoverability of the Investments in Subsidiaries at 31 December, 2023 to determine whether there are indicators that may suggest the investments are impaired. The Directors compared the carrying amount of the investments to the recoverable amount of the underlying assets. Having performed this assessment, no impairment was recognised.

We obtained management's impairment assessment of the Investments in Subsidiaries and:

- Verified that the inputs to the assessment were mathematically accurate; and
- Compared the carrying value of the investments to the recoverable amounts of the underlying assets.

Based on our analysis of the assessment of the recoverable amounts, we concur that the carrying value of the Investments in Subsidiaries is supportable. We found that the Directors' view that there was no impairment to recognise appropriate. We also consider the associated disclosures to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team, or by our PwC component audit team in the USA. The Group's assets and operations are based in the Appalachian and Central regions of the USA. Financial reporting is undertaken at the head office in Birmingham, Alabama. For the consolidated Group financial statements, we identified one component being the consolidated Group. Audit work on the consolidated Group was carried out by our US component audit team. The audit of Diversified Energy Company PLC (the Company) was conducted from the UK.

Where the work was performed by the component audit team, we determined the level of involvement we needed to ensure sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We spent time with our component team in Birmingham, Alabama during the interim and execution phases of the audit. In addition to these site visits we conducted our oversight of our component audit team through regular dialogue via conference calls, video conferencing and other forms of communication as considered necessary. We performed remote and in-person working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by our component audit team. We also attended key meetings virtually and in person with local management and our component audit team. Further specific audit procedures over the Group consolidation, selected financial statement line items reported by the Company and review procedures over the Annual Report and audit of the financial statements disclosures were directly performed by the Group audit team.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment performed by management, giving consideration to both physical and transition risks, and management's own public reporting and announcements.

Management has outlined within their Strategic Report their ESG and sustainability goals, continuing to highlight a focus on a reduction in methane intensity in the short-term and an ambition to work towards a net zero Scope 1 and Scope 2 carbon position by 2040. These goals have been modelled in the current financial reporting, although management is continuing to develop its pathway to deliver on these goals and will model any further impact as the pathway is finalised.

Whilst the impact is uncertain, we particularly considered the impact of both physical and transition risks arising due to climate change, as well as the climate targets announced by the Group on the recoverable value of the Group's gas and oil properties; there were no

indications that the useful lives of those properties had been impacted by climate change. We concur with management's assessment that there are no indications.

We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
<i>Overall materiality</i>	\$13.4m (2022: \$12.4m).	£9.5m (2022: £9.7m).
<i>How we determined it</i>	2.5% of adjusted EBITDA, excluding non-cash equity compensation	1% of Total Assets capped at 90% of overall Group materiality
<i>Rationale for benchmark applied</i>	We have concluded that Adjusted EBITDA, excluding non-cash equity compensation, is the most appropriate benchmark as it is a primary measure used by shareholders in assessing the performance of the Group. The Adjusted EBITDA measure removes the impact of significant items which do not recur from year to year or which otherwise significantly affect the underlying trend of performance from continuing operations. This is the metric against which the performance of the Group is most commonly assessed by the Directors and reported to shareholders.	We have assessed that the most appropriate benchmark for the Company, which is primarily a holding company, is total assets. Materiality has been capped at 90% of the overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to \$10.1m (2022: \$9.3m) for the Group financial statements and £7.1m (2022: £7.3m) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$0.67m (Group audit) (2022: \$0.62m) and £0.47m (Company audit) (2022: £0.49m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the FY24 board approved budget, challenging management's assumptions used and verifying that it was consistent with our existing knowledge and understanding of the business;
- Obtaining and reviewing the Group's cashflow forecasts for the going concern period, ensuring they are in line with the board approved budget and testing the model for mathematical accuracy;
- Reviewing the Group's cashflow forecasts under their severe but plausible downside scenarios, evaluating the assumptions used, and verifying that the Group is able to maintain liquidity and ensure covenant compliance within the going concern period under these scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee's Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with federal laws and regulations and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK and US federal and state tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate EBITDA, accounting for large or unusual transactions outside the normal course of business and management bias in key accounting estimates. The Group engagement team shared this risk assessment with the component audit team so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component audit team included:

- Enquiries of Directors, management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in relation to the Group's accounting judgements and estimates including the valuation of natural gas and oil properties and related assets, asset retirement obligation costs and reserve estimates;
- Review of significant and/or unusual transactions during the year, including the Tanos II acquisition; and
- Identifying and testing journal entries based on our risk assessment.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Committee's Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 15 April 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2020 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2024

Consolidated Statement of Comprehensive Income

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Notes	Year Ended		
		December 31, 2023	December 31, 2022	December 31, 2021
Revenue	6	\$ 868,263	\$ 1,919,349	\$ 1,007,561
Operating expenses	7	(440,562)	(445,893)	(291,213)
Depreciation, depletion and amortization	7	(224,546)	(222,257)	(167,644)
Gross profit		\$ 203,155	\$ 1,251,199	\$ 548,704
General and administrative expenses	7	(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	10,11	24,146	2,379	(901)
Gain (loss) on sale of equity interest	5	18,440	—	—
Unrealized gain (loss) on investment	5	4,610	—	—
Gain (loss) on derivative financial instruments	13	1,080,516	(1,758,693)	(974,878)
Gain on bargain purchases	5	—	4,447	58,072
Impairment of proved properties	10	(41,616)	—	—
Operating profit (loss)		\$ 1,161,051	\$ (671,403)	\$ (467,064)
Finance costs	21	(134,166)	(100,799)	(50,628)
Accretion of asset retirement obligation	19	(26,926)	(27,569)	(24,396)
Other income (expense)		385	269	(8,812)
Income (loss) before taxation		\$ 1,000,344	\$ (799,502)	\$ (550,900)
Income tax benefit (expenses)	8	(240,643)	178,904	225,694
Net income (loss)		\$ 759,701	\$ (620,598)	\$ (325,206)
Other comprehensive income (loss)		(270)	940	51
Total comprehensive income (loss)		\$ 759,431	\$ (619,658)	\$ (325,155)
Net income (loss) attributable to:				
Diversified Energy Company PLC		\$ 758,018	\$ (625,410)	\$ (325,509)
Non-controlling interest		1,683	4,812	303
Net income (loss)		\$ 759,701	\$ (620,598)	\$ (325,206)
Earnings (loss) per share attributable to Diversified Energy Company PLC				
Weighted average shares outstanding - basic	9	47,165	42,204	39,677
Weighted average shares outstanding - diluted	9	47,514	42,204	39,677
Earnings (loss) per share - basic	9	\$ 16.07	\$ (14.82)	\$ (8.20)
Earnings (loss) per share - diluted	9	\$ 15.95	\$ (14.82)	\$ (8.20)

The notes on pages 147 to 194 are an integral part of the Group Financial Statements.

Consolidated Statement of Financial Position

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets:			
Natural gas and oil properties, net	10	\$ 2,490,375	\$ 2,555,808
Property, plant and equipment, net	11	456,208	462,860
Intangible assets	12	19,351	21,098
Restricted cash	3	25,057	47,497
Derivative financial instruments	13	24,401	13,936
Deferred tax assets	8	144,860	371,156
Other non-current assets	15	9,172	4,351
Total non-current assets		\$ 3,169,424	\$ 3,476,706
Current assets:			
Trade receivables, net	14	190,207	296,781
Cash and cash equivalents	3	3,753	7,329
Restricted cash	3	11,195	7,891
Derivative financial instruments	13	87,659	27,739
Other current assets	15	11,784	14,482
Total current assets		\$ 304,598	\$ 354,222
Total assets		\$ 3,474,022	\$ 3,830,928
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	16	\$ 12,897	\$ 11,503
Share premium	16	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)
Equity attributable to owners of the parent:		585,806	(152,688)
Non-controlling interests	5	12,604	14,964
Total equity		\$ 598,410	\$ (137,724)
Non-current liabilities:			
Asset retirement obligations	19	\$ 501,246	\$ 452,554
Leases	20	20,559	19,569
Borrowings	21	1,075,805	1,169,233
Deferred tax liability	8	13,654	12,490
Derivative financial instruments	13	623,684	1,177,801
Other non-current liabilities	23	2,224	5,375
Total non-current liabilities		\$ 2,237,172	\$ 2,837,022
Current liabilities:			
Trade and other payables	22	\$ 53,490	\$ 93,764
Taxes payable		50,226	41,907
Leases	20	10,563	9,293
Borrowings	21	200,822	271,096
Derivative financial instruments	13	45,836	293,840
Other current liabilities	23	277,503	421,730
Total current liabilities		\$ 638,440	\$ 1,131,630
Total liabilities		\$ 2,875,612	\$ 3,968,652
Total equity and liabilities		\$ 3,474,022	\$ 3,830,928

The notes on pages 147 to 194 are an integral part of the Group Financial Statements.

The Group Financial Statements were approved and authorized for issue by the Board on March 19, 2024 and were signed on its behalf by:

D.E. Johnson

David E. Johnson
Chairman of the Board
March 19, 2024

Consolidated Statement of Changes in Equity

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Notes	Share Capital	Share Premium	Treasury Reserve	Share Based Payment and Other Reserves	Retained Earnings (Accumulated Deficit)	Equity Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
Balance as of January 1, 2021		\$ 9,520	\$ 841,159	\$ (68,537)	\$ 8,797	\$ 95,719	\$ 886,658	\$ —	\$ 886,658
Net income (loss)		—	—	—	—	(325,509)	(325,509)	303	(325,206)
Other comprehensive income (loss)		—	—	—	—	51	51	—	51
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ (325,458)	\$ (325,458)	\$ 303	\$ (325,155)
Non-controlling interest in acquired assets	5	—	—	—	—	—	—	16,238	16,238
Issuance of share capital (equity placement)	16	2,044	211,800	—	—	—	213,844	—	213,844
Issuance of share capital (equity compensation)		7	—	—	6,788	(2,762)	4,033	—	4,033
Dividends	18	—	—	—	—	(130,239)	(130,239)	—	(130,239)
Cancellation of warrants	16	—	—	—	(1,429)	—	(1,429)	—	(1,429)
Transactions with shareholders		\$ 2,051	\$ 211,800	\$ —	\$ 5,359	\$ (133,001)	\$ 86,209	\$ 16,238	\$ 102,447
Balance as of December 31, 2021		\$ 11,571	\$ 1,052,959	\$ (68,537)	\$ 14,156	\$ (362,740)	\$ 647,409	\$ 16,541	\$ 663,950
Net income (loss)		—	—	—	—	(625,410)	(625,410)	4,812	(620,598)
Other comprehensive income (loss)		—	—	—	—	940	940	—	940
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ (624,470)	\$ (624,470)	\$ 4,812	\$ (619,658)
Issuance of share capital (settlement of warrants)	16	5	—	—	452	—	457	—	457
Issuance of share capital (equity compensation)		7	—	—	5,682	(3,307)	2,382	—	2,382
Issuance of EBT shares (equity compensation)	16	—	—	2,400	(2,400)	—	—	—	—
Repurchase of shares (EBT)	16	—	—	(22,931)	—	—	(22,931)	—	(22,931)
Repurchase of shares (share buyback program)	16	(80)	—	(11,760)	80	—	(11,760)	—	(11,760)
Dividends	18	—	—	—	—	(143,455)	(143,455)	—	(143,455)
Distributions to non-controlling interest owners		—	—	—	—	—	—	(6,389)	(6,389)
Cancellation of warrants	16	—	—	—	(320)	—	(320)	—	(320)
Transactions with shareholders		\$ (68)	\$ —	\$ (32,291)	\$ 3,494	\$ (146,762)	\$ (175,627)	\$ (6,389)	\$ (182,016)
Balance as of December 31, 2022		\$ 11,503	\$ 1,052,959	\$ (100,828)	\$ 17,650	\$ (1,133,972)	\$ (152,688)	\$ 14,964	\$ (137,724)
Net Income (loss)		—	—	—	—	758,018	758,018	1,683	759,701
Other comprehensive income (loss)		—	—	—	—	(270)	(270)	—	(270)
Total comprehensive income (loss)		\$ —	\$ —	\$ —	\$ —	\$ 757,748	\$ 757,748	\$ 1,683	\$ 759,431
Issuance of share capital (equity placement)	16	1,555	155,233	—	—	—	156,788	—	156,788
Issuance of share capital (equity compensation)		—	—	—	6,037	(2,990)	3,047	—	3,047
Issuance of EBT shares (equity compensation)	16	—	—	9,406	(9,406)	—	—	—	—
Repurchase of shares (share buyback program)	16	(161)	—	(11,048)	161	—	(11,048)	—	(11,048)
Dividends	18	—	—	—	—	(168,041)	(168,041)	—	(168,041)
Distributions to non-controlling interest owners		—	—	—	—	—	—	(4,043)	(4,043)
Transactions with shareholders		\$ 1,394	\$ 155,233	\$ (1,642)	\$ (3,208)	\$ (171,031)	\$ (19,254)	\$ (4,043)	\$ (23,297)
Balance as of December 31, 2023		\$ 12,897	\$ 1,208,192	\$ (102,470)	\$ 14,442	\$ (547,255)	\$ 585,806	\$ 12,604	\$ 598,410

The notes on pages 147 to 194 are an integral part of the Group Financial Statements.

Consolidated Statement of Cash Flows

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Notes	Year Ended		
		December 31, 2023	December 31, 2022	December 31, 2021
Cash flows from operating activities:				
Income (loss) after taxation		\$ 759,701	\$ (620,598)	\$ (325,206)
Cash flows from operations reconciliation:				
Depreciation, depletion and amortization	7	224,546	222,257	167,644
Accretion of asset retirement obligations	19	26,926	27,569	24,396
Impairment of proved properties	10	41,616	—	—
Income tax (benefit) expense	8	240,643	(178,904)	(225,694)
(Gain) loss on fair value adjustments of unsettled financial instruments	13	(905,695)	861,457	652,465
Asset retirement costs	19	(5,961)	(4,889)	(2,879)
(Gain) loss on natural gas and oil properties and equipment	5,10,11	(24,146)	(2,379)	901
(Gain) loss on sale of equity interest	5	(18,440)	—	—
Unrealized (gain) loss on investment	5	(4,610)	—	—
Gain on bargain purchases	5	—	(4,447)	(58,072)
Finance costs	21	134,166	100,799	50,628
Revaluation of contingent consideration	24	—	—	8,963
Hedge modifications	13	26,686	(133,573)	(10,164)
Non-cash equity compensation	17	6,494	8,051	7,400
Working capital adjustments:				
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
Cash generated from operations		\$ 418,392	\$ 414,078	\$ 331,062
Cash paid for income taxes		(8,260)	(26,314)	(10,880)
Net cash provided by operating activities		\$ 410,132	\$ 387,764	\$ 320,182
Cash flows from investing activities:				
Consideration for business acquisitions, net of cash acquired	5	\$ —	\$ (24,088)	\$ (286,804)
Consideration for asset acquisitions	5	(262,329)	(264,672)	(287,330)
Proceeds from divestitures	5	95,749	—	86,224
Payments associated with potential acquisitions	15	—	—	(25,002)
Acquisition related debt and hedge extinguishments	5, 13	—	—	(56,466)
Expenditures on natural gas and oil properties and equipment	10,11	(74,252)	(86,079)	(50,175)
Proceeds on disposals of natural gas and oil properties and equipment	10,11	4,083	12,189	2,663
Deferred consideration payments		(2,620)	—	—
Contingent consideration payments	24	—	(23,807)	(10,822)
Net cash used in investing activities		\$ (239,369)	\$ (386,457)	\$ (627,712)
Cash flows from financing activities:				
Repayment of borrowings	21	\$ (1,547,912)	\$ (2,139,686)	\$ (1,432,566)
Proceeds from borrowings	21	1,537,230	2,587,554	1,727,745
Cash paid for interest	21	(116,784)	(83,958)	(42,673)
Debt issuance costs	21	(13,776)	(34,234)	(10,255)
Decrease (increase) in restricted cash	3	11,792	(36,287)	1,838
Hedge modifications associated with ABS Notes	13, 21	(6,376)	(105,316)	—
Proceeds from equity issuance, net	16	156,788	—	213,844
Principal element of lease payments	20	(12,169)	(10,211)	(7,556)
Cancellation (settlement) of warrants, net	16	—	137	(1,429)
Dividends to shareholders	18	(168,041)	(143,455)	(130,239)
Distributions to non-controlling interest owners		(4,043)	(6,389)	—
Repurchase of shares by the EBT	16	—	(22,931)	—
Repurchase of shares	16	(11,048)	(11,760)	—
Net cash provided by (used in) financing activities		\$ (174,339)	\$ (6,536)	\$ 318,709
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
Cash and cash equivalents, end of period		\$ 3,753	\$ 7,329	\$ 12,558

The notes on pages 147 to 194 are an integral part of the Group Financial Statements.

Notes to the Group Financial Statements

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

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NOTE 1 - GENERAL INFORMATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Diversified Energy Company PLC (the “Parent” or “Company”), formerly Diversified Gas & Oil PLC, and its wholly owned subsidiaries (the “Group”) is an independent energy company engaged in the production, transportation and marketing of primarily natural gas related to its synergistic U.S. onshore upstream and midstream assets. The Group’s assets are located within the Appalachian and Central basins of the U.S.

The Company was incorporated on July 31, 2014 in the United Kingdom and is registered in England and Wales under the Companies Act 2006 as a public limited company under company number 09156132. The Group’s registered office is located at 4th floor Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB, UK.

In May 2020, the Company’s shares were admitted to trading on the LSE’s Main Market for listed securities under the ticker “DEC”. In December 2023, the Company’s shares were admitted to trading on the New York Stock Exchange (“NYSE”) under the ticker “DEC.” As of December 31, 2023, the principal trading market for the Company’s ordinary shares was the LSE.

NOTE 2 - BASIS OF PREPARATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Basis of Preparation

The Group’s consolidated financial statements (the “Group Financial Statements”) have been prepared in accordance with United Kingdom adopted International Accounting Standards (“IAS”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with the provisions of the UK Companies Act 2006 as applicable to companies reporting under those standards. IFRS as adopted by the UK as applied to the Group’s financial statements differs in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group’s consolidated financial statements for the years presented. The principal accounting policies set out below have been applied consistently throughout the year and are consistent with prior year unless otherwise stated.

Unless otherwise stated, the Group Financial Statements are presented in U.S. Dollars, which is the Group’s subsidiaries’ functional currency and the currency of the primary economic environment in which the Group operates, and all values are rounded to the nearest thousand dollars except per share and per unit amounts and where otherwise indicated.

Transactions in foreign currencies are translated into U.S. Dollars at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the date of the Consolidated Statement of Financial Position. Where the Group's subsidiaries have a different functional currency, their results and financial position are translated into the presentation currency as follows:

- Assets and liabilities in the Consolidated Statement of Financial Position are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- Income and expenses in the Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are reflected within other comprehensive income in the Consolidated Statement of Comprehensive Income.

The Group Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) held at fair value through profit and loss or through other comprehensive income.

Segment Reporting

The Group is an independent owner and operator of producing natural gas and oil wells with properties located in the states of Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, Oklahoma, Texas and Louisiana. The Group's strategy is to acquire long-life producing assets, efficiently operate those assets to generate free cash flow for shareholders and then to retire assets safely and responsibly at the end of their useful life. The Group's assets consist of natural gas and oil wells, pipelines and a network of gathering lines and compression facilities which are complementary to the Group's assets.

In accordance with IFRS the Group establishes segments on the basis on which those components of the Group are evaluated regularly by the chief executive officer, DEC's chief operating decision maker ("CODM"), when deciding how to allocate resources and in assessing performance. When evaluating performance as well as when acquiring and managing assets the CODM does so in a consolidated and complementary fashion to vertically integrate and improve margins. Accordingly, when determining operating segments under IFRS 8, the Group has identified one reportable segment that produces and transports natural gas, NGLs and oil in the U.S.

Going Concern

The Group Financial Statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and the settlement of liabilities in the normal course of business. The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of this Annual Report.

The Directors closely monitor and carefully manage the Group's liquidity risk. Our financial outlook is assessed primarily through the annual business planning process, however it is also carefully monitored on a monthly basis. This process includes regular Board discussions, led by senior leadership, at which the current performance of, and outlook for, the Group are assessed. The outputs from the business planning process include a set of key performance objectives, an assessment of the Group's primary risks, the anticipated operational outlook and a set of financial forecasts that consider the sources of funding available to the Group (the "Base Plan").

The Base Plan incorporates key assumptions which underpin the business planning process. These assumptions are as follows:

- Projected operating cash flows are calculated using a production profile which is consistent with current operating results and decline rates;
- Assumes commodity prices are in line with the current forward curve which also considers basis differentials;
- Operating cost levels stay consistent with historical trends;
- The financial impact of our current hedging contracts in place for the assessment period, which represents approximately 83%, and 76% of total production volumes hedged for the years ending December 31, 2024 and 2025, respectively; and
- The scenario also includes the scheduled principal and interest payments on our current debt arrangements.

The Directors and management also consider various scenarios around the Base Plan that primarily reflect a more severe, but plausible, downside impact of the principal risks, both individually and in the aggregate, as well as the additional capital requirements that downside scenarios could place on us. These scenarios are as follows:

Scenario 1: Cyclically low gas prices for a year (Henry Hub prices of \$1.50 per MMBtu before returning to strip pricing), which have been historically observed in the market.

Scenario 2: Considered the impact of climate change by assuming a two week period of lost production in our East Texas/Louisiana region, which is susceptible to hurricanes, due to a natural disaster (assumed to occur once in each year of the assessment period).

Scenario 3: Considered the impact of climate change by assuming a two week period of lost production in our Appalachian region (assumption of lost production in 25% of the total region), which is susceptible to flooding, due to a natural disaster (assumed to occur once in each year of the assessment period).

Under these downside sensitivity scenarios, the Group continues to meet its working capital requirements, which primarily consist of derivative liabilities that, when settled, will be funded utilizing the higher commodity revenues from which the derivative liability was derived. The Group will also continue to meet the covenant requirements under its Credit Facility as well as its other existing borrowing instruments.

The Directors and management consider the impact that these principal risks could, in certain circumstances, have on the Group's prospects within the assessment period, and accordingly appraise the opportunities to actively mitigate the risk of these severe, but plausible, downside scenarios. In addition to its modelled downside going concern scenarios, the Board has stress tested the model to determine the extent of downturn which would result in a breach of covenants. Assuming similar levels of cash conversion as seen in 2023, a decline in production volume and pricing well in excess of that historically experienced by the Group would need to persist throughout the going concern period for a covenant breach to occur, which is considered very unlikely.

In addition to the scenarios above, the Directors also considered the current geopolitical environment and the inflationary pressures that are currently impacting the U.S., which are being closely monitored by the Group. Notwithstanding the modelling of specific hypothetical scenarios, the Group believes that the impact associated with these events will largely continue to be reflected in commodity markets and will extend the volatility experienced in recent months. The Group considers commodity price risk a principal risk and will continue to actively monitor and mitigate this risk through our hedging program.

Based on the above, the Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group is sufficiently funded to be able to operate as a going concern for the next twelve months from the date of approval of the Group Financial Statements.

Prior Period Reclassifications and Changes in Presentation

Reclassifications in the Consolidated Statement of Financial Position

The Group reclassified \$41,907 to "taxes payable" from "other current liabilities" in the accompanying 2022 Consolidated Statement of Financial Position to conform to current year presentation.

Reclassifications in the Consolidated Statement of Cash Flows

The Group reclassified certain amounts in its prior year Consolidated Statement of Cash Flows to conform to its current period presentation. These changes in classification do not affect net cash provided by (used in) financing activities previously reported in the Consolidated Statement of Cash Flows.

The Group reclassified \$1,022 and \$1,050 in "principal element of lease payments" to "cash paid for interest" for the years ended December 31, 2022 and 2021, respectively.

