

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K/A  
(Amendment No. 1)**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **October 30, 2023 (August 22, 2023)**

**EQT CORPORATION**

(Exact name of registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction  
of incorporation)

**001-3551**  
(Commission  
File Number)

**25-0464690**  
(IRS Employer  
Identification Number)

**625 Liberty Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222**  
(Address of principal executive offices, including zip code)

**(412) 553-5700**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, no par value	EQT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Introductory Note

As previously disclosed in the Current Report on Form 8-K filed by EQT Corporation (“EQT”) with the Securities and Exchange Commission (the “SEC”) on August 22, 2023 (the “Initial Form 8-K”), on August 22, 2023, EQT and its wholly owned subsidiary, EQT Production Company (the “Buyer”), consummated the previously announced acquisition of the upstream oil and gas assets of THQ Appalachia I, LLC (the “Upstream Seller”) and the gathering and processing assets of THQ-XcL Holdings I, LLC (the “Midstream Seller”) through the Buyer’s acquisition of all of the issued and outstanding membership interests of each of THQ Appalachia I Midco, LLC and THQ-XcL Holdings I Midco, LLC in exchange for 49,599,796 shares of EQT common stock and approximately \$2.4 billion in cash, subject to customary post-closing adjustments.

This Amendment No. 1 to the Initial Form 8-K (this “Amendment No. 1”) amends the Initial Form 8-K to include the financial statements of a business acquired required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b). Except as provided herein, the disclosures made in the Initial Form 8-K remain unchanged.

### Item 9.01. Financial Statements and Exhibits.

#### *(a) Financial statements of businesses or funds acquired.*

The audited consolidated financial statements of the Upstream Seller and subsidiaries as of December 31, 2022 and 2021 and for the years then ended, and the notes related thereto, were filed as Exhibit 99.2 to the [Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023](#) and are incorporated herein by reference.

The unaudited condensed consolidated financial statements of the Upstream Seller and subsidiaries as of June 30, 2023 and for the six months ended June 30, 2023 and 2022, and the notes related thereto, are filed as Exhibit 99.2 to this Amendment No. 1.

The audited consolidated financial statements of the Midstream Seller and subsidiaries as of December 31, 2022 and 2021 and for the years then ended, and the notes related thereto, were filed as Exhibit 99.3 to the [Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023](#) and are incorporated herein by reference.

The unaudited condensed consolidated financial statements of the Midstream Seller and subsidiaries as of June 30, 2023 and for the six months ended June 30, 2023 and 2022, and the notes related thereto, are filed as Exhibit 99.4 to this Amendment No. 1.

The audit report prepared by Cawley, Gillespie & Associates, Inc., independent petroleum engineers, relating to the Upstream Seller’s estimated quantities of its proved natural gas, natural gas liquids and crude oil reserves as of December 31, 2022 was filed as Exhibit 99.5 to the [Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023](#) and is incorporated herein by reference.

#### *(b) Pro forma financial information.*

The unaudited pro forma condensed combined balance sheet of EQT and subsidiaries as of June 30, 2023 and unaudited pro forma condensed combined statements of operations of EQT and subsidiaries for the six months ended June 30, 2023 and the year ended December 31, 2022, and the notes related thereto, are filed as Exhibit 99.5 to this Amendment No. 1.

