

Diversified Closes Summit Natural Resources Acquisition and Tenth Asset Backed Securitization Issuance

Bolt-on Acquisition Increases Coal Mine Methane Environmental Credit Cash Flow, Expands Midstream Infrastructure, and Enhances Southern Appalachia Prices

Strategic Refinance Incorporates 40% Improvement in Cash Flow from New Hedges and an Innovative Master Trust Structure

Solidifies Diversified as the Leading Issuer of Oil & Gas Securitizations

BIRMINGHAM, Ala., Feb. 27, 2025 (GLOBE NEWSWIRE) -- Diversified Energy Company PLC (LSE:DEC; NYSE:DEC) (“Diversified” or the “Company”) announces the close of its previously announced acquisition of operated natural gas properties and related midstream pipeline infrastructure located within Virginia, West Virginia, and Alabama (the “Assets”) from Summit Natural Resources (the “Seller”) (together with the assets, the “Acquisition”).

Additionally, the Company closed on an asset backed securitization (“ABS”) refinancing, creating the ABS X note. Diversified will use the proceeds from the ABS transaction to consolidate and repay the outstanding principal of the previously issued ABS I, ABS II and Term Loan I, utilizing those assets plus additional Summit Natural Resources assets as collateral in the new structure. The ABS transaction will also benefit from an improved hedging profile, creating enhanced margins and cash flows. Additional proceeds from this refinancing will be used to reduce outstanding borrowings and for general corporate purposes.

Acquisition Highlights

- Acquisition net purchase price of ~\$42 million
- Current net production of ~12 MMcfepd (2 Mboepd)^(a)
- PDP Reserves of 65 Bcfe (11 MMBoe) with PV-10 of ~\$55 million^(b)
 - Purchase price equivalent of ~PV-16^(b)
- Estimated 2025 Adjusted EBITDA of ~\$12 million^{(b)(c)}
- Existing Coal Mine Methane (“CMM”) volumes with opportunities to extend future production and additional environmental credits
- Appalachian assets overlap existing operations providing synergies for increased cash margins
- Strategic midstream pipeline assets facilitate capability to enhance commodity realizations
- Recent improvements to commodity prices have further-enhanced the transaction economics

ABS Issuance Highlights

- \$530 million ABS X note structured as a master trust
- Strategic hedges expected to add ~40% (\$38 million) to EBITDA^(c) of refinanced assets
- Significantly oversubscribed (6.5x) with orders from 20 unique investors, reflecting the cash flow quality of our assets and Diversified's reputation as a responsible issuer
- Investment grade rated notes with blended fixed coupon of approximately 6.4% in A tranche
- Improved amortization expected to generate increased cash flows

Sustainability-Linked

Sustainable Fitch has again-provided a Second Party Opinion that the instrument's Key Performance Indicators (the "KPIs") align with the International Capital Markets Association (ICMA) framework for sustainability-linked bond principles, highlighting Diversified's commitment to aligning its financing with the Company's overall sustainability strategy.

**ratings established by Fitch Ratings, Inc.*

Commenting on the Acquisition and ABS transaction, CEO Rusty Hutson, Jr. said:

"We are excited to announce the completion of another acquisition of high-quality, bolt-on assets that are uniquely positioned to benefit from the operational expertise of our field teams, capture higher prices with exposure to premium Transco Zone 5 pricing, and are poised to provide additional revenues from the sale of incremental environmental credits with our growth in the production of coal mine methane. We continue to believe there is a sizeable backlog of organic Coal Mine Methane cash flow growth within our current Appalachian portfolio, and this acquisition highlights our ability to leverage existing capabilities, assets, and intellectual capital to grow this segment of our revenue stream.

Brad Gray, CFO further commented:

Supported by a growing base of loyal credit investors, we are now a seasoned programmatic issuer, and this ABS transaction achieved record demand with a significant amount of interest from a large group of new participants. This strategic refinance improves asset level cash flow with higher hedge prices and a more refined amortization schedule. Our increasing operational scale, track record of stable asset performance, and strength of our business enable us to attract reliable sources of capital and achieve a lower overall cost of capital. This outcome is a testament to how the financial markets value Diversified's reliable production and consistent cash flows."