Basis of Consolidation

The Group Financial Statements for the year ended December 31, 2023 reflect the following corporate structure of the Group, and its wholly owned subsidiaries:

- Diversified Energy Company PLC (“DEC”) as well as its wholly owned subsidiaries
 - Diversified Gas & Oil Corporation
 - Diversified Production LLC
 - Diversified ABS Holdings LLC
 - Diversified ABS LLC
 - Diversified ABS Phase II Holdings LLC
 - Diversified ABS Phase II LLC
 - Diversified ABS Phase III Holdings LLC
 - Diversified ABS Phase III LLC
 - Diversified ABS III Upstream LLC
 - Diversified ABS Phase III Midstream LLC
 - Diversified ABS Phase IV Holdings LLC
 - Diversified ABS Phase IV LLC
 - Diversified ABS Phase V Holdings LLC
 - Diversified ABS Phase V LLC
 - Diversified ABS V Upstream LLC
- DP Bluegrass Holdings LLC
 - DP Bluegrass LLC
 - Chesapeake Granite Wash Trust^(a)
 - BlueStone Natural Resources II LLC
 - Sooner State Joint ABS Holdings LLC^(b)
 - Diversified ABS Phase VI Holdings LLC
 - Diversified ABS Phase VI LLC
 - Diversified ABS VI Upstream LLC
 - Oaktree ABS VI Upstream LLC
 - DP Lion Equity Holdco LLC^(c)
 - DP Lion HoldCo LLC^(c)
 - DP Vandalia Equity Holdco LLC
 - DP Vandalia Holdco LLC
 - DP RBL Co LLC
 - DP Legacy Central LLC
 - Diversified Energy Marketing LLC
 - DP Tapstone Energy Holdings LLC
 - DP Legacy Tapstone LLC
- TGG Cotton Valley Assets, LLC
 - Giant Land, LLC^(d)
 - Link Land LLC^(d)
 - Old Faithful Land LLC^(d)
 - Riverside Land LLC^(d)
 - Splendid Land LLC^(d)
 - DP Production Holdings II LLC
- Diversified Midstream LLC
 - Cranberry Pipeline Corporation
 - Coalfield Pipeline Company
 - DM Bluebonnet LLC
 - Black Bear Midstream Holdings LLC
 - Black Bear Midstream LLC
 - Black Bear Liquids LLC
 - Black Bear Liquids Marketing LLC
 - DM Pennsylvania Holdco LLC
 - DGOC Holdings Sub III LLC
 - Diversified Energy Group LLC
 - Diversified Energy Company LLC
 - Next LVL Energy, LLC

^(a) Diversified Production, LLC holds 50.8% of the issued and outstanding common shares of Chesapeake Granite Wash Trust.

^(b) Owned 51.25% by Diversified Production LLC.

^(c) Diversified Production, LLC holds 20% of the issued and outstanding equity of DP Lion Equity Holdco LLC. This entity is not consolidated within the Group's financial statements as of December 31, 2023. Refer to Note 5 for additional information.

^(d) Owned 55% by Diversified Energy Company PLC.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The preparation of the Group Financial Statements in compliance with UK-adopted international accounting standards and IFRS as issued by the IASB requires management to make estimates and exercise judgment in applying the Group's accounting policies. In preparing the Group Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are disclosed in Note 4.

Business Combinations and Asset Acquisitions

The Group performs an assessment of each acquisition to determine whether the acquisition should be accounted for as an asset acquisition or a business combination. For each transaction, the Group may elect to apply the concentration test to determine if the fair value of assets acquired is substantially concentrated in a single asset (or a group of similar assets). If this concentration test is met, the acquisition qualifies as an acquisition of a group of assets and liabilities, not of a business.

Accounting for business combinations under IFRS 3 is applied once it is determined that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues.

When less than the entire interest of an entity is acquired, the choice of measurement of the non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis.

More information regarding the judgments and conclusions reached with respect to business combinations and asset acquisitions is included in Notes 4 and 5.

Oaktree Capital Management, L.P. (“Oaktree”) Participation Agreement

In October 2020, the Group entered into a three-year definitive participation agreement with funds managed by Oaktree to jointly identify and fund future proved developed producing acquisition opportunities (“PDP acquisitions”) that the Group identified. The Oaktree Funding Commitment provided for up to \$1,000,000 in aggregate over three years for mutually agreed upon PDP acquisitions with transaction valuations typically greater than \$250,000. The Group and Oaktree each funded 50% of the net purchase price in exchange for proportionate working interests of 51.25% and 48.75% during Tranche I deals, or joint acquisitions made during the first 18 months of the agreement, and 52.5% and 47.5% during Tranche II deals, or joint acquisitions made during the second 18 months of the agreement, respectively. The Group’s greater share reflected the upfront promote it received from Oaktree which was intended to compensate the Group for the increase in general and administrative expenses needed to operate an entity that increases with acquired growth.

Additionally, upon Oaktree achieving a 10% unlevered internal rate of return, Oaktree would convey a back-end promote to the Group which would increase the Group’s working interest to 59.625% for both Tranche I and Tranche II deals. The Group also maintains the right of first offer to acquire Oaktree’s interest if and when Oaktree decides to divest. The Group and Oaktree each have the right to participate in a sale by the other party with a third-party upon comparable terms.

The Group accounts for the Oaktree Participation Agreement as a joint operation under IFRS 11, Joint Arrangements (“IFRS 11”). Accordingly, the Group includes its proportionate share of assets, liabilities, revenues and expenses within the consolidated financial statements.

The Oaktree Participation Agreement ended in October 2023. While Oaktree continues to hold the working interests it acquired, the agreement to participate in future acquisition opportunities has expired.

Inventory

Natural gas inventory is stated at the lower of cost and net realizable value, cost being determined on a weighted average cost basis. Inventory also consists of material and supplies used in connection with the Group’s maintenance, storage and handling. Inventory is stated at the lower of cost or net realizable value.

Cash and Cash Equivalents

Cash on the balance sheet comprises cash at banks. Balances held at banks, at times, exceed U.S. federally insured amounts. The Group has not experienced any losses in such accounts and the Directors believe the Group is not exposed to any significant credit risk on its cash. As of December 31, 2023 and 2022, the Group’s cash balance was \$3,753 and \$7,329, respectively.

Trade Receivables

Trade receivables are stated at the historical carrying amount, net of any provisions required. Trade receivables are due from customers throughout the natural gas and oil industry. Although dispersed among several customers, collectability is dependent on the financial condition of each individual customer as well as the general economic conditions of the industry. The Directors review the financial condition of customers prior to extending credit and generally do not require collateral to support the recoverability of the Group’s trade receivables. Any changes in the Group’s allowance for expected credit losses during the year are recognized in the Consolidated Statement of Comprehensive Income. Trade receivables also include certain receivables from third-party working interest owners as well as hedge settlement receivables. The Group consistently assesses the collectability of these receivables. As of December 31, 2023 and 2022, the Group considered a portion of these working interest receivables uncollectable and recorded an allowance for credit losses in the amount of \$16,529 and \$8,941, respectively. Refer to Note 14 for additional information.

Impairment of Financial Assets

IFRS 9 requires the application of an expected credit loss model in considering the impairment of financial assets. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognized. IFRS 9 allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

The Group applies the simplified approach to the expected credit loss model to trade receivables arising from:

- Sales of natural gas, NGLs and oil;
- Sales of gathering and transportation of third-party natural gas; and
- The provision of other services.

Borrowings

Borrowings are recognized initially at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Interest on borrowings is accrued as applicable to each class of borrowing.

Derivative Financial Instruments

Derivatives are used as part of the Group's overall strategy to mitigate risk associated with the unpredictability of cash flows due to volatility in commodity prices. Further details of the Group's exposure to these risks are detailed in Note 25. The Group has entered into financial instruments which are considered derivative contracts, such as swaps and collars, which result in net cash settlements each month and do not result in physical deliveries. The derivative contracts are initially recognized at fair value at the date the contract is entered into and remeasured to fair value every balance sheet date. The resulting gain or loss is recognized in the Consolidated Statement of Comprehensive Income in the year incurred in the gain (loss) on derivative financial instruments line item.

Restricted Cash

Cash held on deposit for bonding purposes is classified as restricted cash and recorded within current and non-current assets. The cash (1) is restricted in use by state governmental agencies to be utilized and drawn upon if the operator should abandon any wells, or (2) is being held as collateral by the Group's surety bond providers.

Additionally, the Group is required to maintain certain reserves for interest payments related to its asset-backed securitizations discussed in Note 21. These reserves approximate six to seven months of interest as well as any associated fees. The Group classifies restricted cash as current or non-current based on the classification of the associated asset or liability to which the restriction relates. This reserve cash is managed and held by an indenture trustee who monitors the reserve month to month ensuring the proper quantum is maintained. This trustee is independent, and the conditions of the deposit prevent the Group from accessing it on demand such that it no longer meets the definition of cash and cash equivalents.

	December 31, 2023	December 31, 2022
Cash restricted by asset-backed securitizations	\$ 35,870	\$ 54,552
Other restricted cash	382	836
Total restricted cash	\$ 36,252	\$ 55,388
Classified as:		
Current asset	\$ 11,195	\$ 7,891
Non-current asset	25,057	47,497
Total	\$ 36,252	\$ 55,388

Natural Gas and Oil Properties

Natural gas and oil activities are accounted for using the principles of the successful efforts method of accounting as described below.

DEVELOPMENT AND ACQUISITION COSTS

Costs incurred to purchase, lease, or otherwise acquire a property are capitalized when incurred. Expenditures related to the construction, installation or completion of infrastructure facilities, such as platforms, and the drilling of development wells, including delineation wells, are capitalized within natural gas and oil properties. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of the asset retirement obligation.

DEPLETION

Proved natural gas, oil and NGL reserve volumes are used as the basis to calculate unit-of-production depletion rates. Leasehold costs are depleted on the unit-of-production basis over the total proved reserves of the relevant area while production and development wells are depleted over proved producing reserves.

Intangible Assets

SOFTWARE DEVELOPMENT

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- The Directors intend to complete the software and use or sell it;
- There is an ability to use the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include cost incurred by third parties, employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Costs associated with maintaining software programs are recognized as an expense as incurred.

IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

AMORTIZATION

The Group amortizes intangible assets with a limited useful life, using the straight-line method over the following periods:

	Range in Years
Software	3 - 5
Other acquired intangibles ^(a)	3

^(a) Represents intangible assets acquired in business combinations and asset acquisitions.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Directors.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

	Range in Years
Buildings and leasehold improvements	10 - 40
Equipment	5 - 10
Motor vehicles	5
Midstream assets	10 - 15
Other property and equipment	5 - 10

Property, plant and equipment held under leases are depreciated over the shorter of the lease term or estimated useful life.

Impairment of Non-Financial Assets

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash generating unit's, fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the Directors consider the asset impaired and write the asset down to its recoverable amount. In assessing value-in-use, the Directors discount the estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the Directors consider recent market transactions, if available. If no such transactions can be identified, the Directors will utilize an appropriate valuation model.

Non-Controlling Interests

Non-controlling interests represent the equity in subsidiaries that is not attributable to the Group's shareholders. The acquisition of a non-controlling interest in a subsidiary and the sale of an interest while retaining control are accounted for as transactions within equity and are reported within non-controlling interests in the consolidated financial statements.

During the years ended December 31, 2023, 2022 and 2021, the Group recorded \$1,683, \$4,812 and \$303, respectively, of net income attributable to non-controlling interests. As of December 31, 2023 and 2022, the Group had a non-controlling interests balance of \$12,604 and \$14,964, respectively. During the years ended December 31, 2023, 2022 and 2021, the Group paid \$4,043, \$6,389 and \$0, respectively, in distributions to non-controlling interest owners.

Refer to Note 5 for information regarding the Group's non-controlling interests in the Chesapeake Granite Wash Trust ("the GWT"), acquired in connection with the Tapstone Acquisition in December 2021.

Leases

The Group recognizes a right-of-use asset and a lease liability at the commencement date of contracts (or separate components of a contract) which convey to the Group the right to control the use of an identified asset for a period of time in exchange for consideration, when such contracts meet the definition of a lease as determined by IFRS 16, Leases ("IFRS 16"). The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date.

The Group initially measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease. When this rate can not be readily determined, the Group uses its incremental borrowing rate. After the commencement date, the lease liability is reduced for payments made by the lessee and increased for interest on the lease liability.

Right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease unless those costs are incurred to produce inventories.

Subsequent to the measurement date, the right-of-use asset is depreciated on a straight line basis for a period of time that reflects the life of the underlying asset, and also adjusted for the remeasurement of any lease liability.

Asset Retirement Obligations

Where a liability for the retirement of a well, removal of production equipment and site restoration at the end of the production life of a well exists, the Group recognizes a liability for asset retirement. The amount recognized is the present value of estimated future net expenditures determined in accordance with our anticipated retirement plans as well as with local conditions and requirements. The unwinding of the discount on the decommissioning liability is included as accretion of the decommissioning provision. The cost of the relevant property, plant and equipment asset is increased with an amount equivalent to the liability and depreciated on a unit of production basis. The Group recognizes changes in estimates prospectively, with corresponding adjustments to the liability and the associated non-current asset.

As of December 31, 2023 and 2022, the Group had no midstream asset retirement obligations.

Taxation

DEFERRED TAXATION

Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Group Financial Statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

CURRENT TAXATION

Current income tax assets and liabilities for the years ended December 31, 2023 and 2022 were measured at the amount to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

UNCERTAIN TAX POSITIONS

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount, or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Revenue Recognition

NATURAL GAS, NGLs AND OIL

Commodity revenue is derived from sales of natural gas, NGLs and oil products and is recognized when the customer obtains control of the commodity. This transfer generally occurs when the product is physically transferred into a vessel, pipe, sales meter or other delivery mechanism. This also represents the point at which the Group carries out its single performance obligation to its customer under contracts for the sale of natural gas, NGLs and oil for the purposes of IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

Commodity revenue in which the Group has an interest with other producers is recognized proportionately based on the Group's working interest and the terms of the relevant production sharing contracts. Royalty payments or counterparty distributions, representing the portion of revenue that is due to minority working interests, is included as a liability, described in Note 23.

Commodity revenue is recorded based on the volumes accepted each day by customers at the delivery point and is measured using the respective market price index for the applicable commodity plus or minus the applicable basis differential based on the quality of the product.

THIRD-PARTY GATHERING REVENUE

Revenue from gathering and transportation of third-party natural gas is recognized when the customer transfers its natural gas to the entry point in the Group's midstream network and becomes entitled to withdraw an equivalent volume of natural gas from the exit point in the Group's midstream network under contracts for the gathering and transportation of natural gas. This transfer generally occurs when product is physically transferred into the Group's vessel, pipe, or sales meter. The customer's entitlement to withdraw an equivalent volume of natural gas is broadly coterminous with the transfer of natural gas into the Group's midstream network. Customers are invoiced and revenue is recognized each month based on the volume of natural gas transported at a contractually agreed upon price per unit.

THIRD-PARTY PLUGGING REVENUE

Revenue from third-party asset retirement services is recognized as earned in the month work is performed and consistent with the Group's contractual obligations. The Group's contractual obligations in this respect are considered to be its performance obligations for the purposes of IFRS 15.

OTHER REVENUE

Revenue from the operation of third-party wells is recognized as earned in the month work is performed and consistent with the Group's contractual obligations. The Group's contractual obligations in this respect are considered to be its performance obligations for the purposes of IFRS 15.

Revenue from the sale of water disposal services to third-parties into the Group's disposal wells is recognized as earned in the month the water was physically disposed at a contractually agreed upon price per unit. Disposal of the water is considered to be the Group's performance obligation under these contracts.

Revenue is stated after deducting sales taxes, excise duties and similar levies.

Share-Based Payments

The Group accounts for share-based payments under IFRS 2, Share-Based Payment ("IFRS 2"). All of the Group's share-based awards are equity settled. The fair value of the awards are determined at the date of grant. As of December 31, 2023, 2022 and 2021, the Group had three types of share-based payment awards: RSUs, PSUs and Options. The fair value of the Group's RSUs is measured using the stock price at the grant date. The fair value of the Group's PSUs is measured using a Monte Carlo simulation model. The inputs to the Monte Carlo simulation model included:

- The share price at the date of grant;
- Expected volatility;
- Expected dividends;
- Risk free rate of interest; and
- Patterns of exercise of the plan participants.

The fair value of the Group's Options was calculated using the Black-Scholes model as of the grant date. The inputs to the Black-Scholes model included:

- The share price at the date of grant;
- Exercise price;
- Expected volatility; and
- Risk-free rate of interest.

The grant date fair value of share-based awards, adjusted for market-based performance conditions, are expensed uniformly over the vesting period.

New or Amended Accounting Standards - Adopted

The following accounting standards, amendments and interpretations became effective in the current year:

- Disclosure of Accounting Policies: IAS 1 and IFRS Practice Statement 2
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction: Amendments to IAS 12

The application of these standards and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in the Group Financial Statements.

New or Amended Accounting Standards - Not Yet Adopted

At the date of authorization of the Group Financial Statements, the following standards and interpretations, which have not been applied in the Group Financial Statements, were in issue but not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. None of these standards are expected to have a significant impact on the Group.

Amendments to IFRS**Effective Date**

Classification of Liabilities as Current or Non-Current and
Non-Current Liabilities with Covenants

Annual periods beginning on or after January 1, 2024

NOTE 4 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

In application of the Group's accounting policies, described in Note 3, the Directors have made the following judgments and estimates which may have a significant effect on the amounts recognized in the Group Financial Statements.

Significant Judgments**BUSINESS COMBINATIONS AND ASSET ACQUISITIONS**

The Group follows the guidance in IFRS 3, Business Combinations ("IFRS 3") for determining the appropriate accounting treatment for acquisitions. IFRS 3 permits an initial fair value assessment to determine if substantially all of the fair value of the assets acquired is concentrated in a single asset or group of similar assets, the "concentration test". If the initial screening test is not met, the asset is considered a business based on whether there are inputs and substantive processes in place. Based on the results of this analysis and conclusion on an acquisition's classification of a business combination or an asset acquisition, the accounting treatment is derived.

If the acquisition is deemed to be a business, the acquisition method of accounting is applied. Identifiable assets acquired and liabilities assumed at the acquisition date are recorded at fair value. When the fair value exceeds the consideration transferred, a bargain purchase gain is recognized. Conversely, when the consideration transferred exceeds the fair value, goodwill is recorded. If the transaction is deemed to be an asset purchase, the cost accumulation and allocation model is used whereby the assets and liabilities are recorded based on the purchase price and allocated to the individual assets and liabilities based on relative fair values. As a result, gain on bargain purchases are not recognized on asset acquisitions. Additionally, in instances when the acquisition of a group of assets contains contingent consideration, the Group records changes in the fair value of the contingent consideration through the basis of the asset acquired rather than through the Consolidated Statement of Comprehensive Income. More information regarding conclusions reached with respect to this judgment is included in Note 5.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various market participant assumptions and valuation methodologies requiring considerable judgment by management. The most significant variables in these valuations are discount rates and other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets, specific risks, industry beta and capital structure of guideline companies. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Significant Estimates**ESTIMATING THE FAIR VALUE OF ACQUIRED NATURAL GAS AND OIL PROPERTIES**

The Group determines the fair value of its natural gas and oil properties acquired in business combinations using the income approach based on expected discounted future cash flows from estimated reserve quantities, costs to produce and develop reserves, and natural gas and oil forward prices. The future net cash flows are discounted using a weighted average cost of capital as well as any additional risk factors. Proved reserves are estimated by reference to available geological and engineering data and only include volumes for which access to market is assured with reasonable certainty. Estimates of proved reserves are inherently imprecise, require the application of judgment and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans.

IMPAIRMENT OF NATURAL GAS AND OIL PROPERTIES

In preparing the Group Financial Statements the Directors consider that a key judgment is whether there is any evidence that the natural gas and oil properties are impaired. When making this assessment, producing assets are reviewed for indicators of impairment at the balance sheet date. Indicators of impairment for the Group's producing assets can include significant or prolonged:

- Decreases in commodity pricing or other negative changes in market conditions;
- Downward revisions of reserve estimates; or
- Increases in operating costs.

The Group reviews the carrying value of its natural gas and oil properties on a field basis annually or when an indicator of impairment is identified. The impairment test compares the carrying value of natural gas and oil properties to their recoverable amount based on the present value of estimated future net cash flows from the proved natural gas and oil reserves. The future cash flows are calculated using estimated reserve quantities, costs to produce and develop reserves, and natural gas and oil

forward prices. The fair value of proved reserves is estimated by reference to available geological and engineering data and only includes volumes for which access to market is assured with reasonable certainty. When the carrying value is in excess of the fair value, the Group recognizes an impairment by writing down the value of its natural gas and oil properties to their fair value. During the year ended December 31, 2023, the Group determined that the carrying amounts of certain proved properties for two fields were not recoverable from future cash flows and recognized an impairment charge of \$41,616.

The Group assessed the sensitivity of the impairment analysis and noted the primary assumptions include pricing and the selected discount rate. The Group performed the sensitivity analysis below under different scenarios considering the results of the Group's impairment assessment by field under the following scenarios: 1) a high and low pricing environment, using historically observed average annual high and low prices for natural gas and oil over the last 10 years; and 2) a high and low selected discount rate, using rates that the Group has observed in completed acquisitions over the last three years. These changes in assumptions could have the following impact on the Group's impairment analysis as of December 31, 2023:

Impact from Pricing	Scenario 1 ^(a)	Scenario 2 ^(b)
Headroom/(impairment)	\$ (473,510)	\$ 7,532,007

^(a) Scenario 1 includes commodity base prices of \$2.04 and \$39.23 for natural gas and oil, respectively, representing the lowest annual average over the last 10 years. Under this scenario, 4 fields are impaired for a total impairment charge of \$473,510.

^(b) Scenario 2 includes commodity base prices of \$6.42 and \$94.79 for natural gas and oil, respectively, representing the highest annual average over the last 10 years. Under this scenario, no fields are impaired.

Impact from Discount Rate	Scenario 1 ^(a)	Scenario 2 ^(b)
Headroom/(impairment)	\$ 1,253,634	\$ 627,047

^(a) Scenario 1 represents the Group's reserves at a discount rate of 9.5%, which represents the lowest rate used by the Group in an acquisition over the past 3 years. Under this scenario, 1 field is impaired for a total impairment charge of \$7,265.

^(b) Scenario 2 represents the Group's reserves at a discount rate of 13.5%, which represents the highest rate used by the Group in an acquisition over the past 3 years. Under this scenario, 2 fields are impaired for a total impairment charge of \$134,459.

No such impairments were recorded during the years ended December 31, 2022 and 2021. Refer to Note 10 for additional information regarding the Group's impairment assessment.

Where there has been a charge for impairment in an earlier period, that charge will be reversed in a later period when there has been a change in circumstances to the extent that the recoverable amount is higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognized in prior years. No such recoveries were recorded during the years ended December 31, 2023, 2022, and 2021. Please refer to Note 10 for additional information.

When applicable, the Group recognizes impairment losses in the Consolidated Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

RESERVE VOLUME ESTIMATES

Proved reserves are the estimated volumes of natural gas, oil and NGLs that can be economically produced with reasonable certainty from known reservoirs under existing economic conditions and operating methods.

In estimating proved natural gas and oil reserves, we rely on interpretations and judgment of available geological, geophysical, engineering and production data as well as the use of certain economic assumptions such as commodity pricing. Additional assumptions include operating expenses, capital expenditures and taxes. Many of the factors, assumptions and variables involved in estimating proved reserves are subject to change over time and therefore affect the estimates of natural gas, oil and NGL reserve volumes.

TAXATION

The Group makes certain estimates in calculating deferred tax assets and liabilities, as well as income tax expense. These estimates often involve judgment regarding differences in the timing and recognition of revenue and expenses for tax and financial reporting purposes as well as the tax basis of our assets and liabilities at the balance sheet date before tax returns are completed. Additionally, the Group must assess the likelihood that it will be able to recover or utilize its deferred tax assets and record a valuation allowance against deferred tax assets when all or a portion of that asset is not expected to be realized. In evaluating whether a valuation allowance should be applied, the Group considers evidence such as future taxable income, among other factors. This determination involves numerous judgments and assumptions and includes estimating factors such as commodity prices, production and other operating conditions. If any of those factors, assumptions or judgments change, the deferred tax asset could change and, in particular, decrease in a period where the Group determines it is more likely than not that the asset will not be realized. Alternatively, a valuation allowance may be reversed where it is determined it is more likely than not that the asset will be realized.

ASSET RETIREMENT OBLIGATION COSTS

The ultimate asset retirement obligation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites.

The expected timing and amount of expenditures can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, significant estimates and assumptions are made in determining the provision for asset retirement. These assumptions include the cost to retire the wells, the Group's retirement plan, an assumed inflation rate and the discount rate. Changes in assumptions related to the Group's asset retirement obligations could result in a material change in the carrying value within the next financial year. See Note 19 for more information and sensitivity analysis.

NOTE 5 - ACQUISITIONS AND DIVESTITURES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The assets acquired in all acquisitions include the necessary permits, rights to production, royalties, assignments, contracts and agreements that support the production from wells and operation of pipelines. The Group determines the accounting treatment of acquisitions using IFRS 3.

As part of the Group's corporate strategy, it actively seeks to acquire assets when they meet the Group's acquisition criteria of being long-life, low-decline assets that strategically complement the Group's existing portfolio.