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(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">23.1</a>	<a href="#">Consent of KPMG LLP (independent auditors of THQ Appalachia I, LLC).</a>
<a href="#">23.2</a>	<a href="#">Consent of KPMG LLP (independent auditors of THQ-XcL Holdings I, LLC).</a>
<a href="#">23.3</a>	<a href="#">Consent of Cawley, Gillespie &amp; Associates, Inc.</a>
<a href="#">99.1</a>	<a href="#">Audited consolidated financial statements of THQ Appalachia I, LLC and subsidiaries as of December 31, 2022 and 2021 and for the years then ended, and the notes related thereto (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023).</a>
<a href="#">99.2</a>	<a href="#">Unaudited condensed financial statements of THQ Appalachia I, LLC and subsidiaries as of June 30, 2023 and for the six months ended June 30, 2023 and 2022, and the notes related thereto.</a>
<a href="#">99.3</a>	<a href="#">Audited consolidated financial statements of THQ-XcL Holdings I, LLC and subsidiaries as of December 31, 2022 and 2021 and for the years then ended, and the notes related thereto (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023).</a>
<a href="#">99.4</a>	<a href="#">Unaudited condensed financial statements of THQ-XcL Holdings I, LLC and subsidiaries as of June 30, 2023 and for the six months ended June 30, 2023 and 2022, and the notes related thereto.</a>
<a href="#">99.5</a>	<a href="#">Unaudited pro forma condensed combined balance sheet of EQT and subsidiaries as of June 30, 2023 and unaudited pro forma condensed combined statements of operations of EQT and subsidiaries for the six months ended June 30, 2023 and the year ended December 31, 2022.</a>
<a href="#">99.6</a>	<a href="#">Audit report prepared by Cawley, Gillespie &amp; Associates, Inc., dated February 8, 2023, with respect to estimates of reserves and future net revenue of THQ Appalachia I, LLC as of December 31, 2022 (incorporated by reference to Exhibit 99.5 to the Current Report on Form 8-K filed by EQT with the SEC on May 3, 2023).</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EQT CORPORATION**

Date: October 30, 2023

By: /s/ Jeremy T. Knop

Name: Jeremy T. Knop

Title: Chief Financial Officer

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**Consent of Independent Auditors**

We consent to the incorporation by reference in the following registration statements on Form S-3 (333-274147, 333-267475, 333-258135 and 333-158198) and on Form S-8 (333-264424, 333-264423, 333-219508, 333-221529, 333-82193, 333-32410, 333-122382, 333-152044, 333-158682, 333-195625, 333-232657, 333-237953 and 333-230969) of EQT Corporation of our report dated March 29, 2023, with respect to the consolidated financial statements of THQ Appalachia I, LLC, which report appears in the Form 8-K of EQT Corporation dated May 3, 2023 and is incorporated by reference into the Form 8-K/A of EQT Corporation dated October 30, 2023.

/s/ KPMG LLP

Dallas, Texas  
October 30, 2023

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**Consent of Independent Auditors**

We consent to the incorporation by reference in the following registration statements on Form S-3 (333-274147, 333-267475, 333-258135 and 333-158198) and on Form S-8 (333-264424, 333-264423, 333-219508, 333-221529, 333-82193, 333-32410, 333-122382, 333-152044, 333-158682, 333-195625, 333-232657, 333-237953 and 333-230969) of EQT Corporation of our report dated March 29, 2023, with respect to the consolidated financial statements of THQ-XcL Holdings I, LLC, which report appears in the Form 8-K of EQT Corporation dated May 3, 2023 and is incorporated by reference into the Form 8-K/A of EQT Corporation dated October 30, 2023.

/s/ KPMG LLP

Dallas, Texas  
October 30, 2023

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**Consent of Independent Petroleum Engineers**

As independent petroleum engineers, we hereby consent to the references to our firm, in the context in which they appear, and to the references to, and the inclusion of, our reserve report and oil, natural gas and NGL reserves estimates and forecasts of economics as of December 31, 2022, included in or made part of the registration statements on Form S-3 (Nos. 333-274147, 333-267475, 333-258135 and 333-158198) and on Form S-8 (Nos. 333-264424, 333-264423, 333-219508, 333-221529, 333-82193, 333-32410, 333-122382, 333-152044, 333-158682, 333-195625, 333-232657, 333-237953 and 333-230969) of EQT Corporation, which is incorporated by reference into this Amendment No. 1 to Current Report on Form 8-K of EQT Corporation.

**CAWLEY, GILLESPIE & ASSOCIATES, INC.**

Texas Registered Engineering Firm

/s/ W. Todd Brooker, P.E.

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W. Todd Brooker, P.E.

