November 15, 2023

Diversified Energy Delivers Consistent and Reliable Results for the Third Quarter 2023

Solid Operational Execution on High-Quality Asset Base Drives Sequential Cost Improvement and 22% Annualized Free Cash Flow Yield

BIRMINGHAM, AL / ACCESSWIRE / November 15, 2023 / Diversified Energy Company PLC ("Diversified," or the "Company") (LSE:DEC) is pleased to announce it is trading in line with expectations and provides the following operations and trading update for the quarter ended September 30, 2023.

Delivering Reliable Results

- .Average net daily production: 804 MMcfepd (134.0 Mboepd)
  - Average net daily production of 814 MMcfepd (135.7 Mboepd), adjusted for extraordinary maintenance
  - September 2023 exit rate of 806 MMcfepd (134.4 Mboepd)
  - Maintained industry-leading consolidated corporate decline rate of ~10%
- Recorded Adjusted EBITDA[a] of $140 million
  - Adjusted Operating Cost per Unit of $1.63/Mcfe ($9.81/Boe)[b] down 2% versus 1H23
  - Adjusted EBITDA Margin[c] of 52%
- Annualized Free Cash Flow Yield of 22%[d], including the impact of working capital changes
- Leverage ratio of 2.4x[e]
  - Affirmation by Fitch of all five of its rated ABS notes as BBB or higher (Investment Grade)
- Current Liquidity of ~$135 million
- Declared 3Q23 interim dividend that is maintained at $0.04375 per share

Creating Value Through Stewardship

- Winner of Best ESG Report 2023 from ESG Awards Europe
- Awarded Oil & Gas Methane Partnership (OGMP) Gold rating for the second year
- Increased MSCI sustainability rating to AA
- On track to retire ~200 Diversified wells in 2023
  - 136 of 169 external wells retired YTD in conjunction with state orphan well programs

Commenting on the results, CEO Rusty Hutson, Jr. said:

We have once again delivered consistent and reliable results during the third quarter despite continued commodity price headwinds. Our solid operational execution against the high-

quality assets we manage, the ongoing integration of our most recent acquisitions of Tanos II and ConocoPhillips, and our focus on efficiency delivered sequential cost improvement, which translated into 52% Adjusted EBITDA margins. The asset performance and stability of cash flows were further corroborated by Fitch's recent affirmation of its ABS notes rating.

The combination of peer-leading, low capital intensity, and low corporate declines creates a distinct competitive advantage for our Company, mitigating the need to replace production while maintaining free cash flow generation from an asset base that provides consistent production. Implementing our smarter asset management programs enhances the discretionary cash flow we generate and increases the availability of capital for reinvestment, debt repayment, and return of capital to shareholders, ultimately creating long-term value.

I am also incredibly proud of the ongoing focus on sustainability, with our achievements being rewarded by a distinguished panel of European judges bestowing our 2022 report, "Decarbonizing While Delivering," with the ESG Report of the Year, recognizing it as the most accurate, best structured and informative report.

Our commitment to providing long-term total returns to shareholders is underscored by our consistent dividend history, declaring our 25th consecutive dividend, returning over $800 million of capital to shareholders, including share repurchases, since going public in 2017.

The management team and Board remain focused on executing value-enhancing initiatives to drive additional returns for our shareholders."

Operations and Finance Update

Production and Asset Integration

The Company recorded exit rate production in September 2023 of 806 MMcfepd (134.4 Mboepd) and delivered 3Q23 average net daily production of 804 MMcfepd (134.0 Mboepd). Adjusted for extraordinary midstream utility maintenance events that affected production in the Central Region, average net daily production of 814 MMcfepd (135.7 Mboepd) highlights Diversified's peer-leading annual corporate decline profile of ~10%.

Margin and Total Cash Expenses per Unit

Adjusted EBITDA Margins[c] of 52% (36% unhedged) reflect Diversified's ability to deliver consistent cash generation through the strategic execution of the Company's differentiated hedging strategy and focus on the efficient operation of existing assets. During the quarter, Adjusted EBITDA margins benefited from diligent expense control measures in lease operating expenses, price-linked reductions in certain third-party gathering and transportation costs, while hedging provided consistent per-unit realizations compared to the prior quarter.