2023 Acquisitions

TANOS ENERGY HOLDINGS II LLC ("TANOS II") ASSET ACQUISITION

On March 1, 2023 the Group acquired certain upstream assets and related infrastructure in the Central Region from Tanos II. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$262,329, inclusive of transaction costs of \$936 and customary purchase price adjustments. The Group funded the purchase with proceeds from the February 2023 equity raise, cash on hand and existing availability on the Credit Facility for which the borrowing base was upsized concurrent to the closing of the Tanos II transaction. Refer to Notes 16 and 21 for additional information regarding the Group's share capital and borrowings. In the period from its acquisition to December 31, 2023 the Tanos II assets increased the Group's revenue by \$45,589.

The assets and liabilities assumed were as follows:

Consideration paid	
Cash consideration	\$ 262,329
Total consideration	\$ 262,329
Net assets acquired	
Natural gas and oil properties	\$ 263,056
Asset retirement obligations, asset portion	3,250
Property, plant and equipment	234
Derivative financial instruments, net	7,449
Other receivables	1,729
Asset retirement obligations, liability portion	(3,250)
Other current liabilities	(10,139)
Net assets acquired	\$ 262,329

2023 Divestitures

SALE OF EQUITY INTEREST IN DP LION EQUITY HOLDCO LLC

In November 2023, the Group formed DP Lion Equity Holdco LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue Class A and Class B asset-backed securities (collectively "ABS VII") which are secured by certain upstream producing assets in Appalachia. The Class A and B asset backed securities were issued in aggregate principal amounts of \$142,000 and \$20,000, respectively.

In December 2023, the Group divested 80% of the equity ownership in DP Lion Equity Holdco LLC to outside investors, generating cash proceeds of \$30,000. The Group evaluated the remaining 20% interest in DP Lion Equity Holdco LLC and determined that the governance structure is such that the Group does not have the ability to exercise control, joint control, or significant influence over the DP Lion Equity Holdco LLC entity. Accordingly, this entity is not consolidated within the Group's financial statements as of December 31, 2023. The total assets and liabilities divested are no longer consolidated within the Group's financial statements and were as follows:

Consideration received

Cash consideration	\$	(30,000)
Total consideration	\$	(30,000)
Net assets divested		
Natural gas and oil properties	\$	(142,891)
Restricted cash		(7,345)
Derivative financial instruments, net		(20,328)
Other assets		(8,140)
Borrowings		154,966
Other liabilities		9,288
Net assets divested	\$	(14,450)
Cost basis of investment retained		2,890
Gain on sale of equity interest	\$	(18,440)

The consideration exceeded the fair value of the Group's portion of the assets and liabilities divested resulting in a gain on sale of the equity interest of \$18,440. The Group's remaining investment in the LLC is accounted for as an equity instrument at fair value in accordance with IFRS 9, Financial Instruments ("IFRS 9") and was \$7,500 at December 31, 2023, which generated an unrealized gain of \$4,610.

On July 17, 2023, the Group sold undeveloped acreage in Oklahoma, within the Group's Central Region, for net consideration of approximately \$16,060. The consideration received exceeded the fair value of the net assets divested resulting in a gain on natural gas and oil properties and equipment of \$13,619.

On June 27, 2023, the Group sold certain non-core, non-operated assets within its Central Region for gross consideration of approximately \$37,589. The divested assets were located in Texas and Oklahoma and consisted of non-operated wells and the associated leasehold acreage that was acquired as part of the ConocoPhillips Asset Acquisition in September 2022. This sale of non-operated and non-core assets aligns with the Group's application of the Smarter Asset Management strategy and its strategic focus on operated proved developed producing assets.

Additionally, during the year ended December 31, 2023, the Group divested certain other non-core undeveloped acreage across its operating footprint for consideration of approximately \$12,100. The consideration received exceeded the fair value of the net assets divested resulting in a gain on natural gas and oil properties and equipment of \$10,547.

2022 Acquisitions**CONOCOPHILLIPS ASSET ACQUISITION**

On September 27, 2022 the Group acquired certain upstream assets and related facilities within the Central Region from ConocoPhillips. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$209,766, including customary purchase price adjustments. Transaction costs associated with the acquisition were negligible. The Group funded the purchase with available cash on hand and a draw on the Credit Facility. In the period from its acquisition to December 31, 2022 the ConocoPhillips assets increased the Group's revenue by \$25,217.

EAST TEXAS ASSET ACQUISITION

On April 25, 2022, the Group acquired a proportionate 52.5% working interest in certain upstream assets and related facilities within the Central Region from a private seller in conjunction with Oaktree, via the previously disclosed participation agreement between the two parties. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination. When making this determination, the Group performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$47,468, including customary purchase price adjustments. Transaction costs associated with the acquisition were \$1,550. The Group funded the purchase with available cash on hand and a draw on the Credit Facility.

OTHER ACQUISITIONS

During the period ended December 31, 2022 the Group acquired three asset retirement companies for an aggregate consideration of \$13,949, inclusive of customary purchase price adjustments. The Group will also pay an additional \$3,150 in deferred consideration through November 2024. During the year ended December 31, 2023, the Group paid \$2,100 of the deferred consideration. When evaluating these transactions, the Group determined they did not have significant asset concentrations and as a result it had acquired identifiable sets of inputs, processes and outputs and concluded the transactions were business combinations.

On April 1, 2022 the Group acquired certain midstream assets, inclusive of a processing facility, in the Central Region that are contiguous to its existing East Texas assets. The Group paid purchase consideration of \$10,139, inclusive of customary purchase price adjustments and transaction costs. When evaluating the transaction, the Group determined it did not have

significant asset concentration and as a result it had acquired an identifiable set of inputs, processes and outputs and accordingly concluded the transaction was a business combination. The fair value of the net assets acquired was \$10,742 generating a bargain purchase gain of \$603.

On November 21, 2022 the Group acquired certain midstream assets in the Central Region that are contiguous to its existing East Texas assets. The Group paid purchase consideration of \$7,438, inclusive of customary purchase price adjustments and transaction costs. Given the concentration of assets, this transaction was considered an asset acquisition rather than a business combination.

Transaction costs associated with the other acquisitions noted above were insignificant and the Group funded the aggregate cash consideration with existing cash on hand.

2021 Acquisitions

TAPSTONE ENERGY HOLDINGS LLC (“TAPSTONE”) BUSINESS COMBINATION

On December 7, 2021, the Group acquired a proportionate 51.25% working interest in certain upstream assets, field infrastructure, equipment, and facilities within the Central Region from Tapstone in conjunction with Oaktree, via the previously disclosed participation agreement between the two parties. The acquisition also included six wells which were under development at the time of close which have now been completed by the Group. The Group serves as the sole operator of the assets. When evaluating the transaction, the Group determined it did not have significant asset concentration and as a result it had acquired an identifiable set of inputs, processes and outputs and concluded the transaction was a business combination that resulted in a bargain purchase gain. The Group paid purchase consideration of \$177,496, inclusive customary purchase price adjustments. During 2022, the Group recorded \$3,853 in measurement period adjustments as purchase accounting was finalized. These adjustments were recorded as an increase in the bargain purchase gain associated with the transaction. Transaction costs associated with the acquisition were \$4,039 and were expensed. The Group funded the purchase with proceeds from the Credit Facility.

In connection with the acquisition the Group also acquired the beneficial ownership in the Chesapeake Granite Wash Trust (“the GWT”). The Group consolidated the GWT as it had determined that it controls the GWT because it (1) possesses power over the GWT, (2) has exposure to variable returns from its involvement with the GWT, and (3) has the ability to use its power over the GWT to affect its returns. The elements of control are achieved through the Group operating a majority of the natural gas and oil properties that are subject to the conveyed royalty interests, marketing of the associated production, and through its ownership of 50.8% of the outstanding common units of the GWT. The common units of the GWT owned by third parties have been reflected as a non-controlling interest in the consolidated financial statements. Common units outstanding as of December 7, 2021 were 46,750 with the Group’s beneficial interests in the GWT representing 50.8%. The GWT is publicly traded and the GWT’s market capitalization was utilized when determining the value of the non-controlling interests.

The GWT’s non-controlling interest is heavily concentrated in the acquired Tapstone natural gas and oil properties and as a result the Group consolidated \$16,087 into its natural gas and oil properties associated with this non-controlling interest as of December 31, 2021. The remaining amounts in the Group’s Consolidated Statement of Financial Position associated with non-controlling interest were immaterial and working capital in nature.

TANOS ENERGY HOLDINGS III, LLC (“TANOS”) BUSINESS COMBINATION

On August 18, 2021, the Group acquired a 51.25% working interest in certain upstream assets, field infrastructure, equipment and facilities within the Central Region from Tanos, in conjunction with Oaktree, via the previously disclosed participation agreement between the two parties. When evaluating the transaction, the Group determined it did not have significant asset concentration and as a result it had acquired an identifiable set of inputs, processes and outputs and concluded the transaction was a business combination. The Group paid purchase consideration of \$116,061, including customary purchase price adjustments. Transaction costs associated with the acquisition were \$2,384 and were expensed. DEC funded the purchase with proceeds from a drawdown on the Credit Facility. During 2022 purchase accounting was finalized and no measurement period adjustments were recorded.

As part of the acquisition, the Group obtained the option to novate or extinguish the Tanos hedge book. In conjunction with the closing settlement, the Group elected to extinguish their share of the Tanos hedge book. The cost to terminate was \$52,666. This payment relieved the termination liability established in the Group’s Consolidated Statement of Financial Position in purchase accounting and has been presented as an investing activity in the Consolidated Statement of Cash Flows given its connection to the Tanos acquisition. New contracts were subsequently entered into for more favorable pricing in order to secure the cash flows associated with these producing assets.

BLACKBEARD OPERATING LLC (“BLACKBEARD”) ASSET ACQUISITION

On July 5, 2021, the Group acquired certain upstream assets and related gathering infrastructure in the Central Region from Blackbeard. Given the concentration of assets this transaction was considered an asset acquisition rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$170,523, including customary purchase price adjustments and transaction costs. Transaction costs associated with the acquisition were \$3,644 and were capitalized to natural gas and oil properties. The Group funded the purchase with proceeds from the May 2021 equity placement and a draw on the Credit Facility, discussed in Notes 16 and 21, respectively. During 2022 purchase accounting was finalized and no measurement period adjustments were recorded.

INDIGO ASSET ACQUISITION

On May 19, 2021, the Group acquired certain upstream assets and related gathering infrastructure in the Central Region from Indigo. Given the concentration of assets this transaction was considered an acquisition of assets rather than a business combination. When making this determination management performed an asset concentration test considering the fair value of the acquired assets. The Group paid purchase consideration of \$117,352, including customary purchase price adjustments and transaction costs. Transaction costs associated with the acquisition were \$473 and were capitalized to natural gas and oil properties. The Group funded the purchase with proceeds from the May 2021 equity placement and a draw on the Credit Facility, discussed in Notes 16 and 21, respectively. During 2022 purchase accounting was finalized and no measurement period adjustments were recorded.

2021 Divestitures

INDIGO MINERALS LLC (“INDIGO”) DIVESTITURE

On July 9, 2021, the Group divested to Oaktree a non-operating 48.75% proportionate working interest in the Indigo assets that were previously acquired (as disclosed above) by the Group on May 19, 2021. The initial consideration received was \$52,314, or 50% of the Group’s net purchase price on the Indigo assets which is consistent with the terms of the previously disclosed participation agreement between the Group and Oaktree. The Group used the proceeds to reduce outstanding balances on the Credit Facility.

In connection with the divestiture, the Group entered into a swap contract with Oaktree where the Group received a market price and paid a fixed weighted average swap price of \$2.86 per Mcfe. When considering the fair value of the swap arrangement as well as the value of the upfront promote received from Oaktree at the date of close the Group realized a loss of \$1,461 on the divestiture.

OTHER DIVESTITURES

On December 23, 2021, the Group divested certain predominantly undeveloped Haynesville Shale acreage in Texas, acquired as part of the Tanos acquisition. The total consideration received was \$66,168 with DEC’s 51.25% interest through joint ownership with Oaktree generating net proceeds of \$33,911 to DEC inclusive of customary purchase price adjustments.

Subsequent Event

On March 19, 2024 the Group announced it entered into a conditional agreement to acquire Oaktree’s proportionate interest in the previously announced Indigo, Tanos III, East Texas and Tapstone acquisitions for an estimated gross purchase price of \$410,000 before customary purchase price adjustments. The transaction is expected to be funded through a combination of existing and expanded liquidity, the assumption of Oaktree’s proportionate debt of approximately \$120,000 associated with the ABS VI amortizing note and approximately \$90,000 in deferred cash payments to Oaktree. Additional liquidity for the transaction may be generated from non-core asset sales and the potential issuance of a private placement preferred instrument.

The Acquisition is classed as a class 1 transaction under the Listing Rules of the Financial Conduct Authority (“FCA”) and accordingly it is conditional, amongst other things, on the approval of Diversified’s shareholders, by ordinary resolution, at a general meeting of the Company.

NOTE 6 - REVENUE

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group extracts and sells natural gas, NGLs and oil to various customers as well as operating a majority of these natural gas and oil wells for customers and other working interest owners. In addition, the Group provides gathering and transportation services as well as asset retirement and other services to third parties. All revenue was generated in the U.S.

The following table reconciles the Group’s revenue for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Natural gas	\$ 557,167	\$ 1,544,658	\$ 818,726
NGLs	141,321	188,733	115,747
Oil	103,911	139,620	38,634
Total commodity revenue	\$ 802,399	\$ 1,873,011	\$ 973,107
Midstream	30,565	32,798	31,988
Other ^(a)	35,299	13,540	2,466
Total revenue	\$ 868,263	\$ 1,919,349	\$ 1,007,561

^(a) Includes \$28,360 in third party plugging revenue and \$6,939 in other revenue. Refer to Note 3 for additional information.

A significant portion of the Group's trade receivables represent receivables related to either sales of natural gas, NGLs and oil or operational services, all of which are uncollateralized, and are collected within 30 - 60 days.

During the year ended December 31, 2023, no customers individually comprised more than 10% of total revenues.

During the year ended December 31, 2022, no customers individually comprised more than 10% of total revenues.

During the year ended December 31, 2021, two customers individually comprised more than 10% of total revenues, representing 22% of total revenues.

NOTE 7 - EXPENSES BY NATURE

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following table provides detail of the Group's expenses for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
LOE ^(a)	\$ 213,078	\$ 182,817	\$ 119,594
Production taxes ^(b)	61,474	73,849	30,518
Midstream operating expenses ^(c)	69,792	71,154	60,481
Transportation expenses ^(d)	96,218	118,073	80,620
Total operating expenses	\$ 440,562	\$ 445,893	\$ 291,213
Depreciation and amortization	56,453	51,877	44,841
Depletion	168,093	170,380	122,803
Total depreciation, depletion and amortization	\$ 224,546	\$ 222,257	\$ 167,644
Employees, administrative costs and professional services ^(e)	78,659	77,172	56,812
Costs associated with acquisitions ^(f)	16,775	15,545	27,743
Other adjusting costs ^(g)	17,794	69,967	10,371
Non-cash equity compensation ^(h)	6,494	8,051	7,400
Total G&A	\$ 119,722	\$ 170,735	\$ 102,326
Recurring allowance for credit losses ⁽ⁱ⁾	8,478	—	(4,265)
Total expenses	\$ 793,308	\$ 838,885	\$ 556,918
Aggregate remuneration (including Directors):			
Wages and salaries	\$ 124,834	\$ 113,267	\$ 83,790
Payroll taxes	10,163	9,516	7,137
Benefits	31,912	23,828	19,083
Total employees and benefits expense	\$ 166,909	\$ 146,611	\$ 110,010

^(a) LOE includes costs incurred to maintain producing properties. Such costs include direct and contract labor, repairs and maintenance, water hauling, compression, automobile, insurance, and materials and supplies expenses.

^(b) Production taxes include severance and property taxes. Severance taxes are generally paid on produced natural gas, NGLs and oil production at fixed rates established by federal, state or local taxing authorities. Property taxes are generally based on the taxing jurisdictions' valuation of the Group's natural gas and oil properties and midstream assets.

^(c) Midstream operating expenses are daily costs incurred to operate the Group's owned midstream assets inclusive of employee and benefit expenses.

^(d) Transportation expenses are daily costs incurred from third-party systems to gather, process and transport the Group's natural gas, NGLs and oil.

^(e) Employees, administrative costs and professional services includes payroll and benefits for our administrative and corporate staff, costs of maintaining administrative and corporate offices, costs of managing our production operations, franchise taxes, public company costs, fees for audit and other professional services and legal compliance.

^(f) The Group generally incurs costs related to the integration of acquisitions, which will vary for each acquisition. For acquisitions considered to be a business combination, these costs include transaction costs directly associated with a successful acquisition transaction. These costs also include costs associated with transition service arrangements where the Group pays the seller of the acquired entity a fee to handle G&A functions until the Group has fully integrated the assets onto its systems. In addition, these costs include costs related to integrating IT systems and consulting as well as internal workforce costs directly related to integrating acquisitions into the Group's system.

^(g) Other adjusting costs for the year ended December 31, 2023 were primarily associated with legal and professional fees related to the U.S. listing, legal fees for certain litigation, and expenses associated with unused firm transportation agreements. Other adjusting costs for the year ended December 31, 2022 primarily consisted of \$28,345 in contract terminations which will allow the Group to obtain more favorable pricing in the future and \$31,099 in costs associated with deal breakage and/or sourcing costs for acquisitions. Other adjusting costs for the year ended December 31, 2021 were primarily associated with one-time projects and contemplated transactions. Also included in other adjusting costs were expenses associated with unused firm transportation agreements.

^(h) Non-cash equity compensation reflects the expense recognition related to share-based compensation provided to certain key members of the management team. Refer to Note 17 for additional information regarding non-cash share-based compensation.

⁽ⁱ⁾ Allowance for credit losses consists of the recognition and reversal of credit losses. Refer to Note 14 for additional information regarding credit losses.

The number of employees was as follows for the years presented (employee count not shown in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Number of production support employees, including Directors	389	362	283
Number of production employees	1,214	1,220	1,143
Workforce	1,603	1,582	1,426

The Directors consider that the Group's key management personnel comprise the Executive Directors. Bradley G. Gray is included in the Executive Director remuneration below. Mr. Gray was a Director until September 15, 2023, but is no longer a Director as of the date of this Annual Report. The fixed pay figures included in the table represent Mr. Gray's prorated compensation for the year ended December 31, 2023. The Directors' remuneration was as follows for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Executive Directors			
Salary	\$ 1,073	\$ 1,157	\$ 1,119
Taxable benefits ^(a)	20	24	22
Benefit plan ^(b)	46	73	71
Bonus ^(c)	1,130	1,631	1,427
Long-term incentives ^(c)	2,322	3,193	3,018
Total Executive Directors' remuneration	\$ 4,591	\$ 6,078	\$ 5,657
Non-Executive Directors			
Fees	\$ 994	\$ 911	\$ 683
Total Non-Executive Directors' remuneration	\$ 994	\$ 911	\$ 683
Total remuneration	\$ 5,585	\$ 6,989	\$ 6,340

^(a) Taxable benefits were comprised of life insurance premiums and automobile reimbursements.

^(b) Reflects matching contributions under the Group's 401(k) plan.

^(c) Further details of the bonus outcome for 2023 and long-term incentives can be found in the [Remuneration Committee's Report](#) within this Annual Report.

Details of the highest paid Director's aggregate emoluments and amounts receivable under long-term incentive schemes are disclosed in the [Remuneration Committee's Report](#) within this Annual Report.

Auditors' remuneration for the Group was as follows for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Auditors' remuneration			
Fees payable to the Group's external auditors and their associates for the audit of the consolidated financial statements ^(a)	\$ 2,140	\$ 1,790	\$ 1,694
Fees payable for the audit of the financial statements of the Company's subsidiaries ^(b)	150	160	—
Audit-related assurance services ^(c)	1,078	874	1,628
Other assurance services	13	—	—
Total auditors' remuneration	\$ 3,381	\$ 2,824	\$ 3,322

^(a) 2023 fees include \$249 in relation to additional fees agreed and billed in post signing the 2022 consolidated accounts.

^(b) 2022 fees have been revised to reflect additional scope change for the audit of the subsidiary accounts.

(c) Fees associated with the Group's interim review and capital market activity which is outside the scope of the audit of the consolidated financial statements. 2022 fees have been revised to reflect additional work performed for the interim review.

NOTE 8 - TAXATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group files a consolidated U.S. federal tax return, multiple state tax returns, and a separate UK tax return for the Parent entity. The consolidated taxable income includes an allocable portion of income from the Group's co-investments with Oaktree and its investment in the Chesapeake Granite Wash Trust. Income taxes are provided for the tax effects of transactions reported in the Group Financial Statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting.

For the taxable years ended December 31, 2023, 2022, and 2021, the Group had a tax expense of \$240,643, benefit of \$178,904 and benefit of \$225,694, respectively. The effective tax rate used for the year ended December 31, 2023 was 24.1%, compared to 22.4% for the year ended December 31, 2022 and 41.0% for the year ended December 31, 2021.

The December 31, 2023 effective tax rate was primarily impacted by changes in state taxes as a result of acquisitions and recurring permanent differences. The December 31, 2022 effective tax rate was primarily impacted by changes in state taxes as a result of acquisitions. The December 31, 2021 effective tax rate was primarily impacted by the Group's recognition of the U.S. marginal well tax credit available to qualified producers in 2021, who operate lower-volume wells during a low commodity pricing environment. The federal government provides these credits to encourage companies to continue operating lower-volume wells during periods of low prices to maintain the underlying jobs they create and the state and local tax revenues they generate for communities to support schools, social programs, law enforcement and other similar public services. The U.S. marginal well tax credit is prescribed by Internal Revenue Code Section 45I and is available for certain natural gas production from qualifying wells. The federal tax credit is intended to provide a benefit for wells producing less than 90 Mcfe per day when market prices for natural gas for the previous tax year are relatively low. The Group benefited from this credit given its portfolio of long-life, low-decline conventional wells. The tax credit was not available for tax year 2023 and 2022 due to improved commodity prices during 2022 and 2021.

The provision for income taxes in the Consolidated Statement of Comprehensive Income is summarized below:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Current income tax (benefit) expense			
Federal (benefit) expense	\$ 7,289	\$ (513)	\$ 25,738
State (benefit) expense	5,902	2,841	11,958
Foreign - UK (benefit) expense	—	107	(52)
Total current income tax (benefit) expense	\$ 13,191	\$ 2,435	\$ 37,644
Deferred income tax (benefit) expense			
Federal (benefit) expense	\$ 202,133	\$ (169,531)	\$ (233,679)
State (benefit) expense	25,460	(11,863)	(29,597)
Foreign - UK (benefit) expense	(141)	55	(62)
Total deferred income tax (benefit) expense	\$ 227,452	\$ (181,339)	\$ (263,338)
Total income tax (benefit) expense	\$ 240,643	\$ (178,904)	\$ (225,694)

The effective tax rates and differences between the statutory U.S. federal income tax rate and the effective tax rates are summarized as follows:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Income (loss) before taxation	\$ 1,000,344	\$ (799,502)	\$ (550,900)
Income tax benefit (expenses)	(240,643)	178,904	225,694
Effective tax rate	24.1%	22.4%	41.0%

Year Ended

	December 31, 2023	December 31, 2022	December 31, 2021
Expected tax at statutory U.S. federal income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	3.1%	1.2%	4.4%
Federal credits	—%	—%	15.4%
Other, net	—%	0.2%	0.2%
Effective tax rate	24.1%	22.4%	41.0%

The Group had a net deferred tax asset of \$131,206 at December 31, 2023 compared to a net deferred tax asset of \$358,666 at December 31, 2022. The change was primarily due to a poor commodity price environment generating unrealized gains for unsettled derivatives not recognized for tax purposes. The Group had a net deferred tax asset of \$358,666 at December 31, 2022 compared to a net deferred tax asset of \$176,954 at December 31, 2021. The change was primarily due to an improved commodity price environment generating unrealized losses for unsettled derivatives not recognized for tax purposes. The presentation in the balance sheet takes into consideration the offsetting of deferred tax assets and deferred tax liabilities within the same tax jurisdiction, where permitted. The overall deferred tax position in a particular tax jurisdiction determines if a deferred tax balance related to that jurisdiction is presented within deferred tax assets or deferred tax liabilities.