On the Securitization: Barclays Capital, Inc. acted as Sole Structuring Advisor and Placement Agent, Mizuho Securities USA LLC, KeyBanc Capital Markets Inc., and Legado Capital Advisors, LLC acted as Co-Placement Agents.

Detring Energy Advisors acted as the sell side advisor to Summit Natural Resources.

Footnotes:

- (a) Current production based on estimated average daily production for January 2025; Estimate based on historical performance and engineered type curves for the Assets.
- (b) Based on engineering reserves assumptions using historical cost assumptions and NYMEX strip as of October 28, 2024 for the twelve months ended December 31, 2025.
- (c) Adjusted EBITDA is a Non-IFRS measure. As presented for the ABS transaction, represents the twelve months ended February 28, 2026. for more information, see "Use of Non-IFRS Measures".

For Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2024 Interim Report dated June 30, 2024 and Form 20-F for the year ended December 31, 2023 filed with the United States Securities and Exchange Commission.

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About Diversified Energy Company PLC

Diversified is a leading publicly traded energy company focused on natural gas and liquids production, transport, marketing, and well retirement. Through our unique and differentiated strategy, we acquire existing, long-life assets and invest in them to improve environmental and operational performance until retiring those assets in a safe and environmentally secure manner. Recognized by ratings agencies and organizations for our sustainability leadership, this solutions-oriented, stewardship approach makes Diversified the Right Company at the Right Time to responsibly produce energy, deliver reliable free cash flow, and generate shareholder value.

Forward-Looking Statements

This announcement contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995). These forward-looking statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect", "may", "will", "seek", "continue", "aim", "target", "projected", "plan", "goal", "achieve", "opportunity" and words of similar meaning, reflect the Company's beliefs and expectations and are based on numerous assumptions regarding the Company's present and future business strategies and the environment the Company will operate in and are subject to risks and uncertainties that may cause actual results to differ materially. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Expected benefits of the Acquisition and the ABS transaction, including the impact of the Acquisition and the ABS transaction on the company's cash flows and cash margins, and the Company's production of coal mine methane, may not be realized. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking

statements. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, including the risk factors described in the "Risk Factors" section in the Company's Annual Report and Form 20-F for the year ended December 31, 2023 and the risk factors described in Exhibit 99.2 to the Company's Form 6-K furnished with the SEC on January 27, 2025, in each case filed with the United States Securities and Exchange Commission. Forward-looking statements speak only as of their date and neither the Company nor any of its directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law. As a result, you are cautioned not to place undue reliance on such forward-looking statements.

Use of Non-IFRS Measures

Certain key operating metrics that are not defined under IFRS (alternative performance measures) are included in this announcement. These non-IFRS measures are used by us to monitor the underlying business performance of the Company from period to period and to facilitate comparison with our peers. Since not all companies calculate these or other non-IFRS metrics in the same way, the manner in which we have chosen to calculate the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies. The non-IFRS metrics should not be considered in isolation of, or viewed as substitutes for, the financial information prepared in accordance with IFRS. Certain of the key operating metrics are based on information derived from our regularly maintained records and accounting and operating systems.

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.

EBITDA and 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 measures are useful to an investor in evaluating our financial performance because they (1) are widely used by investors in the natural gas and oil industry as an indicator of underlying business performance; (2) help 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) with respect to Adjusted EBITDA, is used in the calculation of a key metric in one of our Credit Facility financial covenants; and (4) are used by us as a performance measure in determining executive compensation. We are unable to provide a quantitative reconciliation of forward-looking EBITDA and Adjusted EBITDA to the most directly comparable forward-looking IFRS measures because the items necessary to estimate such forward-looking IFRS measures are not accessible or estimable at this time without unreasonable efforts. The reconciling items in future periods could be

significant.

PV-10

PV-10 is a non-IFRS financial measure and generally differs from Standardized Measure, the most directly comparable IFRS measure, because it does not include the effects of income taxes on future net cash flows. While the Standardized Measure is free cash dependent on the unique tax situation of each company, PV-10 is based on a pricing methodology and discount factors that are consistent for all companies. In this announcement, PV-10 is calculated using NYMEX pricing. It is not practicable to reconcile PV-10 using NYMEX pricing to standardized measure in accordance with IFRS at this time. Investors should be cautioned that neither PV-10 nor the Standardized Measure represents an estimate of the fair market value of proved reserves.



Source: Diversified Energy PLC