

21 March 2023

**Diversified Energy Company PLC**  
("Diversified," "DEC" or the "Company")

**Final Results for the Year Ended 31 December 2022**

Diversified Energy Company PLC (LSE: DEC) is pleased to announce its Final Results for the year ended 31 December 2022 and other recent highlights. Diversified has published to the Company's website its annual report and accounts for the year ended 31 December 2022 (the "Annual Report") and notice of the annual general meeting ("AGM") of shareholders (the "Notice") along with the form of proxy for the AGM.

**Operating and Financial Highlights**

- Record average net daily production: 135 MBoepd (811 MMcfepd)
  - December exit rate of 141 Mboepd<sup>(a)</sup> (846 MMcfepd) excluding weather-related downtime
- Year end 2022 reserves of 830 MMboe and \$6.1 billion; 61% value increase from year end 2021<sup>(b)</sup>
- Adjusted EBITDA of \$503 million<sup>(c)</sup> generating Free Cash Flow of \$219 million<sup>(d)</sup>
- Adjusted EBITDA Margin of 50%<sup>(e)</sup>
- Net loss of \$620 million, inclusive of \$668 million tax-effected, non-cash unsettled derivative fair value adjustments
- Total Revenue, Inclusive of Hedges up 49% to \$1 billion<sup>(f)</sup>, net of \$896 million commodity cash hedge payments
  - Total Revenue up 90% to \$1.9 billion
- Dividends paid per share up 6% to \$0.17; Total dividends paid up 10% to \$143 million
- Recommending a final quarterly dividend of \$0.04375 per share
- ~85% of 2023 production hedged at an average natural gas price of \$3.83/Mcf
  - Represents ~34% price premium and ~70% increase in coverage from year-end 2021
- Completed four sustainability-linked ABS transactions totaling \$1.2 billion and amended the Company's Credit Facility to include sustainability-linked features, with 70% of total borrowings now sustainability linked
- Completed a total of \$566 million in recent acquisitions, including Tanos Energy II assets in February 2023 and the upstream, midstream and plugging acquisitions in 2022
- Current liquidity of ~\$190 million<sup>(g)</sup> and Leverage (Net Debt-to-Adjusted EBITDA) of 2.2x<sup>(h)</sup>

**ESG Highlights**

- Awarded OGMP 2.0's Gold Standard for emissions reporting during 2022
- 2022 Methane Emissions Intensity down 20% to 1.2 MT CO<sub>2</sub>e/MMcfe (FY21: 1.5), reflecting the impact of Diversified's ongoing emissions detection and measurement activities, which included the following for the full year 2022:
  - Completed 2+ surveys on ~95% of producing sites with a no-leak rate of over 95% on repeat surveys
  - Conducted aerial surveys of ~60% of the Company's ~17,700 mile midstream system
- Responsibly and efficiently retired 200<sup>(i)</sup> wells, up 47% from Appalachian well retirements in the previous year
  - Next LVL Energy has been awarded well retirement contracts on over 150 wells in 2023 for state orphan well programmes and third-party operators
- The Company anticipates issuing its 2022 Sustainability Report in April 2023

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

*"2022 was another productive year for Diversified, growing our high-quality asset base, optimizing our production, continuing our vertical integration, generating significant Free Cash Flow, and returning meaningful capital to shareholders through dividends and share repurchases. We delivered a 49% increase in total hedged revenue resulting in approximately 50% margins for the fifth consecutive year, driven by our disciplined hedging strategy. This translated into Diversified ranking in the top 20 of total shareholder returns in the FTSE 250 for the year.*

*As the Company enters 2023, the progress we made during the past year, both financially and operationally, puts Diversified in a strong position for the expanding opportunity set that lies ahead. Our prudent hedge position of approximately 85% of the year's current production with a floor of approximately \$3.83 per Mcf, well above forecasted prices, will allow us to manage the current low-price environment. At the same time, we remain incredibly optimistic about the long-term outlook for natural gas. We are laser-focused on our strategy of consolidating mature assets at attractive multiples while enhancing our margins through vertical integration of the energy value chain from production to retirement. We have built a company that provides safe, reliable, and responsibly produced energy while delivering meaningful value to shareholders."*

**Posting of 2022 Annual Report and Accounts, and Notice of Annual General Meeting**

Diversified has published to the Company's website its 2022 Annual Report and Notice of AGM, along with the form of proxy for the AGM. These documents can be viewed or downloaded from Diversified's website at <https://ir.div.energy/financial-info>.

The Company has also provided copies of these documents to the National Storage Mechanism

The Company has also provided copies of these documents to the national storage mechanism that, in accordance with Listing Rule 9.6.1, will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

### Annual General Meeting Arrangements

The Company's AGM will be held on 2 May 2023 at 2:00pm BST (9:00am EDT) at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD.

### Presentation and Webcast

DEC will host a conference call today at 8:00am GMT (4:00am EDT) to discuss these results. The conference call details are as follows:

U.S. (toll-free) + 1 877 836 0271

UK (toll-free) + 44 (0)800 756 3429

<https://www.div.energy/news-events/ir-calendarevents>

Webcast

Replay

Information

<https://ir.div.energy/financial-info>

A corporate presentation will be posted to the Company's website before the conference call. The presentation can be found at <https://ir.div.energy/presentations>.

### Footnotes:

- (a) As previously announced via RNS on 31 January 2023, weather-related downtime primarily due to Winter Storm Elliot in December 2022 resulted in a reduction of ~10 Mboepd (~60MMcfepd) to daily average production.
- (b) Based on the Company's year-end PDP reserves and using 10-year NYMEX strip, as at 30 December 2022 and 31 December 2021, respectively;
- (c) Calculated as earnings before interest, taxes, depletion, depreciation and amortisation, and includes adjustments for 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 our hedge portfolio, non-cash equity compensation charges and items of a similar nature.
- (d) Calculated as net cash provided by operating activities less expenditures on natural gas and oil properties and equipment and cash paid for interest
- (e) Calculated as Adjusted EBITDA (defined within footnote (c)), as a percentage of Total Revenue, Inclusive of Hedges. Adjusted EBITDA Margin includes the direct operating cost and the portion of general and administrative cost it takes to produce each Boe; Excludes \$0.19/Boe (\$0.03/Mcfe) of revenue and \$(0.20)/Boe (\$(0.04)/Mcfe) of expenses attributable to Next LVL Energy
- (f) Calculated as total revenue recorded for the period, inclusive of the impact of derivatives settled in cash.
- (g) Calculated as the availability on the Company's Revolving Credit Facility ("SLL") and inclusive of cash on hand and letters of credit as of March 1, 2023.
- (h) Net Debt-to-Adjusted EBITDA, or "Leverage" or "Leverage Ratio," is measured as Net Debt divided by Adjusted EBITDA (defined within footnote (c)), adjusted for the pro forma impact of the annualisation of 2022 acquisitions and the recently announced acquisition of Tanos Energy II; Net Debt calculated as of 31 December 2022 and includes total debt as recognised on the balance sheet, less cash and restricted cash. Total debt includes the Company's borrowings under the Company's Revolving Credit Facility ("SLL") and borrowings under or issuances of, as applicable, the Company's subsidiaries' securitisation facilities.
- (i) For comparative purposes, amounts exclude 14 wells retired (and related retirement costs) within the Company's Central Region operating area.

*For Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2022 Annual Report*

For further information, please contact:

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### About Diversified Energy Company PLC

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

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