The following table presents the components of the net deferred tax asset included in non-current assets as of the periods presented:

	December 31, 2023	December 31, 2022
Deferred tax asset		
Asset retirement obligations	\$ 103,998	\$ 92,393
Derivative financial instruments	153,057	378,918
Allowance for doubtful accounts	4,235	2,378
Net operating loss carryover	686	3,865
Federal tax credits carryover	163,158	184,975
163(j) interest expense limitation	24,324	15,573
Other	8,695	18,934
Total deferred tax asset	\$ 458,153	\$ 697,036
Deferred tax liability		
Amortization and depreciation	\$ (252,587)	\$ (255,440)
Investment in partnerships	(74,360)	(82,930)
Total deferred tax liability	\$ (326,947)	\$ (338,370)
Net deferred tax asset (liability)	\$ 131,206	\$ 358,666
Balance sheet presentation		
Deferred tax asset	\$ 144,860	\$ 371,156
Deferred tax liability	(13,654)	(12,490)
Net deferred tax asset (liability)	\$ 131,206	\$ 358,666

In assessing the realizability of deferred tax assets, the Group considers whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or before credits expire. The Group considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The Group has determined, at this time, it will have sufficient future taxable income to recognize its deferred tax assets.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2023:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 92,393	\$ 11,605	\$ —	\$ 103,998
Allowance for doubtful accounts	2,378	1,857	—	4,235
Net operating loss carryover	3,865	(3,179)	—	686
Federal tax credits carryover	184,975	(21,817)	—	163,158
Property, plant, and equipment and natural gas and oil properties	(255,440)	2,853	—	(252,587)
Derivative financial instruments	378,918	(225,861)	—	153,057
Investment in partnerships	(82,930)	8,570	—	(74,360)
163(j) interest expense limitation	15,573	8,751	—	24,324
Other	18,934	(10,231)	(8)	8,695
Total deferred tax asset (liability)	\$ 358,666	\$ (227,452)	\$ (8)	\$ 131,206

^(a) Amounts primarily relate to deferred taxes acquired as part of acquisition purchase accounting.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2022:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 114,182	\$ (21,789)	\$ —	\$ 92,393
Allowance for doubtful accounts	1,734	644	—	2,378
Net operating loss carryover	562	3,360	(57)	3,865
Federal tax credits carryover	183,460	1,515	—	184,975
Property, plant, and equipment and natural gas and oil properties	(266,987)	11,360	187	(255,440)
Derivative financial instruments	202,802	176,116	—	378,918
Investment in partnerships	(72,105)	(11,068)	243	(82,930)
163(j) interest expense limitation	—	15,573	—	15,573
Other	13,306	5,628	—	18,934
Total deferred tax asset (liability)	\$ 176,954	\$ 181,339	\$ 373	\$ 358,666

^(a) Amounts primarily relate to deferred taxes acquired as part of acquisition purchase accounting.

The Group reported the effects of deferred tax expense as of and for the year ended December 31, 2021:

	Opening Balance	Consolidated Statement of Comprehensive Income	Other ^(a)	Closing Balance
Asset retirement obligations	\$ 90,949	\$ 19,052	\$ 4,181	\$ 114,182
Allowance for doubtful accounts	2,968	(1,320)	86	1,734
Net operating loss carryover	474	(1,655)	1,743	562
Federal tax credits carryover	99,117	84,343	—	183,460
Property, plant, and equipment and natural gas and oil properties	(244,874)	65,910	(88,023)	(266,987)
Derivative financial instruments	46,237	156,565	—	202,802
Investment in partnerships	—	(67,379)	(4,726)	(72,105)
Other	4,160	7,822	1,324	13,306
Total deferred tax asset (liability)	\$ (969)	\$ 263,338	\$ (85,415)	\$ 176,954

^(a) Amounts primarily relate to deferred taxes acquired as part of acquisition purchase accounting.

The Group's material deferred tax assets and liabilities all arise in the U.S.

For U.S. federal tax purposes, the Group is taxed as one consolidated entity. The Group's co-investments with Oaktree and its investment in the Chesapeake Granite Wash Trust are taxed as partnerships that pass through to the Group's consolidated return. The Group is subject to additional taxes in its domiciled jurisdiction of the UK. For the years ended December 31, 2023, 2022, and 2021, the Group incurred no tax impact, an expense of \$107, and a benefit of \$52 in the UK, respectively.

The Group has considered the impact of Pillar Two income taxes and does not expect this to impact current tax expense in the current year.

The Group had no uncertain tax position liabilities as of December 31, 2023, 2022 or 2021.

As of December 31, 2023, the Group had U.S. federal net operating loss carryforwards ("NOLs") of approximately \$1,600, of which \$1,504 are subject to limitation. Additionally, the Group had U.S. state NOLs of approximately \$4,025, which expire in the years 2035 through 2038.

The Group had U.S. marginal well tax credit carryforwards of approximately \$163,158 as of December 31, 2023 compared to \$184,975 as of December 31, 2022. The Group had U.S. marginal well tax credit carryforwards of approximately \$184,975 as of December 31, 2022 compared to \$183,460 as of December 31, 2021. As discussed earlier, the federal tax credit is intended to provide a benefit for wells producing less than 90 Mcfe per day when market prices for natural gas are relatively low. Due to the improved commodity price environment in 2022, the Group did not generate federal tax credits for the year ended December 31, 2023. The tax credits expire in the years 2038 through 2042.

The Group had no U.S. federal capital loss carryforwards as of December 31, 2023 compared to \$21,401 as of December 31, 2022. The Group had U.S. federal capital loss carryforwards of \$21,401 as of December 31, 2022 compared to \$9,904 as of December 31, 2021. For the year ended December 31, 2023, no capital loss carryforwards expired. The Group utilized all of the existing capital loss carryforward in the amount of \$23,102 in 2023, therefore there is no capital loss carryforward going into 2024.

The Group completed a Section 382 study through December 31, 2023 in accordance with the Internal Revenue Code of 1986, as amended. If the Group experiences an ownership change, tax credit carryforwards can be utilized but are limited each year and could expire before they are fully utilized. The study concluded that the Group has not experienced an ownership change as defined by Section 382 since the last ownership change that occurred on January 31, 2018. The Directors expect its tax credit carryforwards, limited by the January 31, 2018 ownership change, to be fully available for utilization by 2024.

NOTE 9 - EARNINGS (LOSS) PER SHARE

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The calculation of basic earnings (loss) per share is based on net income (loss) and on the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share is based on net income (loss) and the weighted average number of shares outstanding plus the weighted average number of shares that would be issued if dilutive options and warrants were converted into shares on the last day of the reporting period. The weighted average number of shares outstanding for the computation of both basic and diluted earnings (loss) per share excludes shares held as treasury shares in the Employee Benefit Trust ("EBT"), which for accounting purposes are treated in the same manner as shares held in the treasury reserve. Refer to Note 16 for additional information regarding the EBT.

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. The Group's weighted average shares outstanding and earnings (loss) per share calculation have been retroactively adjusted for all reporting periods.

Basic and diluted earnings (loss) per share are calculated as follows for the periods presented:

	Calculation	Year Ended		
		December 31, 2023	December 31, 2022	December 31, 2021
Net income (loss) attributable to Diversified Energy Company PLC	A	\$ 758,018	\$ (625,410)	\$ (325,509)
Weighted average shares outstanding - basic	B	47,165	42,204	39,677
Dilutive impact of potential shares		349	—	—
Weighted average shares outstanding - diluted	C	47,514	42,204	39,677
Earnings (loss) per share - basic	= A/B	\$ 16.07	\$ (14.82)	\$ (8.20)
Earnings (loss) per share - diluted	= A/C	\$ 15.95	\$ (14.82)	\$ (8.20)
Potentially dilutive shares^(a)		54	767	325

^(a) Outstanding share-based payment awards excluded from the diluted EPS calculation because their effect would have been anti-dilutive.

NOTE 10 - NATURAL GAS AND OIL PROPERTIES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following table summarizes the Group's natural gas and oil properties for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Costs			
Beginning balance	\$ 3,062,463	\$ 2,866,353	\$ 1,968,557
Additions ^(a)	353,888	219,490	1,012,691
Disposals ^(b)	(209,612)	(23,380)	(114,895)
Ending balance	\$ 3,206,739	\$ 3,062,463	\$ 2,866,353
Depletion and impairment			
Beginning balance	\$ (506,655)	\$ (336,275)	\$ (213,472)
Depletion expense	(168,093)	(170,380)	(122,803)
Impairment	(41,616)	—	—
Ending balance	\$ (716,364)	\$ (506,655)	\$ (336,275)
Net book value	\$ 2,490,375	\$ 2,555,808	\$ 2,530,078

^(a) For the year ended December 31, 2023, the Group added \$266,306 related to acquisitions and \$42,650 resulting from normal revisions to the Group's asset retirement obligations. The remaining change is primarily attributable to recurring capital expenditures. For the year ended December 31, 2022, the Company added \$285,212 related to acquisitions, offset by \$98,802 resulting from normal revisions to the Company's asset retirement obligations. The remaining additions are primarily attributable to capital expenditures associated with the completion of five Tapstone wells that were under development as of December 31, 2021, and seven additional wells in which the Group participated with a non-operating interest in Appalachia. The remaining change is primarily attributable to recurring capital expenditures. For the year ended December 31, 2021, the Group added \$907,383 related to acquisitions and \$78,156 resulting from normal revisions to the Group's asset retirement obligations. The remaining change is primarily attributable to recurring capital expenditures and the revaluation of the EQT contingent consideration. Refer to Notes 5 and 19 for additional information regarding acquisitions and asset retirement obligations, respectively.

^(b) For the year ended December 31, 2023, the Group divested \$202,886 in natural gas and oil properties related to the sale of equity interest in DP Lion Equity Holdco LLC, the divested assets previously acquired as part of the ConocoPhillips Asset Acquisition, and other proved properties and undeveloped acreage divestitures. Disposals for the year ended December 31, 2022 were associated with divestitures of natural gas and oil properties in the normal course of business, none of which were material. For the year ended December 31, 2021, the Group divested \$113,752 in natural gas and oil properties related to the Indigo and Tanos undeveloped acreage transactions. Refer to Note 5 for additional information regarding divestitures.

Impairment Assessment for Natural Gas and Oil Properties

For the period ended December 31, 2023, the Directors assessed the indicators of impairment, noting depressed commodity prices represented an indicator of potential impairment. The estimated future cash flows expected in connection with each field are compared to the carrying amount of the field to determine if the carrying amount is recoverable. Due to the unavailability of relevant comparable market data, a discounted cash flow method is used to determine the fair value of proved properties. Significant unobservable inputs (Level 3) utilized in the determination of discounted future net cash flows include future commodity prices adjusted for differentials, forecasted production based on decline curve analysis, estimated future operating costs, property ownership interests, and a 10.9% discount rate. For the year ended December 31, 2023, the Company determined the carrying amounts of certain proved properties within two fields were not recoverable from future cash flows, and therefore, were impaired. Such impairments totaled \$41,616 for the year ended December 31, 2023.

For the years ended December 31, 2022 and December 31, 2021, estimated future cash flows were determined to be in excess of cost basis, and therefore no impairments were recorded for the Group's natural gas and oil properties.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following tables summarize the Group's property, plant and equipment for the periods presented:

Year Ended December 31, 2023						
	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment	Total
Costs						
Beginning balance	\$ 47,682	\$ 30,369	\$ 66,389	\$ 433,484	\$ 23,743	\$ 601,667
Additions ^(a)	1,134	3,964	11,715	21,644	4,039	42,496
Disposals	(561)	(2,097)	(6,929)	—	(1,489)	(11,076)
Ending balance^(b)	\$ 48,255	\$ 32,236	\$ 71,175	\$ 455,128	\$ 26,293	\$ 633,087
Accumulated depreciation						
Beginning balance	\$ (3,607)	\$ (7,627)	\$ (29,194)	\$ (95,826)	\$ (2,553)	\$ (138,807)
Period changes	(581)	(3,024)	(12,887)	(27,632)	(2,720)	(46,844)
Disposals	27	1,929	5,939	—	877	8,772
Ending balance	\$ (4,161)	\$ (8,722)	\$ (36,142)	\$ (123,458)	\$ (4,396)	\$ (176,879)
Net book value	\$ 44,094	\$ 23,514	\$ 35,033	\$ 331,670	\$ 21,897	\$ 456,208

Year Ended December 31, 2022						
	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment	Total
Costs						
Beginning balance	\$ 41,684	\$ 9,492	\$ 45,562	\$ 398,663	\$ 16,039	\$ 511,440
Additions ^(a)	9,421	20,886	22,399	34,835	7,704	95,245
Disposals	(3,423)	(9)	(1,572)	(14)	—	(5,018)
Ending balance^(b)	\$ 47,682	\$ 30,369	\$ 66,389	\$ 433,484	\$ 23,743	\$ 601,667
Accumulated depreciation						
Beginning balance	\$ (2,078)	\$ (4,089)	\$ (20,186)	\$ (69,501)	\$ (1,606)	\$ (97,460)
Period changes	(1,819)	(3,547)	(10,270)	(26,330)	(947)	(42,913)
Disposals	290	9	1,262	5	—	1,566
Ending balance	\$ (3,607)	\$ (7,627)	\$ (29,194)	\$ (95,826)	\$ (2,553)	\$ (138,807)
Net book value	\$ 44,075	\$ 22,742	\$ 37,195	\$ 337,658	\$ 21,190	\$ 462,860

	Year Ended December 31, 2021						
	Buildings and Leasehold Improvements	Equipment	Motor Vehicles	Midstream Assets	Other Property and Equipment		Total
Costs							
Beginning balance	\$ 28,190	\$ 6,768	\$ 35,129	\$ 367,331	\$ 5,600		\$ 443,018
Additions ^(a)	13,494	2,737	12,700	31,485	10,439		70,855
Disposals	—	(13)	(2,267)	(153)	—		(2,433)
Ending balance ^(b)	\$ 41,684	\$ 9,492	\$ 45,562	\$ 398,663	\$ 16,039		\$ 511,440
Accumulated depreciation							
Beginning balance	\$ (1,007)	\$ (2,860)	\$ (12,409)	\$ (43,597)	\$ (1,042)		\$ (60,915)
Period changes	(1,071)	(1,231)	(9,259)	(25,928)	(564)		(38,053)
Disposals	—	2	1,482	24	—		1,508
Ending balance	\$ (2,078)	\$ (4,089)	\$ (20,186)	\$ (69,501)	\$ (1,606)		\$ (97,460)
Net book value	\$ 39,606	\$ 5,403	\$ 25,376	\$ 329,162	\$ 14,433		\$ 413,980

^(a) Of the \$42,496 in 2023 additions, \$234 was related to acquisitions and \$13,279 was associated with right-of-use asset additions for new leases. Of the \$95,245 in 2022 additions, \$26,815 was related to acquisitions and \$11,295 was associated with right-of-use asset additions for new leases. The remaining capital expenditures are a result of our recurring capital needs and enhanced sustainability efforts. Of the \$70,855 in 2021 additions, \$25,961 was related to acquisitions and \$16,554 was associated with right-of-use asset additions for new and acquired leases. Refer to Notes 5 and 20 for additional information regarding acquisitions and leases, respectively. Remaining additions are related to routine capital projects on the Group's compressor and gathering systems, vehicle and equipment additions.

^(b) Buildings and Leasehold Improvements and Motor Vehicles are inclusive of right-of-use assets associated with the Group's leases. Refer to Note 20 for additional information regarding leases.

The Group continued to utilize certain fully depreciated assets during the years ended December 31, 2023, 2022 and 2021 with an original cost basis of \$6,546, \$9,222 and \$5,597, respectively.

NOTE 12 - INTANGIBLE ASSETS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Intangible assets consisted of the following for the periods presented:

	Year Ended December 31, 2023				
	Software		Other Acquired Intangibles		Total
Costs					
Beginning balance	\$	39,306	\$	7,124	\$ 46,430
Additions ^(a)		5,949		—	5,949
Disposals		(806)		(2,900)	(3,706)
Ending balance	\$	44,449	\$	4,224	\$ 48,673
Accumulated amortization					
Beginning balance	\$	(22,517)	\$	(2,815)	\$ (25,332)
Period changes		(6,789)		(907)	(7,696)
Disposals		806		2,900	3,706
Ending balance	\$	(28,500)	\$	(822)	\$ (29,322)
Net book value	\$	15,949	\$	3,402	\$ 19,351

Year Ended December 31, 2022				
	Software		Other Acquired Intangibles	Total
Costs				
Beginning balance	\$	28,095	\$ 2,900	\$ 30,995
Additions ^(a)		11,211	4,224	15,435
Ending balance	\$	39,306	\$ 7,124	\$ 46,430
Accumulated amortization				
Beginning balance	\$	(15,192)	\$ (1,669)	\$ (16,861)
Period changes		(7,325)	(1,146)	(8,471)
Ending balance	\$	(22,517)	\$ (2,815)	\$ (25,332)
Net book value	\$	16,789	\$ 4,309	\$ 21,098

Year Ended December 31, 2021				
	Software		Other Acquired Intangibles	Total
Costs				
Beginning balance	\$	24,271	\$ 2,900	\$ 27,171
Additions ^(a)		3,824	—	3,824
Ending balance	\$	28,095	\$ 2,900	\$ 30,995
Accumulated amortization				
Beginning balance	\$	(7,246)	\$ (712)	\$ (7,958)
Period changes		(7,946)	(957)	(8,903)
Ending balance	\$	(15,192)	\$ (1,669)	\$ (16,861)
Net book value	\$	12,903	\$ 1,231	\$ 14,134

^(a) For the years ended December 31, 2023, 2022 and 2021 additions were related to software enhancements and other acquired intangibles.

NOTE 13 - DERIVATIVE FINANCIAL INSTRUMENTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group is exposed to volatility in market prices and basis differentials for natural gas, NGLs and oil, which impacts the predictability of its cash flows related to the sale of those commodities. The Group can also have exposure to volatility in interest rate markets, depending on the makeup of its debt structure, which impacts the predictability of its cash flows related to interest payments on the Group's variable rate debt obligations. These risks are managed by the Group's use of certain derivative financial instruments. As of December 31, 2023, the Group's derivative financial instruments consisted of swaps, collars, basis swaps, stand-alone put and call options, and swaptions. A description of these instruments is as follows:

Swaps:	If the Group sells a swap, it receives a fixed price for the contract and pays a floating market price to the counterparty;
Collars:	Arrangements that contain a fixed floor price (purchased put option) and a fixed ceiling price (sold call option) based on an index price which, in aggregate, have no net costs. At the contract settlement date, (1) if the index price is higher than the ceiling price, the Group pays the counterparty the difference between the index price and ceiling price, (2) if the index price is between the floor and ceiling prices, no payments are due from either party, and (3) if the index price is below the floor price, the Group will receive the difference between the floor price and the index price. Certain collar arrangements may also include a sold put option with a strike price below the purchased put option. Referred to as a three-way collar, the structure works similar to the above description, except that when the index price settles below the sold put option, the Group pays the counterparty the difference between the index price and sold put option, effectively enhancing realized pricing by the difference between the price of the sold and purchased put option;
Basis swaps:	Arrangements that guarantee a price differential for commodities from a specified delivery point. If the Group sells a basis swap, it receives a payment from the counterparty if the price differential is greater than the stated terms of the contract and pays the counterparty if the price differential is less than the stated terms of the contract;
Put options:	The Group purchases and sells put options in exchange for a premium. If the Group purchases a put option, it receives from the counterparty the excess (if any) of the market price below the strike price of the put option at the time of settlement, but if the market price is above the put's strike price, no payment is due from either party. If the Group sells a put option, the Group pays the counterparty the excess (if any) of the market price below the strike price of the put option at the time of settlement, but if the market price is above the put's strike price, no payment is due from either party;
Call options:	The Group purchases and sells call options in exchange for a premium. If the Group purchases a call option, it receives from the counterparty the excess (if any) of the market price over the strike price of the call option at the time of settlement, but if the market price is below the call's strike price, no payment is due from either party. If the Group sells a call option, it pays the counterparty the excess (if any) of the market price over the strike price of the call option at the time of settlement, but if the market price is below the call's strike price, no payment is due from either party; and
Swaptions:	If the Group sells a swaption, the counterparty will receive the option to enter into a swap contract at a specified date and receives a fixed price for the contract and pays a floating market price to the counterparty.

The Group may elect to enter into offsetting transactions for the above instruments for the purpose of cancelling or terminating certain positions.

The following tables summarize the Group's calculated net fair value of derivative financial instruments as of the reporting date as follows:

NATURAL GAS CONTRACTS	Volume (Mmbtu)	Weighted Average Price per Mcfe ^(a)								Fair Value at December 31, 2023	
		Swaps		Sold Puts	Purchased Puts		Sold Calls	Basis Differential			
2024											
Swaps	191,397	\$	3.30	\$	—	\$	—	\$	—	\$	74,340
Collars	2,560		—		—		4.03		6.25		3,278
Stand-Alone Calls, net ^(b)	—		—		—		—		—		(36,415)
Basis Swaps	163,595		—		—		—		(0.73)		(1,306)
Total 2024 contracts	357,552										39,897
2025											
Swaps	164,672	\$	3.21	\$	—	\$	—	\$	—	\$	(76,697)
Stand-Alone Calls, net ^(b)	—		—		—		—		—		(33,060)
Basis Swaps	25,550		—		—		—		(0.21)		372
Total 2025 contracts	190,222										(109,385)
2026											
Swaps	120,559	\$	3.18	\$	—	\$	—	\$	—	\$	(95,779)
Stand-Alone Calls	10,950		—		—		—		3.75		(8,153)
Basis Swaps	10,950		—		—		—		(0.21)		(342)
Total 2026 contracts	142,459										(104,274)
2027											
Swaps	101,303	\$	3.21	\$	—	\$	—	\$	—	\$	(76,188)
Collars	1,414		—		—		4.28		7.17		601
Stand-Alone Calls	10,950		—		—		—		3.75		(8,784)
Purchased puts	4,906		—		—		2.25		—		498
Sold puts	4,906		—		1.93		—		—		(275)
2028											
Swaps	71,324	\$	2.79	\$	—	\$	—	\$	—	\$	(71,625)
Collars	5,382		—		—		4.28		6.90		2,616
Purchased puts	20,351		—		—		2.77		—		8,622
Sold puts	20,351		—		1.93		—		—		(4,711)
2029											
Swaps	29,190	\$	2.11	\$	—	\$	—	\$	—	\$	(40,451)
Collars	3,726		—		—		4.28		7.51		2,150
Purchased puts	30,066		—		—		2.92		—		10,782
Sold puts	30,066		—		1.93		—		—		(3,257)
2030											
Swaps	5,450	\$	2.03	\$	—	\$	—	\$	—	\$	(7,979)
Purchased puts	14,492		—		—		2.93		—		5,362
Sold puts	14,492		—		1.93		—		—		(1,735)
Swaptions											
10/1/2024-9/30/2028 ^(c)	14,610	\$	2.91	\$	—	\$	—	\$	—	\$	(12,749)
1/1/2025-12/31/2029 ^(d)	36,520		2.77		—		—		—		(36,684)
4/1/2026-3/31/2030 ^(e)	82,171		2.57		—		—		—		(97,901)
4/1/2030-3/31/2032 ^(f)	42,627		2.57		—		—		—		(47,143)
Total 2027-2032 contracts	544,297									\$	(378,851)
Total natural gas contracts	1,234,530									\$	(552,613)

^(a) Rates have been converted from Btu to Mcfe using a Btu conversion factor of 1.07.

^(b) Future cash settlements for deferred premiums.

^(c) Option expires on September 6, 2024.

^(d) Option expires on December 23, 2024.

^(e) Option expires on March 23, 2026.

^(f) Option expires on March 22, 2030.