President

Austin, Texas  
October 30, 2023

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**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Balance Sheets  
(Unaudited)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,259,038	30,103,726
Accounts receivable – oil and gas sales	77,537,990	200,656,364
Affiliate receivable	904,970	1,999,040
Accounts receivable other	34,893,416	902,880
Fair market value of derivatives	194,746,467	237,236,712
Prepaid expenses	909,015	732,673
Gas imbalances	—	198,781
Total current assets	<u>339,250,896</u>	<u>471,830,176</u>
Property and equipment:		
Oil and natural gas properties, at cost, using the successful efforts method, net	1,927,028,821	1,851,271,986
Gathering facilities, net	29,158,564	19,455,911
Other property and equipment, net	296,581	369,223
Total property and equipment, net	<u>1,956,483,966</u>	<u>1,871,097,120</u>
Other noncurrent assets:		
Restricted cash	13,942,252	13,813,919
Long-term deposits	87,558	87,558
Right-of-use assets	3,298,939	3,821,158
Fair market value of derivatives	19,483,232	56,348,640
Total other noncurrent assets	<u>36,811,981</u>	<u>74,071,275</u>
Total assets	<u>\$ 2,332,546,843</u>	<u>2,416,998,571</u>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 53,373,620	80,012,797
Affiliate payables	81,657,843	114,100,666
Litigation accrual	22,950,000	250,000
Revenues payable	—	899,439
Fair market value of derivatives	249,929,021	447,299,358
Gas imbalances	233,847	73,441
Lease liabilities	1,592,315	1,833,168
Contingent subordinated loan	150,022,398	150,017,055
Total current liabilities	<u>559,759,044</u>	<u>794,485,924</u>
Revolving credit facility	522,541,520	508,773,419
Fair market value of derivatives	46,936,145	112,847,733
Long-term lease liabilities	1,683,634	1,937,663
Asset retirement obligations	18,663,063	17,217,634
Total liabilities	<u>1,149,583,406</u>	<u>1,435,262,373</u>
Commitments and contingencies (notes 8 and 9)		
Members' equity:		
Members' equity	592,925,823	592,925,823
Retained earnings	590,037,614	388,810,375
Total members' equity	<u>1,182,963,437</u>	<u>981,736,198</u>
Total liabilities and members' equity	<u>\$ 2,332,546,843</u>	<u>2,416,998,571</u>

See accompanying notes to condensed consolidated financial statements.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Income  
(Unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Revenues:</b>				
Oil sales	\$ 24,559,550	54,497,676	49,301,141	106,362,377
Natural gas sales	78,197,928	338,858,622	216,183,819	532,891,334
Natural gas liquids sales	50,098,961	98,317,178	111,268,359	206,481,741
Net gain (loss) on derivative instruments	46,548,939	(90,279,457)	137,840,722	(528,493,047)
Other revenues (losses) (note 10)	1,594,955	(550,151)	928,208	(514,687)
<b>Total revenues</b>	<b>201,000,333</b>	<b>400,843,868</b>	<b>515,522,249</b>	<b>316,727,718</b>
<b>Operating expenses:</b>				
Lease operating expenses	11,422,447	12,274,334	20,836,981	19,230,213
Midstream operating expenses	(954,952)	—	275,899	343,057
Production taxes	6,777,925	27,716,414	17,976,355	46,413,561
Gathering, processing and transportation	47,809,571	47,209,845	91,536,119	92,992,038
Exploration expense	1,730,227	4,296,502	4,930,924	4,490,140
Depreciation, depletion and amortization	65,300,037	62,214,003	120,791,149	108,326,628
General and administrative	27,961,678	4,319,593	37,445,445	8,128,854
(Gain) loss on sale of other property and equipment	—	(63,874)	(1,008,644)	19,122
<b>Total operating expenses</b>	<b>160,046,933</b>	<b>157,966,817</b>	<b>292,784,228</b>	<b>279,943,613</b>
<b>Income from operations</b>	<b>40,953,400</b>	<b>242,877,051</b>	<b>222,738,021</b>	<b>36,784,105</b>
<b>Other income (expenses):</b>				
Interest expense	(11,462,661)	(6,546,842)	(22,035,741)	(12,090,986)
Interest income	230,074	32,190	524,959	48,589
<b>Total other expense</b>	<b>(11,232,587)</b>	<b>(6,514,652)</b>	<b>(21,510,782)</b>	<b>(12,042,397)</b>
<b>Net income</b>	<b>\$ 29,720,813</b>	<b>236,362,399</b>	<b>201,227,239</b>	<b>24,741,708</b>