	3Q23		1H23		
	$/Mcfe	$/Boe	$/Mcfe	$/Boe	%
Average Realized Price[1]	$ 3.46	$ 20.75	$ 3.48	$ 20.90	(1) %

Adjusted Operating Cost per Unit (b)	3Q23		1H23		
	$/Mcfe	$/Boe	$/Mcfe	$/Boe	%
Lease Operating Expense[2]	$ 0.62	$ 3.72	$ 0.66	$ 3.97	(6) %
Midstream Expense	0.24	1.44	0.22	1.34	8 %
Gathering and Transportation	0.29	1.75	0.32	1.94	(10) %
Production Taxes	0.22	1.33	0.20	1.22	9 %
Total Operating Expense[2]	**$ 1.37**	**$ 8.24**	**$ 1.41**	**$ 8.47**	**(3) %**
Employees, Administrative Costs and Professional Fees (g)	0.26	1.56	0.25	1.50	4 %
Adjusted Operating Cost per Unit[2]	**$ 1.63**	**$ 9.81**	**$ 1.66**	**$ 9.96**	**(2) %**
Adjusted EBITDA Margin (c)	**52%**		**52%**		

[1] 3Q23 excludes $0.15/Mcfe ($0.89/Boe) and 1H23 excludes $0.07/Mcfe ($0.45/Boe) of other revenues generated by Next LVL Energy; includes the impact of other revenue and gain on land sales during the respective periods
[2] 3Q23 excludes $0.08/Mcfe ($0.48/Boe) and 1H23 excludes $0.06/Mcfe ($0.38/Boe) of expenses attributable to Next LVL Energy
Values may not sum due to rounding
Results of Hedging and Current Financial Derivatives Portfolio

Diversified's use of hedges to leverage stable production for consistent cash generation is reflected in the Company's 3Q23 average realized price of $3.46/Mcf, 35% higher than the average settled price for NYMEX Henry Hub during the quarter(h). Having proactively established its 2023 and a majority of its 2024 hedge portfolio, Diversified is focused on adding hedges to 2025 and beyond where forward natural gas prices remain strong.

Supplementary Presentation

Diversified has published a supplementary Corporate Presentation to accompany this announcement at
https://ir.div.energy/presentations.

Shareholder Engagement

In accordance with the requirements of Provision 4 of the UK Corporate Governance Code, the Company provides this update following the significant votes against the below resolutions at the Company's Annual General Meeting held on 2 May 2023 (the "AGM").

All resolutions at the AGM were passed, although a supporting vote of 62% was received for

Resolution 14, approving the Directors' Remuneration Report. 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 Company has taken.

Following the AGM, the Company 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 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 Company's remuneration policy, which was approved by shareholders at the 2022 AGM.

The Company'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.

Footnotes:

a) As used herein, Adjusted EBITDA represents earnings before interest, taxes, depletion, depreciation and amortisation, and includes adjusting items that are not comparable period-over-period, non-cash items such as gains on the sale of assets, acquisition related expenses and integration costs, mark-to-market adjustments related to Diversified's hedge portfolio, non-cash equity compensation charges and items of a similar nature

b) As used herein, includes operating expense; employees, administrative costs and professional services and recurring allowance for credit losses, which include fixed and variable cost components; for the purpose of comparability, amounts from Operating Expense relating to Diversified's wholly-owned plugging subsidiary, Next Level Energy, have been excluded (3Q23: $0.08/Mcfe)

c) As used herein, Adjusted EBITDA Margin is measured as Adjusted EBITDA, as a percentage of Total Revenue, inclusive of settled hedges; Total Revenue, inclusive of settled hedges is calculated as Total Revenue and the applicable gain (loss) on settled derivative instruments during the period

d) As used herein, Annualized Free Cash Flow Yield represents Free Cash Flow for the nine months ended 30 September 2023 as a percentage of Diversified's average total market capitalisation for the nine months ended 30 September 2023, annualized; Free Cash Flow is calculated as net cash provided by operating activities less expenditures on natural gas and oil properties and equipment and cash paid for interest; includes the impact of working capital changes

e) Calculated as Net Debt at 30 September 2023 divided by Pro Forma Adjusted EBITDA; Pro Forma Adjusted EBITDA as reported for the twelve months ended 30 September 2023, including the unrealized impact of estimated NTM Adjusted EBITDA for previously announced acquisitions and divestitures for the twelve months ended 30 September 2023

f) As previously announced via RNS, includes combined value of the sale of certain leaseholds, acreage positions and non-operated interests in producing properties during 1H 2023; Includes ~$16 million in asset sales that occurred in July 2023

g) 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.

h) Source: Bloomberg; Calculated as the settled contract price for July 2023 - September 2023;

For Company-specific items, refer to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2023 Interim Report

For further information, please contact:

Diversified Energy Company PLC +1 973 856 2757

Doug Kris dkris@dgoc.com

www.div.energy

FTI Consulting DEC@fticonsulting.com

US & UK Financial Public Relations

About Diversified Energy Company PLC

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

SOURCE: Diversified Energy Company PLC