NGLs CONTRACTS	Volume (MBbls)	Weighted Average Price per Bbl		Fair Value at December 31, 2023
		Swaps	Sold Calls	
2024				
Swaps	3,301	\$ 37.74	\$ —	\$ 9,804
Stand-Alone Calls	915	—	31.29	(2,400)
2025				
Swaps	2,143	\$ 30.22	\$ —	\$ (1,411)
2026				
Swaps	1,097	\$ 27.68	\$ —	\$ (1,261)
Total NGLs contracts	7,456			\$ 4,732

OIL CONTRACTS	Volume (MBbls)	Weighted Average Price per Bbl		Fair Value at December 31, 2023
		Swaps	Sold Calls	
2024				
Swaps	431	\$ 62.54	\$ —	\$ (3,521)
Sold Calls	183	—	70.00	(1,188)
2025				
Swaps	366	\$ 59.01	\$ —	\$ (3,057)
2026				
Swaps	283	\$ 59.48	\$ —	\$ (1,451)
2027				
Swaps	162	\$ 58.60	\$ —	\$ (677)
Total oil contracts	1,425			\$ (9,894)

INTEREST	Principal		Fair Value at December 31, 2023
	Hedged	Fixed-Rate	
2023			
SOFR Interest Rate Swap	\$ 5,520	4.15%	315
Net fair value of derivative financial instruments as of December 31, 2023			\$ (557,460)

Netting the fair values of derivative assets and liabilities for financial reporting purposes is permitted if such assets and liabilities are with the same counterparty and a legal right of set-off exists, subject to a master netting arrangement. The Directors have elected to present derivative assets and liabilities net when these conditions are met. The following table outlines the Group's net derivatives as of the periods presented:

Consolidated Statement of Financial Position		December 31, 2023	December 31, 2022
Derivative Financial Instruments			
Assets:			
Non-current assets	Derivative financial instruments	\$ 24,401	\$ 13,936
Current assets	Derivative financial instruments	87,659	27,739
Total assets		\$ 112,060	\$ 41,675
Liabilities			
Non-current liabilities	Derivative financial instruments	\$ (623,684)	\$ (1,177,801)
Current liabilities	Derivative financial instruments	(45,836)	(293,840)
Total liabilities		\$ (669,520)	\$ (1,471,641)
Net assets (liabilities):			
Net assets (liabilities) - non-current	Other non-current assets (liabilities)	\$ (599,283)	\$ (1,163,865)
Net assets (liabilities) - current	Other current assets (liabilities)	41,823	(266,101)
Total net assets (liabilities)		\$ (557,460)	\$ (1,429,966)

The Group presents the fair value of derivative contracts on a net basis in the consolidated statement of financial position. The following presents the impact of this presentation on the Group's recognized assets and liabilities as of the periods indicated:

December 31, 2023

	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
Non-current assets	\$ 103,008	\$ (78,607)	\$ 24,401
Current assets	198,806	(111,147)	87,659
Total assets	\$ 301,814	\$ (189,754)	\$ 112,060
Non-current liabilities	(678,053)	54,369	(623,684)
Current liabilities	(181,221)	135,385	(45,836)
Total liabilities	\$ (859,274)	\$ 189,754	\$ (669,520)
Total net assets (liabilities)	\$ (557,460)	\$ —	\$ (557,460)

December 31, 2022

	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
Non-current assets	\$ 101,275	\$ (87,339)	\$ 13,936
Current assets	92,611	(64,872)	27,739
Total assets	\$ 193,886	\$ (152,211)	\$ 41,675
Non-current liabilities	(1,261,369)	83,568	(1,177,801)
Current liabilities	(362,483)	68,643	(293,840)
Total liabilities	\$ (1,623,852)	\$ 152,211	\$ (1,471,641)
Total net assets (liabilities)	\$ (1,429,966)	\$ —	\$ (1,429,966)

The Group recorded the following gain (loss) on derivative financial instruments in the Consolidated Statement of Comprehensive Income for the periods presented:

Year Ended

	December 31, 2023	December 31, 2022	December 31, 2021
Net gain (loss) on commodity derivatives settlements ^(a)	\$ 178,064	\$ (895,802)	\$ (320,656)
Net gain (loss) on interest rate swaps ^(a)	(2,722)	(1,434)	(530)
Gain (loss) on foreign currency hedges ^(a)	(521)	—	(1,227)
Total gain (loss) on settled derivative instruments	\$ 174,821	\$ (897,236)	\$ (322,413)
Gain (loss) on fair value adjustments of unsettled financial instruments ^(b)	905,695	(861,457)	(652,465)
Total gain (loss) on derivative financial instruments	\$ 1,080,516	\$ (1,758,693)	\$ (974,878)

^(a) Represents the cash settlement of hedges that settled during the period.

^(b) Represents the change in fair value of financial instruments net of removing the carrying value of hedges that settled during the period.

All derivatives are defined as Level 2 instruments as they are valued using inputs and outputs other than quoted prices that are observable for the assets and liabilities.

Commodity Derivative Contract Modifications and Extinguishments

From time to time, such as when acquiring producing assets, completing ABS financings or navigating changing price environments, the Group will opportunistically modify, offset, extinguish or add to certain existing hedge positions. Modifications include the volume of production subject to contracts, the swap or strike price of certain derivative contracts and similar elements of the derivative contract. The Group maintains distinct, long-dated derivative contract portfolios for its ABS financings and Term Loan I. The Group also maintains a separate derivative contract portfolio related to its assets collateralized by the Credit Facility. The derivative contract portfolios for the Group's ABS financings, Term Loan 1 and Credit Facility are reflected in the Group's Statement of Financial Position.

2023 Modifications and Extinguishments

In February 2023, the Group sold puts in ABS III for approximately \$9,045 and replaced them with swaps to maintain the appropriate level and composition of derivatives at both the legal entity and full-company level. In August 2023, the Group monetized \$9,240 in purchased puts associated with its ABS hedge books and transitioned the monetized positions into long-dated swap agreements. The Group also monetized an additional \$8,401 in net modifications, primarily comprised of swap terminations. As these modifications were made in the normal course of business for the year ended December 31, 2023, they are presented as an operating activity in the Consolidated Statement of Cash Flows.

In November 2023, the Group adjusted portions of its commodity derivative portfolio across its legal entities to ensure that it maintained the appropriate level and composition at both the legal entity and full-Group level for the completion of the ABS VII financing arrangement. These portfolio adjustments included novations of certain contracts to the legal entities holding the ABS VII Notes. The Group paid \$6,376 for these portfolio adjustments. As these modifications were associated with a borrowing transaction, these amounts are presented as a financing activity in the Consolidated Statement of Cash Flows.

Refer to Note 21 for additional information regarding ABS financing arrangements.

2022 Modifications and Extinguishments

In February 2022, the Group adjusted portions of its commodity derivative portfolio across its legal entities to ensure that it maintained the appropriate level and composition at both the legal entity and full-Group level for the completion of the ABS III and ABS IV financing arrangements. The Group completed these adjustments by entering into new commodity derivative contracts and novating certain derivative contracts to the legal entities holding the ABS III and ABS IV notes. The Group paid \$41,823 for these portfolio adjustments, driven primarily by the purchase of long-dated puts for ABS III and ABS IV that collectively increased the value of the Group's derivative position by an equal amount, and were required under the respective ABS III and ABS IV indentures. The Group recorded payments for offsetting positions as new derivative financial instruments and applied extinguishment payments against the existing commodity contracts in its Consolidated Statement of Financial Position.

In May 2022, and in October 2022 the Group completed the ABS V and ABS VI financing arrangements, respectively, and made similar commodity derivative portfolio adjustments to maintain the appropriate level and composition of derivatives at both the legal entity and full-Group level. The Group paid \$31,250, driven primarily by the purchase of long-dated puts that increased the value of the Group's derivative position by an equal amount, and were required under the ABS V indenture. Under the ABS VI financing, the Group paid \$32,242 from the proceeds of the financing to increase the value of certain pre-existing derivative contracts that were novated to the ABS VI legal entity at closing. The Group recorded the payments as new derivative financial instruments in its Consolidated Statement of Financial Position.

Refer to Note 21 for additional information regarding ABS financing arrangements.

Other commodity derivative contract modifications made during the normal course of business for the year ended December 31, 2022 totaled \$133,573 which the Group recorded in its Consolidated Statement of Financial Position. As these modifications were made in the normal course, the Group has presented these as an operating activity in the Consolidated Statement of Cash Flows. These modifications were primarily associated with elevating the Group's weighted average hedge floor to take advantage of the high price environment experienced in 2022 over a longer term. The trades were primarily comprised of swap enhancements and the extinguishment of standalone call options.

2021 Modifications and Extinguishments

In August 2021 as part of the Tanos acquisition, the Group obtained the option to novate or extinguish the Tanos hedge book. In conjunction with the closing settlement, DEC elected to extinguish their share of the Tanos hedge book. The cost to terminate was \$52,666. This payment relieved the termination liability established on the Group's Consolidated Statement of Financial Position in purchase accounting and has been presented as an investing activity in the Consolidated Statement of Cash Flows given its connection to the Tanos acquisition. New derivative contracts were subsequently entered into for more favorable pricing in order to secure the cash flows associated with these producing assets in an elevated price environment.

In May 2021, subsequent to the close of the Indigo acquisition, market dynamics began shifting to a more favorable commodity price environment. Given the favorable forward curve, the Group elected to early terminate certain legacy Indigo derivative positions resulting in a cash payment of \$6,797 which the Group recorded in its Consolidated Statement of Financial Position. Since this extinguishment occurred subsequent to the acquisition date the Group has presented this payment as an operating activity in the Consolidated Statement of Cash Flows. New derivative contracts were subsequently entered into for more favorable pricing in order to secure the cash flows associated with these producing assets in an elevated price environment.

Refer to Note 5 for additional information regarding acquisitions.

Other commodity derivative contract modifications made during the normal course of business for the year ended December 31, 2021 totaled \$3,367 which the Group recorded in its Consolidated Statement of Financial Position. As these modifications were made in the normal course of business, the Group has presented these as an operating activity in the Consolidated Statement of Cash Flows.

NOTE 14 - TRADE AND OTHER RECEIVABLES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Trade receivables include amounts due from customers, entities that purchase the Group's natural gas, NGLs and oil production, and also include amounts due from joint interest owners, entities that own a working interest in the properties operated by the Group. The majority of trade receivables are current, and the Group believes these receivables are collectible. The following table summarizes the Group's trade receivables. The fair value approximates the carrying value as of the periods presented:

	December 31, 2023	December 31, 2022
Commodity receivables ^(a)	\$ 172,045	\$ 285,700
Other receivables ^(b)	34,691	20,022
Total trade receivables	\$ 206,736	\$ 305,722
Allowance for credit losses ^(c)	(16,529)	(8,941)
Total trade receivables, net	\$ 190,207	\$ 296,781

^(a) Includes trade receivables and accrued revenues. The decrease in commodity receivables primarily reflects the decrease in commodity pricing over the course of 2023.

^(b) Other receivables consist primarily of joint interest receivables in 2023 and 2022.

^(c) The allowance for credit losses is primarily related to amounts due from joint interest owners. Year-over-year increases is primarily due to the declining commodity pricing environment during the year.

NOTE 15 - OTHER ASSETS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following table includes details of other assets as of the periods presented:

	December 31, 2023	December 31, 2022
Other non-current assets		
Other non-current assets ^(a)	\$ 9,172	\$ 4,351
Total other non-current assets	\$ 9,172	\$ 4,351
Other current assets		
Prepaid expenses	\$ 3,955	\$ 5,255
Inventory	7,829	9,227
Total other current assets	\$ 11,784	\$ 14,482

^(a) Includes the Group's investment in DP Lion Equity Holdco LLC of \$7,500 as of December 31, 2023. Refer to Notes 5 and 21 for additional information regarding the DP Lion Equity Holdco LLC equity sale.

NOTE 16 - SHARE CAPITAL

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Company has one class of common shares which carry the right to one vote at annual general meetings of the Group. As of December 31, 2023, the Group had no limit on the amount of authorized share capital and all shares in issue were fully paid.

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. The Company's issued share capital has been retrospectively adjusted for all reporting periods.

Share capital represents the nominal (par) value of shares (£0.20) that have been issued. Share premium includes any premiums received on issue of share capital above par. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits. The components of share capital include:

Issuance of Share Capital

In February 2023, the Group placed 6,422 new shares at \$25.34 per share (£21.00) to raise gross proceeds of \$162,757 (approximately £134,866). Associated costs of the placing were \$5,969. The Group used the proceeds to fund the Tanos II transaction, discussed in Note 5.

In 2022, there were no issuances of share capital for purposes other than share-based compensation awards issued at par which were insignificant for the period.

In May 2021, the Group placed 7,077 new shares at \$31.80 per share (£22.40) to raise gross proceeds of \$225,050 (approximately £158,526). Associated costs of the placing were \$11,206. The Group used the proceeds to pay down the Credit Facility and partially fund the Indigo and Blackbeard acquisitions, discussed in Notes 21 and 5, respectively.

Treasury Shares

The Group's holdings in its own equity instruments are classified as treasury shares. The consideration paid, including any directly attributable incremental costs, is deducted from the stockholders' equity of the Group until the shares are cancelled or reissued. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of treasury shares.

EMPLOYEE BENEFIT TRUST ("EBT")

In March 2022, the Group established the EBT for the benefit of the employees of the Group. The Group funds the EBT to facilitate the acquisition of shares. The shares in the EBT are held to satisfy awards and grants under the Group's 2017 Equity Incentive Plan and the Employee Share Purchase Plan (the "ESPP"). Shares held in the EBT are accounted for in the same manner as treasury shares and are therefore included in the Consolidated Financial Statement as treasury shares.

During the year ended December 31, 2023, the EBT issued 334 shares to settle vested share-based awards and ESPP purchases. No shares were purchased by the EBT during the year ended December 31, 2023. During the year ended December 31, 2022, the EBT purchased 790 shares at an average price per share of \$29.04 (approximately £24.56) for a total consideration of \$22,931 (approximately £19,388). During the year ended December 31, 2022, the EBT issued 88 to settle vested share-based awards. As of December 31, 2023, the EBT held 367 shares. Refer to Note 17 for additional information related to share-based compensation.

REPURCHASE OF SHARES

During the year ended December 31, 2023, the Group repurchased 647 treasury shares at an average price of \$17.08 totaling \$11,048, representing 1% of issued share capital as of December 31, 2023. During the year ended December 31, 2022, the Group repurchased 400 treasury shares at an average price of \$29.42 totaling \$11,760, representing 1% of issued share capital as of December 31, 2022.

The Group has accounted for the repurchase of these shares as a reduction to the treasury reserve. All repurchased treasury shares were cancelled upon repurchase and as of December 31, 2023 and 2022, their par value of \$161 and \$80, respectively, was retired into the capital redemption reserve included within share based payments and other reserves in the Consolidated Statement of Financial Position.

SETTLEMENT OF WARRANTS

In July 2022, the Group entered into an agreement to cancel 7 warrants (the "Warrants") held by certain former Mirabaud Securities Limited ("Mirabaud") employees for an aggregate principal amount of approximately \$56 (approximately £46). The former employees surrendered the Warrants to the Group for cancellation. Concurrently, the Group entered into an agreement to exercise 11 Warrants held by certain former Mirabaud employees for an aggregate principal amount of approximately \$201 (approximately £166). The former employees surrendered the Warrants to the Group for cancellation in exchange for an equivalent number of shares of common stock. Following this purchase and exercise, no warrants remain outstanding.

In February 2022, the Group entered into an agreement to cancel 24 Warrants held by certain former Mirabaud Securities Limited ("Mirabaud") employees for an aggregate principal amount of approximately \$265 (approximately £196). The former employees surrendered the Warrants to the Group for cancellation. Concurrently, the Group entered into an agreement to exercise 15 Warrants held by certain former Mirabaud employees for an aggregate principal amount of approximately \$251 (approximately £187). The former employees surrendered the Warrants to the Group for cancellation in exchange for an equivalent number of shares of common stock. Following this purchase and exercise, 18 warrants remained outstanding.

In January 2021, the Group entered into an agreement to cancel 119 Warrants held by Mirabaud and certain former Mirabaud employees for an aggregate principal amount of approximately \$1,429 (approximately £1,040). Mirabaud and its former employees surrendered the Warrants to the Group for cancellation. Following this purchase, 57 warrants remained outstanding.

The following tables summarize the Group's share capital, net of customary transaction costs, for the periods presented:

	Number of Shares	Total Share Capital	Total Share Premium
Balance as of December 31, 2020	35,369	\$ 9,520	\$ 841,159
Issuance of share capital (equity placement)	7,077	2,044	211,800
Issuance of share capital (equity compensation)	37	7	—
Balance as of December 31, 2021	42,483	\$ 11,571	\$ 1,052,959
Issuance of share capital (settlement of warrants)	26	5	—
Issuance of share capital (equity compensation)	40	7	—
Issuance of EBT shares (equity compensation)	88	—	—
Repurchase of shares (EBT)	(790)	—	—
Repurchase of shares (share buyback program)	(400)	(80)	—
Balance as of December 31, 2022	41,447	\$ 11,503	\$ 1,052,959
Issuance of share capital (equity placement)	6,422	1,555	155,233
Issuance of EBT shares (equity compensation)	334	—	—
Repurchase of shares (share buyback program)	(647)	(161)	—
Balance as of December 31, 2023	47,556	12,897	1,208,192

NOTE 17 - NON-CASH SHARE-BASED COMPENSATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Equity Incentive Plan

The 2017 Equity Incentive Plan (the "Plan"), as amended through April 27, 2021, authorized and reserved for issuance 3,284 shares of common stock, which may be issued upon exercise of vested Options or the vesting of RSUs, PSUs and dividend equivalent units ("DEUs") that are granted under the Plan. As of December 31, 2023, 1,648 shares have vested and been issued to Plan participants, 1,141 shares have been granted but remain unvested and 238 DEUs have accrued and remain unvested. As of December 31, 2022, 595 shares had vested and been issued to Plan participants, 1,283 shares had been granted but remained unvested and 212 DEUs had accrued and remained unvested. Refer to the [Remuneration Committee's Report](#) within this Annual Report for additional information regarding the terms of awards issued under the Plan.

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. The Group's share-based payment awards have been retroactively adjusted for all reporting periods.

Options Awards

The following table summarizes Options award activity for the respective periods presented:

	Number of Options ^(a)	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2020	1,151	\$ 8.50
Granted	—	—
Exercised ^(b)	(41)	6.60
Forfeited	(15)	11.80
Balance as of December 31, 2021	1,095	\$ 8.53
Granted	—	—
Exercised ^(b)	(399)	6.60
Forfeited	(320)	11.30
Balance as of December 31, 2022	376	\$ 8.21
Granted	—	—
Exercised ^(b)	(2)	6.60
Forfeited	(153)	8.25
Balance as of December 31, 2023	221	\$ 8.20

^(a) As of December 31, 2023, 2022 and 2021, 162, 19 and 202 Options were exercisable, respectively. As of December 31, 2023 all remaining Options outstanding have an exercise price ranging from £16.80 to £24.00 and a weighted average remaining contractual life of 4.6 years.

^(b) The weighted average exercise date share price was \$24.29, \$32.35 and \$34.80 for Options exercised during 2023, 2022 and 2021, respectively.

The Group's Options ratably vest over a three-year period and contain both performance and service metrics. The performance metrics include Adjusted EPS as compared to pre-established benchmarks and a calculation that compares the Group's TSR to pre-established benchmarks. The number of units that will vest can range between 0% and 100% of the award. The fair value of the Group's Options was calculated using the Black-Scholes model as of the grant date and is uniformly expensed over the vesting period. No Options were awarded during the years ended December 31, 2023, 2022 and 2021.

RSU Awards

The following table summarizes RSU equity award activity for the respective periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2020	172	\$ 23.76
Granted	77	31.72
Vested	(38)	23.27
Forfeited	(4)	26.38
Balance as of December 31, 2021	207	\$ 26.76
Granted	199	27.70
Vested	(64)	25.92
Forfeited	(4)	27.24
Balance as of December 31, 2022	338	\$ 27.47
Granted	253	22.35
Vested	(181)	23.08
Forfeited	(102)	27.54
Balance as of December 31, 2023	308	\$ 25.82

RSUs cliff- or ratably-vest based on service conditions. The fair value of the Group's RSUs is determined using the stock price at the grant date and uniformly expensed over the vesting period.

PSU Awards

The following table summarizes PSU equity award activity for the respective periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Balance as of December 31, 2020	221	\$ 25.15
Granted	124	21.64
Vested	—	—
Forfeited	(4)	23.06
Balance as of December 31, 2021	341	\$ 23.90
Granted	232	28.04
Vested	—	—
Forfeited	(4)	26.07
Balance as of December 31, 2022	569	\$ 25.57
Granted	349	16.66
Vested	(216)	23.85
Forfeited	(90)	20.30
Balance as of December 31, 2023	612	\$ 21.87

PSUs cliff-vest based on performance criteria which include a three-year average adjusted return on equity as compared to pre-established benchmarks, a calculation that compares the Group's TSR to pre-established benchmarks as well as the same calculated return for a group of peer companies as selected by the Group, and methane intensity reduction over three years. The number of units that will vest can range between 0% and 100% of the award.

The fair value of the Group's PSUs is calculated using a Monte Carlo simulation model as of the grant date and is uniformly expensed over the vesting period. The inputs to the Monte Carlo model included the following for PSUs granted during the respective periods presented:

	December 31, 2023	December 31, 2022	December 31, 2021
Risk-free rate of interest	3.3%	1.3%	0.2%
Volatility ^(a)	31%	37%	35%
Correlation with comparator group range	0.01 - 0.30	0.01 - 0.36	0.02 - 0.36

^(a) Volatility utilizes the historical volatility for the Group's share price.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "ESPP"), implemented in February 2023, authorized and reserved for issuance 300 shares of common stock. As of December 31, 2023, 15 shares have been purchased by and issued to ESPP participants, and 285 shares remain available to be purchased.

Share-Based Compensation Expense

The following table presents the share-based compensation expense for the respective periods presented:

	December 31, 2023	December 31, 2022	December 31, 2021
Options	\$ 292	\$ (749)	\$ 2,115
RSUs	2,833	4,210	2,346
PSUs	3,335	4,590	2,939
ESPP	34	—	—
Total share-based compensation expense	\$ 6,494	\$ 8,051	\$ 7,400

NOTE 18 - DIVIDENDS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. Prices per share and shares outstanding have been retroactively adjusted for all reporting periods.

The following table summarizes the Group's dividends declared and paid on the dates indicated:

Date Dividends Declared	Dividend per Share		Record Date	Pay Date	Shares Outstanding	Gross Dividends Paid
	USD	GBP				
November 14, 2022	\$ 0.8750	£ 0.7220	March 3, 2023	March 28, 2023	47,869	\$ 41,885
March 21, 2023	\$ 0.8750	£ 0.6860	May 26, 2023	June 30, 2023	48,165	42,144
May 9, 2023	\$ 0.8750	£ 0.7040	September 1, 2023	September 29, 2023	48,157	42,137
September 1, 2023	\$ 0.8750	£ 0.6840	December 1, 2023	December 29, 2023	47,857	41,875
Paid during the year ended December 31, 2023						\$ 168,041
October 28, 2021	\$ 0.8500	£ 0.6500	March 4, 2022	March 28, 2022	42,502	\$ 36,127
March 22, 2022	\$ 0.8500	£ 0.6860	May 27, 2022	June 30, 2022	42,527	36,148
May 16, 2022	\$ 0.8500	£ 0.7320	September 2, 2022	September 26, 2022	42,294	35,950
August 8, 2022	\$ 0.8500	£ 0.6900	November 25, 2022	December 28, 2022	41,447	35,230
Paid during the year ended December 31, 2022						\$ 143,455
October 29, 2020	\$ 0.8000	£ 0.5700	March 5, 2021	March 26, 2021	35,376	\$ 28,301
March 8, 2021	\$ 0.8000	£ 0.5620	May 28, 2021	June 24, 2021	42,472	33,970
April 30, 2021	\$ 0.8000	£ 0.5760	September 3, 2021	September 24, 2021	42,480	33,984
August 5, 2021	\$ 0.8000	£ 0.5980	November 26, 2021	December 17, 2021	42,480	33,984
Paid during the year ended December 31, 2021						\$ 130,239

On November 15, 2023 the Group proposed a dividend of \$0.8750 per share. The dividend will be paid on March 28, 2024 to shareholders on the register on March 1, 2024. This dividend was not approved by shareholders, thereby qualifying it as an "interim" dividend. No liability was recorded in the Group Financial Statements in respect of this interim dividend as of December 31, 2023.

Dividends are waived on shares held in the EBT.

Subsequent Events

On March 19, 2024 the Directors recommended a dividend of \$0.29 per share. The dividend will be subject to shareholder approval at the AGM. Provided this dividend was not approved by shareholders as of the reporting date, this represents an "interim" dividend. No liability has been recorded in the Group Financial Statements in respect of this dividend as of December 31, 2023.

NOTE 19 - ASSET RETIREMENT OBLIGATIONS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group records a liability for the present value of the estimated future decommissioning costs on its natural gas and oil properties. Although productive life varies within our well portfolio, presently we expect all of our existing wells to have reached the end of their productive lives and be retired by approximately 2095, consistent with our reserve calculations which were independently evaluated by third-party engineers. The Group also records a liability for the future cost of decommissioning its production facilities and pipelines when required by contract, statute, or constructive obligation. No state contractual agreements or statutes for production facilities and pipelines would impose material obligations on the Group for the years ended December 31, 2023, 2022 and 2021.

In estimating the present value of future decommissioning costs of natural gas and oil properties the Group takes into account the number and state jurisdictions of wells, current costs to decommission by state and well type, and the Group's retirement plan which is based on state requirements and the Group's retirement capacity over the producing lives of the Group's well portfolio. The Directors' assumptions are based on the current economic environment and represent what the Directors believe is a reasonable basis upon which to estimate the future liability. However, actual decommissioning costs will ultimately depend upon future market prices at the time the decommissioning services are performed. Furthermore, the timing of decommissioning will vary depending on when the fields cease to produce economically, making the determination dependent upon future natural gas and oil prices, which are inherently uncertain.