See accompanying notes to condensed consolidated financial statements.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Changes in Members' Equity  
(Unaudited)

	<u>Members'</u> <u>equity</u>	<u>Retained</u> <u>earnings</u>	<u>Total</u> <u>members'</u> <u>equity</u>
<b>Six Months Ended June 30, 2022</b>			
Balance, December 31, 2021	\$ 592,925,823	179,544,904	772,470,727
Net income	—	24,741,708	24,741,708
Balance, June 30, 2022	<u>\$ 592,925,823</u>	<u>204,286,612</u>	<u>797,212,435</u>
<b>Six Months Ended June 30, 2023</b>			
Balance, December 31, 2022	\$ 592,925,823	388,810,375	981,736,198
Net income	—	201,227,239	201,227,239
Balance, June 30, 2023	<u>\$ 592,925,823</u>	<u>590,037,614</u>	<u>1,182,963,437</u>
<b>Three Months Ended June 30, 2022</b>			
Balance, March 31, 2022	592,925,823	(32,075,787)	560,850,036
Net income	—	236,362,399	236,362,399
Balance, June 30, 2022	<u>\$ 592,925,823</u>	<u>204,286,612</u>	<u>797,212,435</u>
<b>Three Months Ended June 30, 2023</b>			
Balance, March 31, 2023	\$ 592,925,823	560,316,801	1,153,242,624
Net income	—	29,720,813	29,720,813
Balance, June 30, 2023	<u>\$ 592,925,823</u>	<u>590,037,614</u>	<u>1,182,963,437</u>

See accompanying notes to condensed consolidated financial statements.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 201,227,239	24,741,707
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation, depletion and amortization	120,791,149	108,326,628
Amortization of deferred financing costs	629,740	679,106
Amortization of right-of-use assets	27,336	—
Exploration expense	4,930,924	4,490,140
Net (gain) loss on derivative instruments	(137,840,722)	528,493,047
Net cash paid to derivative counterparties	(79,532,226)	(350,020,869)
(Gain) loss on sale of other property and equipment	(1,008,644)	19,122
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	122,743,514	(110,610,396)
Accounts receivable – affiliate	1,094,070	109,502
Prepaid expenses	(176,342)	(1,582,013)
Accounts payable and accrued expenses	12,567,252	14,665,472
Affiliate payables	(32,442,823)	(27,313,934)
Litigation accrual	22,700,000	—
Revenues payable	(899,439)	(275,027)
Gas imbalances	359,187	1,882,152
Net cash provided by operating activities	<u>235,170,215</u>	<u>193,604,637</u>
<b>Cash flows from investing activities:</b>		
Net cash paid for acquisition of oil and natural gas properties	(21,071,441)	(18,618,385)
Additions to oil and natural gas properties	(228,092,434)	(222,698,812)
Proceeds from sale of other property and equipment	1,133,600	63,874
Net cash used in investing activities	<u>(248,030,275)</u>	<u>(241,253,323)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving credit facility	15,000,000	50,000,000
Proceeds from contingent subordinated loan	5,343	—
Deferred financing costs	(1,861,638)	(83,951)
Net cash provided by financing activities	<u>13,143,705</u>	<u>49,916,049</u>
Net increase in cash, cash equivalents, and restricted cash	283,645	2,267,363
Cash, cash equivalents, and restricted cash, beginning of period	43,917,645	34,004,538
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 44,201,290</u>	<u>36,271,901</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 18,523,219	11,212,592
<b>Noncash investing activities:</b>		
Noncash additions to oil and natural gas properties	\$ 30,268,188	56,194,027

See accompanying notes to condensed consolidated financial statements.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(1) Organization and Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of THQ Appalachia I, LLC and its wholly owned subsidiaries THQ Appalachia I Midco, LLC, TH Exploration, LLC, TH Exploration II, LLC, TH Exploration III, LLC, TH Exploration IV, LLC, CLR Exploration, LLC, and THQ Marketing, LLC. CLR Exploration was dissolved on May 17, 2022. During interim periods, the Company follows the same accounting policies disclosed in its audited Annual Financial Statements.