The Group applies a contingency allowance for annual inflationary cost increases to its current cost expectations then discounts the resulting cash flows using a credit adjusted risk free discount rate. The inflationary adjustment is a U.S. long-term 10-year rate sourced from consensus economics. When determining the discount rate of the liability, the Group evaluates treasury rates as well as the Bloomberg 15-year U.S. Energy BB and BBB bond index which economically aligns with the underlying long-term and unsecured liability. Based on this evaluation the net discount rate used in the calculation of the decommissioning liability in 2023, 2022 and 2021 was 3.4%, 3.6% and 2.9%, respectively.

The composition of the provision for asset retirement obligations at the reporting date was as follows for the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of period	\$ 457,083	\$ 525,589	\$ 346,124
Additions ^(a)	3,250	24,395	96,292
Accretion	26,926	27,569	24,396
Asset retirement costs	(5,961)	(4,889)	(2,879)
Disposals ^(b)	(17,300)	(16,779)	(16,500)
Revisions to estimate ^(c)	42,650	(98,802)	78,156
Balance at end of period	\$ 506,648	\$ 457,083	\$ 525,589
Less: Current asset retirement obligations	5,402	4,529	3,399
Non-current asset retirement obligations	\$ 501,246	\$ 452,554	\$ 522,190

^(a) Refer to Note 5 for additional information regarding acquisitions and divestitures.

^(b) Associated with the divestiture of natural gas and oil properties. Refer to Note 10 for additional information.

^(c) As of December 31, 2023, we performed normal revisions to our asset retirement obligations, which resulted in a \$42,650 increase in the liability. This increase was comprised of a \$27,830 increase attributable to a lower discount rate as a result of slightly decreased bond yields as compared to 2022 as inflation began to increase at a lower rate and a \$16,059 increase for cost revisions based on our recent asset retirement experiences. Partially offsetting this increase was a \$1,239 change attributed to retirement timing. As of December 31, 2022, the Group performed normal revisions to its asset retirement obligations, which resulted in a \$98,802 decrease in the liability. This decrease was comprised of a \$144,656 decrease attributable to a higher discount rate. The higher discount rate was a result of macroeconomic factors spurred by the increase in bond yields which have elevated with U.S. treasuries to combat the current inflationary environment. Partially offsetting this decrease was \$29,357 in cost revisions based on the Group's recent asset retirement experiences and a \$16,497 timing revision for the acceleration of the Group's retirement plans made possible by asset retirement acquisitions that improved the Group's asset retirement capacity through the growth of its operational capabilities. As of December 31, 2021, the Group performed normal revisions to its asset retirement obligations, which resulted in a \$78,156 increase in the liability. This increase was comprised of a \$109,306 increase attributable to the lower discount rate which was then offset by a \$27,038 decrease for cost revisions based on our recent asset retirement experiences. The remaining change was attributable to timing. The lower discount rate was a result of macroeconomic factors spurred by the COVID-19 recovery, which reduced bond yields and increased inflation. Cost reductions are a result of our recent asset retirement experiences.

Changes to assumptions for the estimation of the Group's asset retirement obligations could result in a material change in the carrying value of the liability. A reasonably possible change in assumptions could have the following impact on the Group's asset retirement obligations as of December 31, 2023:

ARO Sensitivity	Scenario 1^(a)	Scenario 2^(b)
Discount rate	\$ (164,357)	\$ 817,004
Timing	31,339	(34,235)
Cost	50,580	(50,580)

^(a) Scenario 1 assumes an increase of the BBB 15 year discount rate to approximately 7% (which is one of the highest rates observed since 2020), a 10% increase in cost and a 10% increase in timing by assuming the addition of one plugging rig, which would accelerate retirement plans. All of these scenarios have been either historically observed or are considered reasonably possible.

^(b) Scenario 2 assumes a decrease of the BBB 15 year discount rate to approximately 3% (which is one of the lowest rates observed since 2020), a 10% decrease in cost and a 10% decrease in timing by assuming the loss of one plugging rig, which would delay retirement plans. All of these scenarios have been either historically observed or are considered reasonably possible.

NOTE 20 - LEASES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group leased automobiles, equipment and real estate for the periods presented below. A reconciliation of leases arising from financing activities and the balance sheet classification of future minimum lease payments as of the reporting periods presented were as follows:

	Present Value of Minimum Lease Payments		
	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of period	\$ 28,862	\$ 27,804	\$ 18,878
Additions ^(a)	14,430	11,269	16,482
Interest expense ^(b)	1,661	1,022	1,050
Cash outflows	(13,831)	(11,233)	(8,606)
Balance at end of period	\$ 31,122	\$ 28,862	\$ 27,804
Classified as:			
Current liability	\$ 10,563	\$ 9,293	\$ 9,627
Non-current liability	20,559	19,569	18,177
Total	\$ 31,122	\$ 28,862	\$ 27,804

^(a) The \$14,430 and \$11,269 in lease additions during the years ended December 31, 2023 and December 31, 2022, respectively, was primarily attributable to the expansion of the Group's fleet due to continued growth. Of the \$16,482 in lease additions during the year ended December 31, 2021, \$8,062 was attributable to the Indigo, Blackbeard and Tapstone acquisitions. Refer to Note 5 for additional information regarding acquisitions.

^(b) Included as a component of finance cost.

Set out below is the movement in the right-of-use assets:

	Right-of-Use Assets		
	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of period	\$ 27,959	\$ 26,908	\$ 18,026
Additions ^(a)	13,279	11,295	16,554
Depreciation	(11,224)	(10,244)	(7,672)
Balance at end of period	\$ 30,014	\$ 27,959	\$ 26,908
Classified as:			
Motor vehicles	\$ 25,592	\$ 23,782	\$ 19,149
Midstream	3,136	3,801	6,502
Buildings and leasehold improvements	1,286	376	1,257
Total	\$ 30,014	\$ 27,959	\$ 26,908

^(a) The \$13,279 and \$11,295 in lease additions during the years ended December 31, 2023 and December 31, 2022, respectively, was attributable to the expansion of the Group's fleet due to continued growth. Of the \$16,554 in lease additions during the year ended December 31, 2021,

\$8,062 was attributable to the Indigo, Blackbeard and Tapstone acquisitions. Refer to Note 5 for additional information regarding acquisitions.

The range of discount rates applied in calculating right-of-use assets and related lease liabilities, depending on the lease term, is presented below:

	December 31, 2023	December 31, 2022	December 31, 2021
Discount rates range	1.8% - 7.1%	1.8% - 6.3%	1.8% - 3.3%

Expenses related to short-term and low-value lease exemptions applied under IFRS 16 are primarily associated with short term compressor rentals and were \$30,024, \$25,153 and \$15,362 for the years ended December 31, 2023 and 2022 and 2021, respectively. These amounts have been included in the Group's operating expenses and are primarily concentrated in LOE.

The following table reflects the maturity of leases as of the periods presented:

	December 31, 2023	December 31, 2022	December 31, 2021
Not Later Than One Year	\$ 10,563	\$ 9,293	\$ 9,627
Later Than One Year and Not Later Than Five Years	20,559	19,569	18,177
Later Than Five Years	—	—	—
Total	\$ 31,122	\$ 28,862	\$ 27,804

NOTE 21 - BORROWINGS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group's borrowings consist of the following amounts as of the reporting date:

	December 31, 2023	December 31, 2022
Credit Facility (Interest rate of 8.66% and 7.42%, respectively) ^(a)	\$ 159,000	\$ 56,000
ABS I Notes (Interest rate of 5.00%)	100,898	125,864
ABS II Notes (Interest rate of 5.25%)	125,922	147,458
ABS III Notes (Interest rate of 4.875%)	274,710	319,856
ABS IV Notes (Interest rate of 4.95%)	99,951	130,144
ABS V Notes (Interest rate of 5.78%)	290,913	378,796
ABS VI Notes (Interest rate of 7.50%)	159,357	212,446
Term Loan I (Interest rate of 6.50%)	106,470	120,518
Miscellaneous, primarily for real estate, vehicles and equipment	7,627	7,084
Total borrowings	\$ 1,324,848	\$ 1,498,166
Less: Current portion of long-term debt	(200,822)	(271,096)
Less: Deferred financing costs	(41,123)	(48,256)
Less: Original issue discounts	(7,098)	(9,581)
Total non-current borrowings, net	\$ 1,075,805	\$ 1,169,233

^(a) Represents the variable interest rate as of period end.

Credit Facility

The Group maintains a revolving loan facility (the "Credit Facility") with a lending syndicate, the borrowing base for which is redetermined on a semi-annual, or as needed, basis. The Group's wholly-owned subsidiary, DP RBL Co LLC, is the borrower under the Credit Facility. The borrowing base is primarily a function of the value of the natural gas and oil properties that collateralize the lending arrangement and will fluctuate with changes in collateral, which may occur as a result of acquisitions or through the establishment of ABS, term loan or other lending structures that result in changes to the collateral base.

In August 2022, the Group amended and restated the credit agreement governing its Credit Facility. The amendment enhanced the alignment with the Group's stated ESG initiatives by including sustainability performance targets ("SPTs") similar to those included in the ABS III, IV, V and VI notes, extended the maturity of the Credit Facility to August 2026. In September 2023, the Group performed its semi-annual redetermination and the borrowing base was resized to \$435,000. In November 2023, the borrowing base was resized to \$305,000 to reflect the movement of collateral for the issuance of the ABS VII Notes. Refer to Note 5 for additional information regarding the ABS VII transaction.

The Credit Facility has an interest rate of SOFR plus an additional spread that ranges from 2.75% to 3.75% based on utilization. Interest payments on the Credit Facility are paid on a monthly basis. Available borrowings under the Credit Facility were \$134,817 as of December 31, 2023 which includes the impact of \$11,183 in letters of credit issued to certain vendors.

The Credit Facility contains certain customary representations and warranties and affirmative and negative covenants, including covenants relating to: maintenance of books and records; financial reporting and notification; compliance with laws; maintenance of properties and insurance; and limitations on incurrence of indebtedness, liens, fundamental changes, international operations, asset sales, making certain debt payments and amendments, restrictive agreements, investments, restricted payments and hedging. The restricted payment provision governs the Group's ability to make discretionary payments such as dividends, share repurchases, or other discretionary payments. DP RBL Co LLC must comply with the following restricted payments test in order to make discretionary payments (i) leverage is less than 1.5x and borrowing base availability is >25% (ii) leverage is between 1.5x and 2.0x, free cash flow must be positive and borrowing base availability must be >15% (iii) leverage is between 2.0x and 2.5x, free cash flow must be positive and borrowing base availability must be >20% (iv) when leverage exceeds 2.5x for DP RBL Co LLC, restricted payments are prohibited.

Additional covenants require DP RBL Co LLC to maintain a ratio of total debt to EBITDAX of not more than 3.25 to 1.00 and a ratio of current assets (with certain adjustments) to current liabilities of not less than 1.00 to 1.00 as of the last day of each fiscal quarter. The fair value of the Credit Facility approximates the carrying value as of December 31, 2023.

Term Loan I

In May 2020, the Group acquired DP Bluegrass LLC ("Bluegrass"), a limited-purpose, bankruptcy-remote, wholly owned subsidiary, to enter into a securitized financing agreement for \$160,000, which was structured as a secured term loan. The Group issued the Term Loan I at a 1% discount and used the proceeds of \$158,400 to fund the 2020 Carbon and EQT acquisitions. The Term Loan I is secured by certain producing assets acquired in connection with the Carbon and EQT acquisitions.

The Term Loan I accrues interest at a stated 6.50% annual rate and has a maturity date of May 2030. Interest and principal payments on the Term Loan I are payable on a monthly basis. During the years ended December 31, 2023, 2022 and 2021, the Group incurred \$7,573, \$8,643 and \$9,860 in interest related to the Term Loan I, respectively. The fair value of the Term Loan I is approximately \$101,706 as of December 31, 2023.

ABS I Note

In November 2019, the Group formed Diversified ABS LLC ("ABS I"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB- rated asset-backed securities for an aggregate principal amount of \$200,000 at par. The ABS I Notes are secured by certain of the Group's upstream producing Appalachian assets. Natural gas production associated with these assets was hedged at 85% at the close of the agreement with long-term derivative contracts.

Interest and principal payments on the ABS I Notes are payable on a monthly basis. During the years ended December 31, 2023, 2022 and 2021, the Group incurred \$5,660, \$7,110 and \$8,460 of interest related to the ABS I Notes, respectively. The legal final maturity date is January 2037 with an amortizing maturity of December 2029. The ABS I Notes accrue interest at a stated 5% rate per annum. The fair value of the ABS I Notes is approximately \$94,517 as of December 31, 2023.

In the event that ABS I has cash flow in excess of the required payments, ABS I is required to pay between 50% to 100% of the excess cash flow, contingent on certain performance metrics, as additional principal, with the remaining excess cash flow, if any, remaining with the Group. In particular, (a) with respect to any payment date prior to March 1, 2030, (i) if the debt service coverage ratio (the "DSCR") as of such payment date is greater than or equal to 1.25 to 1.00, then 25%, (ii) if the DSCR as of such payment date is less than 1.25 to 1.00 but greater than or equal to 1.15 to 1.00, then 50%, and (iii) if the DSCR as of such payment date is less than 1.15 to 1.00, the production tracking rate for ABS I is less than 80%, or the loan to value ratio is greater than 85%, then 100%, and (b) with respect to any payment date on or after March 1, 2030, 100%. During the year ended December 31, 2023, the Group paid \$7,892 in excess cash flow payments on the ABS I Notes.

ABS II Note

In April 2020, the Group formed Diversified ABS Phase II LLC ("ABS II"), a limited-purpose, bankruptcy-remote, wholly owned subsidiary, to issue BBB- rated asset-backed securities for an aggregate principal amount of \$200,000. The ABS II Notes were issued at a 2.775% discount. The Group used the proceeds of \$183,617, net of discount, capital reserve requirement, and debt issuance costs, to pay down its Credit Facility. The ABS II Notes are secured by certain of the Group's upstream producing Appalachian assets. Natural gas production associated with these assets was hedged at 85% at the close of the agreement with long-term derivative contracts.

The ABS II Notes accrue interest at a stated 5.25% rate per annum and have a maturity date of July 2037 with an amortizing maturity of September 2028. Interest and principal payments on the ABS II Notes are payable on a monthly basis. During the years ended December 31, 2023, 2022 and 2021, the Group incurred \$8,040, \$9,286 and \$10,530 in interest related to the ABS II Notes, respectively. The fair value of the ABS II Notes is approximately \$119,519 as of December 31, 2023.

In the event that ABS II has cash flow in excess of the required payments, ABS II is required to pay between 50% to 100% of the excess cash flow, contingent on certain performance metrics, as additional principal, with the remaining excess cash flow, if any, remaining with the Group. In particular, (a) (i) if the DSCR as of any payment date is less than 1.15 to 1.00, then 100%, (ii) if the DSCR as of such payment date is greater than or equal to 1.15 to 1.00 and less than 1.25 to 1.00, then 50%, or (iii) if the DSCR as of such payment date is greater than or equal to 1.25 to 1.00, then 0%; (b) if the production tracking rate for ABS II is less than 80.0%, then 100%, else 0%; (c) if the loan-to-value ratio ("LTV") as of such payment date is greater than 65.0%, then

100%, else 0%; (d) with respect to any payment date after July 1, 2024 and prior to July 1, 2025, if LTV is greater than 40.0% and ABS II has executed hedging agreements for a minimum period of 30 months starting July 2026 covering production volumes of at least 85% but no more than 95% (the "Extended Hedging Condition"), then 50%, else 0%; (e) with respect to any payment date after July 1, 2025 and prior to October 1, 2025, if LTV is greater than 40.0% or ABS II has not satisfied the Extended Hedging Condition, then 50%, else 0%; and (f) with respect to any payment date after October 1, 2025, if LTV is greater than 40.0% or ABS II has not satisfied the Extended Hedging Condition, then 100%, else 0%. During the year ended December 31, 2023, the Group made no excess cash flow payments on the ABS II Notes.

ABS III Note

In February 2022, the Group formed Diversified ABS III LLC ("ABS III"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities for an aggregate principal amount of \$365,000 at par. The ABS III Notes are secured by certain of the Group's upstream producing, as well as certain midstream, Appalachian assets.

The ABS III Notes accrue interest at a stated 4.875% rate per annum and have a final maturity date of April 2039 with an amortizing maturity of November 2030. Interest and principal payments on the ABS III Notes are payable on a monthly basis. During the years ended December 31, 2023 and 2022, the Group incurred \$14,515 and \$15,325 in interest related to the ABS III Notes, respectively. The fair value of the ABS III Notes is approximately \$250,158 as of December 31, 2023.

In the event that ABS III has cash flow in excess of the required payments, ABS III is required to pay between 50% to 100% of the excess cash flow, contingent on certain performance metrics, as additional principal, with the remaining excess cash flow, if any, remaining with the Group. In particular, (a) (i) if the DSCR as of any payment date is greater than or equal to 1.25 to 1.00, then 0%, (ii) if the DSCR as of such payment date is less than 1.25 to 1.00 but greater than or equal to 1.15 to 1.00, then 50%, and (iii) if the DSCR as of such Payment Date is less than 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS III (as described in the ABS III Indenture) is less than 80%, then 100%, else 0%; and (c) if the LTV for ABS III is greater than 65%, then 100%, else 0%. During the year ended December 31, 2023, the Group made no excess cash flow payments on the ABS III Notes.

ABS IV Note

In February 2022, the Group formed Diversified ABS IV LLC ("ABS IV"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities for an aggregate principal amount of \$160,000 at par. The ABS IV Notes are secured by a portion of the upstream producing assets acquired in connection with the Blackbeard Acquisition.

The ABS IV Notes accrue interest at a stated 4.95% rate per annum and have a final maturity date of February 2037 with an amortizing maturity of September 2030. Interest and principal payments on the ABS IV Notes are payable on a monthly basis. During the year ended December 31, 2023 and 2022, the Group incurred \$5,703 and \$6,235 in interest related to the ABS IV Notes, respectively. The fair value of the ABS IV Notes is approximately \$92,345 as of December 31, 2023.

In the event that ABS IV has cash flow in excess of the required payments, ABS IV is required to pay between 50% to 100% of the excess cash flow, contingent on certain performance metrics, as additional principal, with the remaining excess cash flow, if any, remaining with the Group. In particular, (a) (i) if the DSCR as of any payment date is greater than or equal to 1.25 to 1.00, then 0%, (ii) if the DSCR as of such payment date is less than 1.25 to 1.00 but greater than or equal to 1.15 to 1.00, then 50%, and (iii) if the DSCR as of such Payment Date is less than 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS IV is less than 80%, then 100%, else 0%; and (c) if the LTV for ABS IV is greater than 65%, then 100%, else 0%. During the year ended December 31, 2023, the Group made no excess cash flow payments on the ABS IV Notes.

ABS V Notes

In May 2022, the Group formed Diversified ABS V LLC ("ABS V"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue BBB rated asset-backed securities for an aggregate principal amount of \$445,000 at par. The ABS V Notes are secured by a majority of the Group's remaining upstream assets in Appalachia that were not securitized by previous ABS transactions.

The ABS V Notes accrue interest at a stated 5.78% rate per annum and have a final maturity date of May 2039 with an amortizing maturity of December 2030. Interest and principal payments on the ABS V Notes are payable on a monthly basis. During the year ended December 31, 2023 and 2022, the Group incurred \$19,332 and \$14,319 in interest related to the ABS V Notes, respectively. The fair value of the ABS V Notes is approximately \$274,061 as of December 31, 2023.

Based on whether certain performance metrics are achieved, ABS V is required to apply 50% to 100% of any excess cash flow to make additional principal payments. In particular, (a) (i) if the DSCR as of any payment date is greater than or equal to 1.25 to 1.00, then 0%, (ii) if the DSCR as of such payment date is less than 1.25 to 1.00 but greater than or equal to 1.15 to 1.00, then 50%, and (iii) if the DSCR as of such payment date is less than 1.15 to 1.00, then 100%; (b) if the production tracking rate for ABS V is less than 80%, then 100%, else 0%; and (c) if the LTV for ABS V is greater than 65%, then 100%, else 0%. During the year ended December 31, 2023, the Group made no excess cash flow payments on the ABS V Notes.

ABS VI Notes

In October 2022, the Group formed Diversified ABS VI LLC ("ABS VI"), a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue, jointly with Oaktree, BBB+ rated asset-backed securities for an aggregate principal amount of \$460,000 (\$235,750 to the Group, before fees, representative of its 51.25% ownership interest in the collateral assets). The ABS VI Notes were issued at a 2.63% discount and are secured primarily by the upstream assets that were jointly acquired with Oaktree in

the Tapstone acquisition. The Group recorded its proportionate share of the note in its Consolidated Statement of Financial Position.

The ABS VI Notes accrue interest at a stated 7.50% rate per annum and have a final maturity date of November 2039 with an amortizing maturity of October 2031. Interest and principal payments on the ABS VI Notes are payable on a monthly basis. During the year ended December 31, 2023 and 2022, the Group incurred \$15,433 and \$3,300 in interest related to the ABS VI Notes, respectively. The fair value of the ABS VI Notes is approximately \$158,284 as of December 31, 2023.

Based on whether certain performance metrics are achieved, ABS VI is required to apply 50% to 100% of any excess cash flow to make additional principal payments. In particular, (a) (i) If the DSCR as of the applicable Payment Date is less than 1.15 to 1.00, then 100%, (ii) if the DSCR as of such Payment Date is greater than or equal to 1.15 to 1.00 and less than 1.25 to 1.00, then 50%, or (iii) if the DSCR as of such Payment Date is greater than or equal to 1.25 to 1.00, then 0%; (b) if the production tracking rate for ABS VI is less than 80%, then 100%, else 0%; and (c) if the LTV for ABS VI is greater than 75%, then 100%, else 0%. During the year ended December 31, 2023, the Group made no excess cash flow payments on the ABS VI Notes.

ABS VII Notes

In November 2023, the Group formed DP Lion Equity Holdco LLC, a limited-purpose, bankruptcy-remote, wholly-owned subsidiary, to issue Class A and Class B asset-backed securities (collectively "ABS VII") which are secured by certain upstream producing assets in Appalachia. The Class A Notes are rated BBB+ and were issued for an aggregate principal amount of \$142,000. The Class B Notes are rated BB- and were issued for an aggregate principal amount of \$20,000.

The ABS VII Class A Notes accrue interest at a stated 8.243% rate per annum and have a final maturity date of November 2043 with an amortizing maturity of February 2034. The ABS VII Class B Notes accrue interest at a stated 12.725% rate per annum and have a final maturity date of November 2043 with an amortizing maturity of August 2032. Interest and principal payments on the ABS VII Class A and Class B Notes are payable on a monthly basis.

In December 2023, the Group divested 80% of the equity ownership in DP Lion Equity Holdco LLC to outside investors, generating cash proceeds of \$30,000. The Group evaluated the remaining 20% interest in DP Lion Equity Holdco LLC and determined that the governance structure is such that the Group does not have the ability to exercise control, joint control, or significant influence over the DP Lion Equity Holdco LLC entity. Accordingly, this entity is not consolidated within the Group's financial statements for the year ended December 31, 2023. The Group's remaining investment in the LLC of \$7,500 is accounted for at fair value in accordance with IFRS 9, Financial Instruments ("IFRS 9").

Refer to Note 5 for additional information regarding the DP Lion Equity Holdco LLC equity sale.

Debt Covenants - ABS I, II, III, IV, V AND VI NOTES (Collectively, The "ABS Notes") and Term Loan I

The ABS Notes and Term Loan I are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be used to make required interest payments in respect of the ABS Notes and Term Loan I, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the ABS Notes and Term Loan I under certain circumstances, (iii) certain indemnification payments in the event, among other things, that the assets pledged as collateral for the ABS Notes and Term Loan I are used in stated ways defective or ineffective, (iv) covenants related to recordkeeping, access to information and similar matters, and (v) the Issuer will comply with all laws and regulations which it is subject to including ERISA, Environmental Laws, and the USA Patriot Act (ABS III-V only).

The ABS Notes and Term Loan I are also subject to customary accelerated amortization events provided for in the indenture, including events tied to failure to maintain stated debt service coverage ratios, failure to maintain certain production metrics, certain change of control and management termination events, and the failure to repay or refinance the ABS Notes and Term Loan I on the applicable scheduled maturity date.

The ABS Notes and Term Loan I are subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the ABS Notes and Term Loan I, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective and certain judgments.

As of December 31, 2023 the Group was in compliance with all financial covenants for the ABS Notes, Term Loan I and the Credit Facility.

Sustainability-Linked Borrowings

CREDIT FACILITY

The Credit Facility contains three sustainability-linked performance targets ("SPTs") which, depending on the Group's performance thereof, may result in adjustments to the applicable margin with respect to borrowings thereunder:

- GHG Emissions Intensity: The Group's consolidated Scope 1 emissions and Scope 2 emissions, each measured as MT CO₂e per MMcf; and
- Asset Retirement Performance: The number of wells the Group successfully retires during any fiscal year; and

- **TRIR Performance:** The arithmetic average of the two preceding fiscal years and current period total recordable injury rate computed as the Total Number of Recordable Cases (as defined by the Occupational Safety and Health Administration) multiplied by 200,000 and then divided by total hours worked by all employees during any fiscal year.

The goals set by the Credit Facility for each of these categories are aspirational and represent higher thresholds than the Group has publicly set for itself. The economic repercussions of achieving or failing to achieve these thresholds, however, are relatively minor, ranging from subtracting five basis points to adding five basis points to the applicable margin level in any given fiscal year.

An independent third-party assurance provider is required to certify the Group's performance of the SPTs.

ABS III & IV

In connection with the issuance of the ABS III & IV notes, the Group retained an independent international provider of sustainability research and services to provide and maintain a "sustainability score" with respect to Diversified Energy Company PLC and to the extent such score is below a minimum threshold established at the time of issue of the ABS III & IV notes, the interest payable with respect to the subsequent interest accrual period will increase by five basis points. This score is not dependent on the Group meeting or exceeding any sustainability performance metrics but rather an overall assessment of the Group's corporate sustainability profile. Further, this score is not dependent on the use of proceeds of the ABS III & IV notes and there were no such restrictions on the use of proceeds other than pursuant to the terms of the Group's Credit Facility. The Group informs the ABS III & IV note holders in monthly note holder statements as to any change in interest rate payable on the ABS III & IV notes as a result of the change in this sustainability score.

ABS V & VI

In addition, a "second party opinion provider" certified the terms of the ABS V & VI notes as being aligned with the framework for sustainability-linked bonds of the International Capital Markets Association ("ICMA"), applicable to bond instruments for which the financial and/or structural characteristics vary depending on whether predefined sustainability objectives, or SPTs, are achieved. The framework has five key components (1) the selection of key performance indicators ("KPIs"), (2) the calibration of SPTs, (3) variation of bond characteristics depending on whether the KPIs meet the SPTs, (4) regular reporting of the status of the KPIs and whether SPTs have been met and (5) independent verification of SPT performance by an external reviewer such as an auditor or environmental consultant. Unlike the ICMA's framework for green bonds, its framework for sustainability-linked bonds does not require a specific use of proceeds.

The ABS V & VI notes contain two SPTs. The Group must achieve, and have certified by April 28, 2027 for ABS V and May 28, 2027 for ABS VI (1) a reduction in Scope 1 and Scope 2 GHG emissions intensity to 2.85 MT CO₂e/MMcfe, and/or (2) a reduction in Scope 1 methane emissions intensity to 1.12 MT CO₂e/MMcfe. For each of these SPTs that the Group fails to meet, or have certified by an external verifier that it has met, by April 28, 2027 for ABS V and May 28, 2027 for ABS VI, the interest rate payable with respect to the ABS V & VI notes will be increased by 25 basis points. In each case, an independent third-party assurance provider will be required to certify the Group's performance of the above SPTs by the applicable deadlines.

COMPLIANCE

As of December 31, 2023, the Group met or was in compliance with all sustainability-linked debt metrics.

Future Maturities

The following table provides a reconciliation of the Group's future maturities of its total borrowings as of the reporting date as follows:

	December 31, 2023	December 31, 2022
Not later than one year	\$ 200,822	\$ 271,096
Later than one year and not later than five years	864,264	778,887
Later than five years	259,762	448,183
Total borrowings	\$ 1,324,848	\$ 1,498,166

Finance Costs

The following table represents the Group's finance costs for each of the periods presented:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Interest expense, net of capitalized and income amounts ^(a)	\$ 117,808	\$ 86,840	\$ 42,370
Amortization of discount and deferred finance costs	16,358	13,903	8,191
Other	—	56	67
Total finance costs	\$ 134,166	\$ 100,799	\$ 50,628

^(a) Includes payments related to borrowings and leases.

Financing Activities

Reconciliation of borrowings arising from financing activities:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of period	\$ 1,440,329	\$ 1,010,355	\$ 717,240
Acquired as part of a business combination	—	2,437	3,801
Sale of equity interest	(154,966)	—	—
Proceeds from borrowings	1,537,230	2,587,554	1,727,745
Repayments of borrowings	(1,547,912)	(2,139,686)	(1,436,367)
Costs incurred to secure financing	(13,776)	(34,234)	(10,255)
Amortization of discount and deferred financing costs	16,358	13,903	8,191
Cash paid for interest	(116,784)	(83,958)	(42,673)
Finance costs and other	116,148	83,958	42,673
Balance at end of period	\$ 1,276,627	\$ 1,440,329	\$ 1,010,355

NOTE 22 - TRADE AND OTHER PAYABLES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following table includes a detail of trade and other payables. The fair value approximates the carrying value as of the periods presented:

	December 31, 2023	December 31, 2022
Trade payables	\$ 49,487	\$ 90,437
Other payables	4,003	3,327
Total trade and other payables	\$ 53,490	\$ 93,764

Trade and other payables are unsecured, non-interest bearing and paid as they become due.

NOTE 23 - OTHER LIABILITIES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The following table includes details of other liabilities as of the periods presented:

	December 31, 2023	December 31, 2022
Other non-current liabilities		
Other non-current liabilities	\$ 2,224	\$ 5,375
Total other non-current liabilities	\$ 2,224	\$ 5,375
Other current liabilities		
Accrued expenses ^(a)	\$ 99,723	\$ 140,058
Net revenue clearing ^(b)	79,056	186,244
Asset retirement obligations - current	5,402	4,529
Revenue to be distributed ^(c)	93,322	90,899
Total other current liabilities	\$ 277,503	\$ 421,730

^(a) As of December 31, 2023 accrued expenses decreased primarily due to a \$50,541 decrease in hedge settlements payables, resulting from lower commodity prices throughout 2023. As of December 31, 2022 accrued expenses primarily consisted of \$61,896 for hedge settlements payables, \$21,372 for accrued post production expense, \$15,127 in accrued payroll and bonus and \$10,832 for accrued lease operating expense. The remaining balance consisted of accrued capital projects and operating expenses. Refer to the [Financial Review](#) for more information on year-over-year changes in other liabilities and their fixed and variable nature.

^(b) Net revenue clearing is estimated revenue that is payable to third-party working interest owners. The year-over-year decrease, similar to commodity receivables, was a result of lower commodity prices year-over-year.

^(c) Revenue to be distributed is revenue that is payable to third-party working interest owners, but has yet to be paid due to title, legal, ownership or other issues. The Group releases the underlying liability as the aforementioned issues become resolved. As the timing of resolution is unknown, the Group records the balance as a current liability. Revenue to be distributed increased year-over-year as a result of the Group's growth.

NOTE 24 - FAIR VALUE AND FINANCIAL INSTRUMENTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Fair Value

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Group utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. IFRS 13, Fair Value Measurement ("IFRS 13") establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is defined as follows:

- Level 1:** Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2:** Inputs (other than quoted prices included in Level 1) can include the following:
- (1) Observable prices in active markets for similar assets;
 - (2) Prices for identical assets in markets that are not active;
 - (3) Directly observable market inputs for substantially the full term of the asset; and
 - (4) Market inputs that are not directly observable but are derived from or corroborated by observable market data.
- Level 3:** Unobservable inputs which reflect the Directors' best estimates of what market participants would use in pricing the asset at the measurement date.

Financial Instruments

WORKING CAPITAL

The carrying values of cash and cash equivalents, trade receivables, other current assets, accounts payable and other current liabilities in the Consolidated Statement of Financial Position approximate fair value because of their short-term nature. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognized from initial recognition of the receivables. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

For borrowings, derivative financial instruments, and leases the following methods and assumptions were used to estimate fair value:

BORROWINGS

The fair values of the Group's ABS Notes and Term Loan I are considered to be a Level 2 measurement on the fair value hierarchy. The carrying values of the borrowings under the Group's Credit Facility (to the extent utilized) approximates fair value because the interest rate is variable and reflective of market rates. The Group considers the fair value of its Credit Facility to be a Level 2 measurement on the fair value hierarchy.

LEASES

The Group initially measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease. When this rate cannot be readily determined, the Group uses its incremental borrowing rate.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group measures the fair value of its derivative financial instruments based upon a pricing model that utilizes market-based inputs, including, but not limited to, the contractual price of the underlying position, current market prices, natural gas and liquids forward curves, discount rates such as the U.S. Treasury yields, SOFR curve, and volatility factors.

The Group has classified its derivative financial instruments into the fair value hierarchy depending upon the data utilized to determine their fair values. The Group's fixed price swaps (Level 2) are estimated using third-party discounted cash flow calculations using the NYMEX futures index for natural gas and oil derivatives and OPIS for NGLs derivatives. The Group utilizes discounted cash flow models for valuing its interest rate derivatives (Level 2). The net derivative values attributable to the Group's interest rate derivative contracts as of December 31, 2023 are based on (i) the contracted notional amounts, (ii) active market-quoted SOFR yield curves and (iii) the applicable credit-adjusted risk-free rate yield curve.

The Group's call options, put options, collars and swaptions (Level 2) are valued using the Black-Scholes model, an industry standard option valuation model that takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the NYMEX and OPIS futures index, interest rates, volatility and credit worthiness. Inputs to the Black-Scholes model, including the volatility input are obtained from a third-party pricing source, with independent verification of the most significant inputs on a monthly basis. A change in volatility would result in a change in fair value measurement, respectively.

The Group's basis swaps (Level 2) are estimated using third-party calculations based upon forward commodity price curves.

CONTINGENT CONSIDERATION

These liabilities represent the estimated fair value of potential future payments the Group may be required to remit under the terms of historical purchase agreements entered into for asset acquisitions and business combinations. In instances when the contingent consideration relates to the acquisition of a group of assets, the Group records changes in the fair value of the contingent consideration through the basis of the asset acquired rather than through other income (expense) in the Consolidated Statement of Comprehensive Income as it does for business combinations. During the years ended December 31, 2023, 2022 and 2021, the Group recorded \$0, \$1,036 and \$9,482, respectively, in revaluations related to contingent consideration associated with asset acquisitions and \$0, \$0 and \$8,963, respectively, associated with business combinations.

The contingent consideration represented in the Group's financial statements is associated with the 2020 Carbon and EQT acquisitions. The maximum contingent consideration payment of \$15,000 associated with the Carbon acquisition and the remaining contingent consideration payment of \$8,547 associated with the EQT acquisition was made during the year ended December 31, 2022, settling both contingencies in their entirety.

The Group remeasures the fair value of the contingent consideration at each reporting period. This estimate requires assumptions to be made, including forecasting the NYMEX Henry Hub natural gas settlement prices relative to stated floor and target prices in future periods. In determining the fair value of the contingent consideration liability, the Group used the Monte Carlo simulation model, which considers unobservable input variables, representing a Level 3 measurement. While valued under this technique, presently there are no remaining contingent payments.

There were no transfers between fair value levels for the year ended December 31, 2023.

The following table includes the Group's financial instruments as of the periods presented:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 3,753	\$ 7,329
Trade receivables and accrued income	190,207	296,781
Other non-current assets	9,172	4,351
Other non-current liabilities ^(a)	(1,946)	(1,669)
Other current liabilities ^(b)	(272,101)	(417,201)
Derivative financial instruments at fair value	(557,460)	(1,429,966)
Leases	(31,122)	(28,862)
Borrowings	(1,324,848)	(1,498,166)
Total	\$ (1,984,345)	\$ (3,067,403)

^(a) Excludes the long-term portion of the value associated with the upfront promote received from Oaktree.

^(b) Includes accrued expenses, net revenue clearing and revenue to be distributed. Excludes taxes payable and asset retirement obligations.

NOTE 25 - FINANCIAL RISK MANAGEMENT

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group is exposed to a variety of financial risks such as market risk, credit risk, liquidity risk, capital risk and collateral risk. The Group manages these risks by monitoring the unpredictability of financial markets and seeking to minimize potential adverse effects on its financial performance on a continuous basis.

The Group's principal financial liabilities are comprised of borrowings, leases and trade and other payables, used primarily to finance and financially guarantee its operations. The Group's principal financial assets include cash and cash equivalents and trade and other receivables derived from its operations.

The Group also enters into derivative financial instruments which, depending on market dynamics, are recorded as assets or liabilities. To assist with the design and composition of its hedging program, the Group engages a specialist firm with the appropriate skills and experience to manage its risk management derivative-related activities.

Market Risk

Market risk is the possibility that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of two types of risk: interest rate risk and commodity price risk. Financial instruments affected by market risk include borrowings and derivative financial instruments. Derivative and non-derivative financial instruments are used to manage market price risks resulting from changes in commodity prices and foreign exchange rates, which could have a negative effect on assets, liabilities or future expected cash flows.

INTEREST RATE RISK

The Group is subject to market risk exposure related to changes in interest rates. The Group's borrowings primarily consist of fixed-rate amortizing notes and its variable rate Credit Facility as illustrated below.

	December 31, 2023		December 31, 2022	
	Borrowings	Interest Rate ^(a)	Borrowings	Interest Rate ^(a)
ABS Notes and Term Loan I	\$ 1,158,221	5.67 %	\$ 1,435,082	5.70 %
Credit Facility	\$ 159,000	8.66 %	\$ 56,000	7.42 %

^(a) The interest rate on the ABS Notes and Term Loan I borrowings represents the weighted average fixed-rate of the notes while the interest rate presented for the Credit Facility represents the floating rate as of December 31, 2023 and 2022, respectively. During the year ended December 31, 2022, the Credit Facility transitioned from LIBOR to SOFR during the regular redetermination in late Spring 2022. The Group did not experience a material impact from the transition.

Refer to Note 21 for additional information regarding the ABS Notes, Term Loan I and Credit Facility. The table below represents the impact of a 100 basis point adjustment in the borrowing rate for the Credit Facility and the corresponding impact on finance costs. This represents a reasonably possible change in interest rate risk.

Credit Facility Interest Rate Sensitivity	December 31, 2023	December 31, 2022
+100 Basis Points	\$ 1,590	\$ 560
-100 Basis Points	\$ (1,590)	\$ (560)

The Group strives to maintain a prudent balance of floating and fixed-rate borrowing exposure, particularly during uncertain market conditions. As part of the Group's risk mitigation strategy from time to time the Group enters into swap arrangements to increase or decrease exposure to floating or fixed- interest rates to account for changes in the composition of borrowings in its portfolio. As a result, the total principal hedged through the use of derivative financial instruments varies from period to period. The fair value of the Group's interest rate swaps represents a liability of \$315 and \$3,228 as of December 31, 2023 and 2022, respectively. Refer to Note 13 for additional information regarding derivative financial instruments.

COMMODITY PRICE RISK

The Group's revenues are primarily derived from the sale of its natural gas, NGLs and oil production, and as such, the Group is subject to commodity price risk. Commodity prices for natural gas, NGLs and oil can be volatile and can experience fluctuations as a result of relatively small changes in supply, weather conditions, economic conditions and government actions. For the years ended December 31, 2023, 2022 and 2021, the Group's commodity revenue was \$802,399, \$1,873,011 and \$973,107, respectively. The Group enters into derivative financial instruments to mitigate the risk of fluctuations in commodity prices. The total volumes hedged through the use of derivative financial instruments varies from period to period, but generally the Group's objective is to hedge at least 65% for the next 12 months, at least 50% in months 13 to 24, and a minimum of 30% in months 25 to 36, of its anticipated production volumes. Refer to Note 13 for additional information regarding derivative financial instruments.

By removing price volatility from a significant portion of the Group's expected production through 2032, it has mitigated, but not eliminated, the potential effects of changing prices on its operating cash flow for those periods. While mitigating negative effects of falling commodity prices, these derivative contracts also limit the benefits the Group would receive from increases in commodity prices.

Credit and Counterparty Risk

The Group is exposed to credit and counterparty risk from the sale of its natural gas, NGLs and oil. Trade receivables from customers are amounts due for the purchase of natural gas, NGLs and oil. Collectability is dependent on the financial condition of each customer. The Group reviews the financial condition of customers prior to extending credit and generally does not require collateral in support of their trade receivables. The Group had no customers that comprised over 10% of its total trade receivables from customers as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, the Group's trade receivables from customers, net of the applicable allowance for credit losses, were \$168,913 and \$278,030, respectively.

The Group is also exposed to credit risk from joint interest owners, entities that own a working interest in the properties operated by the Group. Joint interest receivables are classified in trade receivables, net in the Consolidated Statement of Financial Position. The Group has the ability to withhold future revenue payments to recover any non-payment of joint interest receivables. As of December 31, 2023 and 2022, the Group's joint interest receivables, net of the applicable allowance for credit losses, were \$21,294 and \$18,751, respectively.

Trade receivables are current and the Group believes these net receivables are collectible. Refer to Note 3 for additional information.

Liquidity Risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group manages this risk by maintaining adequate cash reserves through the use of cash from operations and borrowing capacity on the Credit Facility. The Group also continuously monitors its forecast and actual cash flows to ensure it maintains an appropriate amount of liquidity. The amounts disclosed in the following table are the contractual cash flows.

	Not Later Than One Year	Later Than One Year and Not Later Than Five Years	Later Than Five Years	Total
For the year ended December 31, 2023				
Trade and other payables	\$ 53,490	\$ —	\$ —	\$ 53,490
Borrowings	200,822	864,264	259,762	1,324,848
Leases	12,358	22,531	—	34,889
Other liabilities ^(a)	178,779	2,224	—	181,003
Total	\$ 445,449	\$ 889,019	\$ 259,762	\$ 1,594,230
For the year ended December 31, 2022				
Trade and other payables	\$ 93,764	\$ —	\$ —	\$ 93,764
Borrowings	271,096	778,887	448,183	1,498,166
Leases	10,925	21,523	—	32,448
Other liabilities ^(a)	326,302	5,375	—	331,677
Total	\$ 702,087	\$ 805,785	\$ 448,183	\$ 1,956,055

^(a) Represents accrued expenses and net revenue clearing. Excludes taxes payable, asset retirement obligations and revenue to be distributed.

Capital Risk

The Group defines capital as the total of equity shareholders' funds and long-term borrowings net of available cash balances. The Group's objectives when managing capital are to provide returns for shareholders, maintain appropriate leverage and safeguard the ability to continue as a going concern while pursuing opportunities for growth through identifying and evaluating potential acquisitions and constructing new infrastructure on existing proved leaseholds. The Directors do not establish a quantitative return on capital criteria, but rather promote year-over-year adjusted EBITDA growth. The Group seeks to maintain a leverage target at or under 2.5x.

Collateral Risk

As of December 31, 2023, the Group has pledged 100% of its upstream natural gas and oil properties in the Appalachia and Central Region, along with certain midstream assets, to fulfill the collateral requirements for borrowings under the ABS Notes, Term Loan I and Credit Facility. The fair value of the collateral is based on a third-party engineering reserve calculation using estimated cash flows discounted at 10% and a commodities futures price schedule. Refer to Notes 5 and 21 for additional information regarding acquisitions and borrowings, respectively.

NOTE 26 - COMMITMENTS AND CONTINGENCIES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Delivery Commitments

We have contractually agreed to deliver firm quantities of natural gas to various customers, which we expect to fulfill with production from existing reserves. We regularly monitor our proved developed reserves to ensure sufficient availability to meet these commitments. The following table summarizes our total gross commitments, compiled using best estimates based on our sales strategy, as of December 31, 2023.

	Natural gas (MMcf)
2024	70,769
2025	16,658
2026	—
Thereafter	360,114

Litigation and Regulatory Proceedings

The Group is involved in various pending legal issues that have arisen in the ordinary course of business. The Group accrues for litigation, claims and proceedings when a liability is both probable and the amount can be reasonably estimated. As of December 31, 2023 and 2022, the Group did not have any material amounts accrued related to litigation or regulatory matters. For any matters not accrued for, it is not possible to estimate the amount of any additional loss, or range of loss that is

reasonably possible, but, based on the nature of the claims, management believes that current litigation, claims and proceedings are not, individually or in aggregate, after considering insurance coverage and indemnification, likely to have a material adverse impact on the Group's financial position, results of operations or cash flows.

The Group has no other contingent liabilities that would have a material impact on the Group's financial position, results of operations or cash flows.

Environmental Matters

The Group's operations are subject to environmental regulation in all the jurisdictions in which it operates, and it was in compliance as of December 31, 2023 and 2022. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect its operations. The Group can offer no assurance regarding the significance or cost of compliance associated with any such new environmental legislation once implemented.

NOTE 27 - RELATED PARTY TRANSACTIONS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group had no related party activity in 2023, 2022 or 2021.

NOTE 28 - SUBSEQUENT EVENTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Group determined the need to disclose the following material transactions that occurred subsequent to December 31, 2023, which have been described within each relevant footnote as follows:

Description	Footnote
Acquisitions and Divestitures	Note 5
Dividends	Note 18

Company Financial Statements

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Company Statement of Financial Position

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets:			
Investments in subsidiaries	4	£ 1,055,908	£ 973,500
Other non-current assets		102	—
Total non-current assets		£ 1,056,010	£ 973,500
Current assets:			
Cash and cash equivalents		562	923
Other current assets		109	67
Total current assets		£ 671	£ 990
Total assets		£ 1,056,681	£ 974,490
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	5	£ 9,586	£ 8,431
Share premium	5	931,102	802,889
Treasury reserve		(82,877)	(81,769)
Share based payment and other reserves		11,346	14,208
Retained earnings (accumulated deficit)		183,009	225,924
Equity attributable to owners of the Parent		£ 1,052,166	£ 969,683
Total equity		£ 1,052,166	£ 969,683
Current liabilities:			
Trade and other payables		4,515	4,807
Total current liabilities		£ 4,515	£ 4,807
Total liabilities		£ 4,515	£ 4,807
TOTAL EQUITY & LIABILITIES		£ 1,056,681	£ 974,490

The profit for the 2023 financial year of the Company was £93,725 (2022: £217,698).

The notes on pages 198 to 201 are an integral part of the Company Financial Statements.

The Company Financial Statements were approved by the Board of Directors and authorized for issuance on March 19, 2024 and were signed on its behalf by:

D.E. Johnson

David E. Johnson

Chairman of the Board

Registered in England and Wales, No. 9156132

Company Statement of Changes in Equity

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

	Note	Share Capital	Share Premium	Treasury Reserve	Share-Based Payment and Other Reserves	Retained Earnings (Accumulated Deficit)	Total Equity
Balance as of January 1, 2021		£ 7,071	£ 653,160	£ (54,017)	£ 7,246	£ 116,284	£ 729,744
Income after taxation		—	—	—	—	106,980	106,980
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 106,980	£ 106,980
Issuance of share capital (equity placement)	5	1,416	149,729	—	—	—	151,145
Issuance of share capital (equity compensation)	5	5	—	—	5,114	(2,058)	3,061
Dividends	6	—	—	—	—	(93,991)	(93,991)
Cancellation of warrants		—	—	—	(1,040)	—	(1,040)
Transactions with shareholders		£ 1,421	£ 149,729	£ —	£ 4,074	£ (96,049)	£ 59,175
Balance as of December 31, 2021		£ 8,492	£ 802,889	£ (54,017)	£ 11,320	£ 127,215	£ 895,899
Income after taxation		—	—	—	—	217,698	217,698
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 217,698	£ 217,698
Issuance of share capital (equity placement)	5	—	—	—	—	—	—
Issuance of share capital (settlement of warrants)	5	4	—	—	353	—	357
Issuance of share capital (equity compensation)	5	6	—	—	4,713	(2,704)	2,015
Issuance of EBT shares (equity compensation)		—	—	2,007	(2,007)	—	—
Repurchase of shares (EBT)		—	—	(19,388)	—	—	(19,388)
Repurchase of shares (share buyback program)	5	(71)	—	(10,371)	71	—	(10,371)
Dividends	6	—	—	—	—	(116,285)	(116,285)
Cancellation of warrants		—	—	—	(242)	—	(242)
Transactions with shareholders		£ (61)	£ —	£ (27,752)	£ 2,888	£ (118,989)	£ (143,914)
Balance as of December 31, 2022		£ 8,431	£ 802,889	£ (81,769)	£ 14,208	£ 225,924	£ 969,683
Income after taxation		—	—	—	—	93,725	93,725
Other comprehensive income (loss)		—	—	—	—	—	—
Total comprehensive income (loss)		£ —	£ —	£ —	£ —	£ 93,725	£ 93,725
Non-controlling interest in acquired assets		—	—	—	—	—	—
Issuance of share capital (equity placement)	5	1,284	128,213	—	—	—	129,497
Issuance of share capital (settlement of warrants)	5	—	—	—	—	—	—
Issuance of share capital (equity compensation)		—	—	—	4,739	(2,407)	2,332
Issuance of EBT shares (equity compensation)		—	—	7,730	(7,730)	—	—
Repurchase of shares (EBT)		—	—	—	—	—	—
Repurchase of shares (share buyback program)	5	(129)	—	(8,838)	129	—	(8,838)
Dividends	6	—	—	—	—	(134,233)	(134,233)
Distributions to non-controlling interest owners		—	—	—	—	—	—
Cancellation of warrants		—	—	—	—	—	—
Transactions with shareholders		£ 1,155	£ 128,213	£ (1,108)	£ (2,862)	£ (136,640)	£ (11,242)
Balance as of December 31, 2023		£ 9,586	£ 931,102	£ (82,877)	£ 11,346	£ 183,009	£ 1,052,166

The notes on pages 198 to 201 are an integral part of the Company Financial Statements.

Notes to the Company Financial Statements

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

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NOTE 1 - GENERAL INFORMATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Diversified Energy Company PLC (the “Parent” or “Company”), formerly Diversified Gas & Oil PLC, and its wholly owned subsidiaries (the “Group”) is an independent energy company engaged in the production, transportation and marketing of primarily natural gas related to its synergistic U.S. onshore upstream and midstream assets. The Group’s assets are located within the Appalachian and Central basins of the U.S.

The Company was incorporated on July 31, 2014 in the United Kingdom and is registered in England and Wales under the Companies Act 2006 as a public limited company under company number 09156132. The Group’s registered office is located at 4th floor Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB, UK.

In May 2020, the Company’s shares were admitted to trading on the LSE’s Main Market for listed securities under the ticker “DEC”. In December 2023, the Company’s shares were admitted to trading on NYSE under the ticker “DEC.” As of December 31, 2023, the principal trading market for the Company’s ordinary shares was the LSE.

NOTE 2 - ACCOUNTING POLICIES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Basis of Preparation

The Company Financial Statements have been prepared in accordance with Financial Reporting Standard 102 “FRS 102” and the Companies Act 2006 under the historical cost basis. The preparation of Company Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in applying the Company’s accounting policies (refer to Note 3).

The Company Financial Statements are presented in British pound sterling (“£”) and rounded to the nearest thousand, unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions:

- As permitted by Section 408 of the Companies Act 2006 the Company has not included a Profit and Loss account in the Company Financial Statements.
- As permitted by The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS”) 102 Section 7 “Statement of Cash Flows” and Section 11 “Financial Instruments” the company has not included a Statement of Cash Flows as well as other limited disclosures.
- As permitted by FRS 102 Section 33 “Related Party Disclosures” the financial statements do not disclose transactions with any wholly owned subsidiary undertakings. There were no other related party transactions to report

GOING CONCERN

The Company Financial Statements have been prepared on the going concern basis, which contemplates the health of the Company, as well as the continuity of normal business activity and the realization of assets and the settlement of liabilities in the normal course of business. The Directors have reviewed the Company’s overall position and outlook and are of the opinion that it is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of the Company Financial Statements. Refer to Note 2 to the Group Financial Statements for additional information.

NEW STANDARDS AND INTERPRETATIONS - NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Company. None of these new standards or interpretations are expected to have a material impact on the consolidated financial statements of the Company. Refer to Note 3 to the Group Financial Statements for additional information.

Significant Accounting Policies**CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

INVESTMENTS

Investments in subsidiaries represents contributions of capital to subsidiaries and are held at cost less accumulated impairment losses.

SHARE-BASED PAYMENTS

The Company accounts for share-based payments under FRS 102. All of the Company's share-based awards are equity settled. The fair value of the awards are determined at the date of grant. As of December 31, 2023, 2022 and 2021, the Company had three types of share-based payment awards, RSUs, PSUs and Options. The fair value of the Company's RSUs is measured using the stock price at the grant date. The fair value of the Company's PSUs is measured using a Monte Carlo simulation model as of the grant date. The fair value of the Company's Options are calculated using the Black-Scholes model as of the grant date. The fair value of each award is expensed uniformly over the vesting period.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

In preparing the Company Financial Statements, the Directors considered that the key judgment is the evaluation of the carrying value of the investments in subsidiaries for impairment. Investments in subsidiaries were £1,055,908 and £973,500 as of December 31, 2023 and 2022, respectively. When considering indicators for impairment of the Company's investments the Directors evaluate the impairment indicators for the Group's financial statements on the basis that the Group's subsidiaries hold the natural gas and oil properties which generate the Group's cash flows. These cash flows are ultimately linked to the subsidiaries' ability to pay dividends back to the Company.

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. The Directors undertook an impairment trigger assessment in line with their accounting policy. Given the viability of the investments is dependent on the cash flows from the subsidiaries which are generated from the underlying natural gas properties the Directors have compared the carrying value of the Group's natural gas and oil properties as of December 31, 2023 to their fair values on a field basis. During the year ended December 31, 2023, the Group determined that the carrying amounts of certain proved properties for two fields were not recoverable from future cash flows and recognized an impairment charge of \$41,616. Refer to Note 5 to the Group Financial Statements. In considering the result of this assessment, the Directors also evaluated the borrowing obligations of the subsidiaries and their ability to produce cash flows which generate distributable reserves. Based on this review, while the carrying value of natural gas and oil properties was impaired in two fields, there were no indications the subsidiaries would be unable to repay any borrowing obligations. No other impairment indicators were identified and no other impairment charges were recognized.

NOTE 4 - INVESTMENTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The Company owns in its entirety the issued share capital of Diversified Gas & Oil Corporation, a company incorporated in Delaware, U.S. The carrying value as of December 31, 2023 and 2022 of investments held was £1,055,908 and £973,500, respectively. The year-over-year increase is primarily attributable to additional capital contributions to subsidiaries as a result of the issuance and repurchase of share capital and dividend payments.

A list of the subsidiaries of the Company is set out in Note 2 to the Group Financial Statements. The registered office of Diversified Gas & Oil Corporation and all of the subsidiaries owned by that entity is 1600 Corporate Drive, Birmingham, Alabama, USA.

NOTE 5 - SHARE CAPITAL

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. The Company's issued share capital has been retrospectively adjusted for all reporting periods.

The following table summarizes the Company's share capital for the periods presented. Refer to Notes 16 and 17 to the Group Financial Statements for additional information on share capital and other reserves.

	Number of Shares	Total Share Capital	Total Share Premium
Balance as of December 31, 2020	35,369	£ 7,071	£ 653,160
Issuance of share capital (equity placement)	7,077	1,416	149,729
Issuance of share capital (equity compensation)	37	5	—
Balance as of December 31, 2021	42,483	£ 8,492	£ 802,889
Issuance of share capital (settlement of warrants)	26	4	—
Issuance of EBT shares (equity compensation)	88	—	—
Repurchase of shares (EBT)	(790)	—	—
Repurchase of shares (share buyback program)	(400)	(71)	—
Issuance of share capital (equity compensation)	40	6	—
Balance as of December 31, 2022	41,447	£ 8,431	£ 802,889
Issuance of share capital (equity placement)	6,422	1,284	128,213
Issuance of EBT shares (equity compensation)	334	—	—
Repurchase of shares (share buyback program)	(647)	(129)	—
Balance as of December 31, 2023	47,556	£ 9,586	£ 931,102

Shares purchased and issued by the EBT have no effect on share capital or share premium. Refer to Note 16 to the Group Financial Statements for additional information regarding the accounting treatment of EBT shares.

NOTE 6 - DIVIDENDS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Effective December 5, 2023, the Company executed a 20-for-1 consolidation of its outstanding shares. Prices per share and shares outstanding have been retroactively adjusted for all reporting periods.

The following table summarizes the Company's dividends paid and declared on the dates indicated below.

Date Dividends Declared/Paid	Dividend per Share (GBP)	Record Date	Pay Date	Shares Outstanding	Gross Dividends Paid
November 14, 2022	£ 0.7220	March 3, 2023	March 28, 2023	47,869	£ 34,601
March 21, 2023	0.6860	May 26, 2023	June 30, 2023	48,165	32,998
May 9, 2023	0.7040	September 1, 2023	September 29, 2023	48,157	33,893
September 1, 2023	0.6840	December 1, 2023	December 29, 2023	47,857	32,741
Paid during the year ended December 31, 2023				£	134,233
October 28, 2021	£ 0.6500	March 4, 2022	March 28, 2022	42,502	£ 27,585
March 22, 2022	0.6860	May 27, 2022	June 30, 2022	42,527	29,143
May 16, 2022	0.7320	September 2, 2022	September 26, 2022	42,294	30,968
August 8, 2022	0.6900	November 25, 2022	December 28, 2022	41,447	28,589
Paid during the year ended December 31, 2022				£	116,285
October 29, 2020	£ 0.5700	March 5, 2021	March 26, 2021	35,376	£ 20,195
March 8, 2021	0.5620	May 28, 2021	June 24, 2021	42,472	23,899
April 30, 2021	0.5760	September 3, 2021	September 24, 2021	42,480	24,455
August 5, 2021	0.5980	November 26, 2021	December 17, 2021	42,480	25,442
Paid during the year ended December 31, 2021				£	93,991

Dividends were proposed ahead of approval of the financial statements. Refer to Note 18 to the Group Financial Statements for additional information.

NOTE 7 - OPERATING EXPENSES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

Details of Directors' remuneration is included in **Remuneration at a Glance** within this Annual Report. Auditors' remuneration is included in Note 7 to the Group Financial Statements.

NOTE 8 - TAXATION

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

The tax assessed for the year is the same as the UK corporate tax rate of 23% for the year ended December 31, 2023 and 19.0% for the years ending December 31, 2022 and 2021.

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Profit on ordinary activities before tax	£ 93,619	£ 217,825	£ 106,875
Standard UK corporate tax on profits for the period	22,000	41,387	20,306
Non-taxable income	(23,331)	(42,569)	(21,341)
Permanent differences	1,229	1,264	990
Other	—	45	(60)
Total tax charge for the year	£ (102)	£ 127	£ (105)

Non-taxable income for 2023, 2022 and 2021 relates to dividend income received from U.S. subsidiaries in the amount £99,283, £224,047 and £112,320, respectively.

The UK corporation tax rate increased from 19% to 23% effective April 1, 2023. The Company did not experience a material impact to the financial statements.

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Additional Information

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Payments to Governments Report 2023 (Unaudited)

(AMOUNTS IN THOUSANDS)

This report provides a consolidated overview of the payments to governments made by the Group for the year 2023 as required under Disclosure and Transparency Rule 4.3A issued by the UK's Financial Conduct Authority ("DTR 4.3A") and in accordance with The Reports on Payments to Governments Regulations 2014 (as amended in 2015) ("the UK Regulations"). DTR 4.3A requires companies listed on a stock exchange in the UK and operating in the extractive industry to publicly disclose payments to governments in the countries where they undertake exploration, prospecting, discovery, development and extraction of natural gas and oil deposits or other materials.

Basis of Preparation

Under the UK Regulations, the Group prepares a disclosure on payments made to governments for each financial year in relation to relevant activities of both the Group and any of its subsidiary undertakings included in the Group Financial Statements.

ACTIVITIES WITHIN THE SCOPE OF THE DISCLOSURE

Payments made to governments that relate to the Group's activities involving the exploration, development, and production of natural gas and oil reserves ("extractive activities") are included in this disclosure. Payments made to governments that relate to activities other than extractive activities are not included in this disclosure as they are not within the scope of extractive activities as defined by the UK Regulations.

GOVERNMENT

"Government" includes any national, regional or local authority of a country, and includes a department, agency or entity that is a subsidiary of a government.

CASH BASIS

Payments are reported on a cash basis, meaning that they are reported in the period in which they are paid, as opposed to being reported on an accrual basis, meaning that they are reported in the period in which the liabilities arise.

PROJECT DEFINITION

The UK Regulations require payments to be reported by project (as a sub category within a country). They define a "project" as the operational activities which are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. If these agreements are substantially interconnected, then they can be treated as a single project. Under the UK Regulations "substantially interconnected"

means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. The number of projects will depend on the contractual arrangements within a country and not necessarily on the scale of activities. Moreover, a project will only appear in this disclosure where relevant payments occurred during the year in relation to that project. The UK Regulations acknowledge that for some payments it may not be possible to attribute a payment to a single project and therefore such payments may be reported at the country level. Corporate income taxes, which are typically not levied at a project level, are an example of this.

MATERIALITY LEVEL

For each payment type, total payments below £86 to a government are excluded from this report.

EXCHANGE RATE

Payments made in currencies other than USD are translated for this report based on the foreign exchange rate at the relevant quarterly average rate.

PAYMENT TYPES

The UK Regulations define a "payment" as an amount paid whether in money or in kind, for relevant activities where the payment is of any one of the types listed below:

PRODUCTION ENTITLEMENTS

Under production-sharing agreements ("PSA") the production is shared between the host government and the other parties to the PSA. The host government typically receives its share or entitlement in kind rather than being paid in cash. For the year ended December 31, 2023, DEC had no reportable production entitlements to a government.

TAXES

This report includes taxes levied on income, personnel, production or profits withheld from dividends, royalties and interest received by DEC. Taxes levied on consumption, sales, procurement (contractor's withholding taxes), environmental, property, customs and excise are not reportable under the UK Regulations.

ROYALTIES

Payments for the rights to extract natural gas and oil resources, typically at a set percentage of revenue less any deductions that may be taken, and may be paid in cash or in kind (valued in the same way as production entitlement).

DIVIDENDS

Dividend payments other than dividends paid to a government as a shareholder of an entity unless paid in lieu of production entitlements or royalties. For the year ended December 31, 2023, DEC had no reportable dividend payments to a government.

BONUSES

Signature, discovery and production bonuses and other bonuses payable under licenses or concession agreements are included in this report. These are usually paid upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or production has reached a milestone. For the year ended December 31, 2023, DEC had no reportable bonus payments to a government.

FEES

In preparing this report, DEC has included license fees, rental fees, entry fees and all other payments that are paid

in consideration for new and existing licenses and or concessions. Fees paid to governments for administrative services are excluded.

INFRASTRUCTURE IMPROVEMENTS

Payments which relate to the construction of infrastructure (road, bridge or rail) not substantially dedicated for the use of extractive activities. Payments which are of a social investment in nature, for example building of a school or hospital, are excluded.

Payments Overview

The tables below show the relevant payments to governments made by DEC in the year ended December 31, 2023 shown by country and payment type.

Of the seven payment types required by the UK Regulations, DEC did not pay any production entitlements, dividends, bonuses, fees and or infrastructure improvements therefore those categories are not shown.

SUMMARY OF PAYMENTS TO GOVERNMENTS

(AMOUNTS IN THOUSANDS)

Countries		Taxes		Royalties		Total
United Kingdom	\$	—	\$	—	\$	—
United States		88,665		4,022		92,687
Total	\$	88,665	\$	4,022	\$	92,687

UNITED KINGDOM

Governments		Taxes		Royalties		Total
Oil and Gas Authority	\$	—	\$	—	\$	—
HM Revenue and Customs		—		—		—
The Crown Estate Scotland		—		—		—
Total	\$	—	\$	—	\$	—

UNITED STATES

Governments		Taxes		Royalties		Total
Commonwealth of Pennsylvania	\$	3,100	\$	—	\$	3,100
Commonwealth of Virginia		1,180		—		1,180
Internal Revenue Service		14,639		—		14,639
Office of Natural Resources Revenue		—		2,238		2,238
State of Alabama		134		—		134
State of Kentucky		8,090		—		8,090
State of Louisiana		16,437		—		16,437
State of Ohio		2,363		—		2,363
State of Oklahoma		12,140		1,473		13,613
State of Tennessee		285		—		285
State of Texas		19,612		311		19,923
State of West Virginia		10,685		—		10,685
Total	\$	88,665	\$	4,022	\$	92,687

Alternative Performance Measures (Unaudited)

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT DATA)

We use APMs to improve the comparability of information between reporting periods and to more accurately evaluate cash flows, either by adjusting for uncontrollable or transactional factors that are not comparable period-over-period, or by aggregating measures, to aid the users of this

Annual Report in understanding the activity taking place across the Group. APMs are used by the Directors for planning and reporting and should not be considered an IFRS replacement. The measures are also used in discussions with the investment analyst community and credit rating agencies.

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
Net income (loss)	\$ 759,701	\$ (620,598)	\$ (325,206)
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 ^(a)	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 ^(b)	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
Total adjustments	\$ (216,907)	\$ 1,123,552	\$ 668,351
Adjusted EBITDA	\$ 542,794	\$ 502,954	\$ 343,145

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

^(b) Other adjusting costs for the year ended December 31, 2023 were primarily associated with legal and professional fees related to the U.S. listing, legal fees for certain litigation, and expenses associated with unused firm transportation agreements. Other adjusting costs for the year ended December 31, 2022 primarily consisted of \$28 million in contract terminations which may allow the Group to obtain more favorable pricing in the future and \$31 million in costs associated with deal breakage and/or sourcing costs for acquisitions.

Net Debt

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.

Net Debt-to-Adjusted EBITDA

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
Total debt	\$ 1,324,848	\$ 1,498,166	\$ 1,041,665
LESS: Cash	3,753	7,329	12,558
LESS: Restricted cash	36,252	55,388	19,102
Net debt	\$ 1,284,843	\$ 1,435,449	\$ 1,010,005
Adjusted EBITDA	\$ 542,794	\$ 502,954	\$ 343,145
Pro forma adjusted EBITDA^(a)	\$ 549,258	\$ 574,414	\$ 490,978
Net debt-to-pro forma adjusted EBITDA^(b)	2.3x	2.5x	2.1x

^(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.

Total Revenue, Inclusive of Settled Hedges

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.

Adjusted EBITDA Margin

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.

	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 ^(a)	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%

^(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.

Free Cash Flow

As used herein, free cash flow represents net cash provided by operating activities less expenditures on natural gas and oil properties and equipment and cash paid for interest. We believe that free cash flow is a useful indicator of our ability to generate cash that is available for activities other than capital expenditures. The Directors believe that free cash flow provides investors with an important perspective on the cash available to service debt obligations, make strategic acquisitions and investments and pay dividends.

	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

Adjusted Operating Cost per Mcfe

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.

Employees, administrative costs and professional services

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.

	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

Officers and Professional Advisors

Directors	David E. Johnson (Non-Executive Chairman (Independent upon appointment)) Martin K. Thomas (Non-Executive Vice Chairman) Rusty Hutson, Jr. (Chief Executive Officer) David J. Turner, Jr. (Independent Non-Executive Director) Sandra M. Stash (Independent Non-Executive Director) Kathryn Z. Klaber (Independent Non-Executive Director) Sylvia Kerrigan (Senior Independent Non-Executive Director)	
Registered Number	09156132 (England and Wales)	
Registered Office	4th floor Phoenix House 1 Station Hill Reading, Berkshire, RG1 1NB United Kingdom	
Headquarters	1600 Corporate Drive Birmingham, Alabama 35242 United States	
Company Secretary	Apex Secretaries LLP 6th Floor 140 London Wall London EC2V 5DN United Kingdom	
Independent Auditors, United Kingdom	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom	
Independent Registered Public Accounting Firm, United States	PricewaterhouseCoopers LLP 569 Brookwood Village #851 Birmingham, AL 35209 United States	
Legal Advisor, United Kingdom	Latham & Watkins (London) LLP 99 Bishopsgate London ECM2 3XF United Kingdom	
Legal Advisor, United States	Benjamin Sullivan, Senior Executive Vice President and Chief Legal & Risk Officer 414 Summers Street Charleston, WV 25301 United States	
Competent Person	Netherland, Sewell & Associates, Inc. 2100 Ross Avenue, Suite 2200 Dallas, Texas 75201 United States	
Share Registrar	ComputerShare Investor Services PLC The Pavilions, Bridgewater Road Bristol, BS13 8AE United Kingdom	
Brokers	Tennyson Securities 23rd Floor, 20 Fenchurch Street London EC3M 3BY United Kingdom	Peel Hunt LLP 7th Floor, 100 Liverpool Street London EC2M 2AT United Kingdom
	Stifel Nicolaus Europe Limited 150 Cheapside London, EC2V 6ET United Kingdom	

Glossary of Terms

£

British pound sterling

\$

U.S. dollar

ABS

Asset-Backed Security

Adjusted EBITDA

Adjusted EBITDA is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted EBITDA margin

Adjusted EBITDA margin is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted operating cost

Adjusted operating cost is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Adjusted operating cost per Mcfe

Adjusted operating cost per Mcfe is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

AIM

Alternative Investment Market

APM

Alternative Performance Measure

Bbl

Barrel or barrels of oil or natural gas liquids

Bcfe

Billions of cubic feet equivalent

Board or BOD

Board of Directors

Boe

Barrel of oil equivalent, determined by using the ratio of one Bbl of oil or NGLs to six Mcf of natural gas. The ratio of one barrel of oil or NGLs to

six Mcf of natural gas is commonly used in the industry and represents the approximate energy equivalence of oil or NGLs to natural gas, and does not represent the economic equivalency of oil and NGLs to natural gas. The sales price of a barrel of oil or NGLs is considerably higher than the sales price of six Mcf of natural gas.

Boepd

Barrels of oil equivalent per day

Btu

A British thermal unit, which is a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.

CO₂

Carbon dioxide

CO₂e

Carbon dioxide equivalent

CEO

Chief Executive Officer

CFO

Chief Financial Officer

COO

Chief Operating Officer

DD&A

Depreciation, depletion and amortization

E&P

Exploration and production

EBITDA

Earnings before interest, tax, depreciation and amortization

EBITDAX

Earnings before interest, tax, depreciation, amortization and exploration expense

Employees, administrative costs and professional services

Employees, administrative costs and professional services is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

EPA

Environmental Protection Agency

EPS

Earnings per share

ERM

Enterprise Risk Management

ESG

Environmental, Social and Governance

EU

European Union

Free cash flow

Free cash flow is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

FTSE

Financial Times Stock Exchange

G&A

General and administrative expense

GBP

British pound sterling

Henry Hub

A natural gas pipeline delivery point that serves as the benchmark natural gas price underlying NYMEX natural gas futures contracts.

IAS

International Accounting Standard

IASB

International Accounting Standards Board

IPO

Initial public offering

IFRS

International Financial Reporting Standards

KWh

Kilowatt hour

LIBOR

London Inter-bank Offered Rate

LOE

Base lease operating expense is defined as the sum of employee and benefit expenses, well operating expense (net), automobile expense and insurance cost.

LSE

London Stock Exchange

M&A

Mergers and acquisitions

Mbbls

Thousand barrels

Mboe

Thousand barrels of oil equivalent

Mboepd

Thousand barrels of oil equivalent per day

Mcf

Thousand cubic feet of natural gas

Mcfe

Thousand cubic feet of natural gas equivalent

Midstream

Midstream activities include the processing, storing, transporting and marketing of natural gas, NGLs and oil.

Mmboe

Million barrels of oil equivalent

Mmbtu

Million British thermal units

Mmcf

Million cubic feet of natural gas

Mmcfe

Million cubic feet of natural gas equivalent

Mont Belvieu

A mature trading hub with a high level of liquidity and transparency that sets spot and futures prices for NGLs.

MT CO₂e

Metric ton of carbon dioxide equivalent

Motor Vehicle Accidents (“MVA”)

MVA is the rate of preventable accidents per million miles driven.

MT

Metric ton

Net debt

Net debt is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is calculated and reconciled to IFRS measures.

Net zero

Achieving an overall balance between carbon emissions produced and

carbon emissions taken out of the atmosphere, which includes making changes to reduce emissions to the lowest amount and offsetting as a last resort. For Diversified net zero means total Scope 1 and 2 GHG emissions.

NGLs

Natural gas liquids, such as ethane, propane, butane and natural gasoline that are extracted from natural gas production streams.

NYMEX

New York Mercantile Exchange

Oil

Includes crude oil and condensate

PSU

Performance stock unit

PV-10

A calculation of the present value of estimated future natural gas and oil revenues, net of forecasted direct expenses, and discounted at an annual rate of 10%. This calculation does not consider income taxes and utilizes a pricing assumption consistent with the forward curve at December 31, 2023.

Realized price

The cash market price less all expected quality, transportation and demand adjustments.

RSU

Restricted stock unit

SAM

Smarter Asset Management

SOFR

Secured Overnight Financing Rate

TCFD

Task Force on Climate-Related Financial Disclosures

Total Recordable Incident Rate (“TRIR”)

TRIR is the number of work-related injuries per 200,000 work hours.

Total revenue, inclusive of settled hedges

Total revenue, inclusive of settled hedges, is an APM. Please refer to the **APM** section in **Additional Information** within this Annual Report for information on how this metric is

calculated and reconciled to IFRS measures.

TSR

Total Shareholder Return

TTM

Trailing twelve months

UK

United Kingdom

U.S.

United States

USD

U.S. dollar

WTI

West Texas Intermediate grade crude oil, used as a pricing benchmark for sales contracts and NYMEX oil futures contracts.

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