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company's management in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP for complete financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes therein for the year ended December 31, 2022. The unaudited condensed consolidated financial statements included herein contain all adjustments which are, in the opinion of management, necessary to present fairly the Company's condensed consolidated balance sheets as of June 30, 2023 and December 31, 2022, its condensed consolidated statements of income and condensed consolidated statements of changes in members' equity for the quarter and six months ended June 30, 2023 and 2022, and its condensed consolidated statements of cash flows for the six months ended June 30, 2023 and 2022. The condensed consolidated statements of income for the quarter and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for future periods.

On September 6, 2022, the Company entered into a purchase agreement with EQT Corporation and its wholly owned subsidiary EQT Production Corporation, (together "EQT") to sell the Company's upstream assets along with the gathering and processing assets of affiliate company THQ-XCL Holdings I, LLC for total consideration of approximately 50 million shares of common stock of EQT and \$2.4 billion of cash, subject to customary post-closing adjustments ("Transaction"). The Company will be selling 100% of its membership interests in THQ Appalachia I Midco, LLC ("THQA Midco") along with the 100% membership interests of the subsidiaries of THQA Midco. On December 23, 2022, the parties entered into an amended and restated purchase agreement to extend the right to terminate the original agreement to December 31, 2023, from the original termination date of December 31, 2022. This transaction has an effective date of July 1, 2022.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(2) Relationship with Affiliate**

The Company has an ongoing business relationship with an affiliate, Tug Hill Operating, LLC (“THO”). THO is responsible for acquisitions, drilling and operation of wells owned by the Company. As it incurs costs on behalf of the Company for these operations, THO bills the Company through its joint interest billing (“JIB”) process; and the Company reimburses THO for these costs at least monthly. THO is also responsible for the administration of the Company’s business. In exchange for these services, the Company pays a quarterly fee that includes (a) THO employees’ time and related expenses charged to the Company for the operation of its oil and natural gas properties, (b) an allocated amount of THO overhead expense calculated based on the number of hours THO employees spend working on Company projects, and (c) an additional percentage markup of the overall total of (a) and (b) to cover benefits and other employee-related costs and any unforeseen or difficult to allocate costs. The Company’s board approves the operating budgets. For the six months ended June 30, 2023, THO billed the Company \$314.9 million through the JIB process. The amount due to THO for these services, which were included in the Company’s affiliate payables balance was \$64.9 million as of June 30, 2023. Allocations consist of \$22.6 million relating to acquisition of oil and natural gas properties, \$12.7 million of lease operating expenses, \$7.8 million in salaries and bonus for the operation of its oil and natural gas properties, \$0.4 million for overhead expenses, \$8.5 million of direct general and administrative expenses, and \$262.9 million of capital expenditures for the six months ended June 30, 2023. For the six months ended June 30, 2022, THO billed the Company \$313.0 million through the JIB process. Allocations consist of \$18.8 million relating to acquisition of oil and natural gas properties, \$13.3 million of lease operating expenses, \$4.8 million in salaries and bonus for the operation of its oil and natural gas properties, \$0.4 million for overhead expenses, \$5.5 million of direct general and administrative expenses, and \$270.2 million of capital expenditures for the six months ended June 30, 2022. The amounts due to THO for these services, which were included in the Company’s affiliate payables balance was \$99.8 million as of December 31, 2022.

THO collects certain revenues from customers on behalf of the Company. The amount due from THO, which is included in the Company’s oil and gas sales accounts receivable balance, was \$44.2 million and \$84.6 million as of June 30, 2023 and December 31, 2022, respectively.

The Company incurred \$44.9 million and \$41.9 million in gathering, processing and transportation for the six months ended June 30, 2023 and 2022, respectively, and \$23.3 million and \$20.7 million in gathering, processing and transportation for the quarter ended June 30, 2023 and 2022, respectively, payable to XCL.

For the quarter and six months ended June 30, 2023 and 2022, the Company paid lease bonuses income and royalties, to an affiliate, Stone Hill Minerals Holdings I, LLC, a Quantum and R2K controlled entity as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Lease bonuses income	\$ 279,764	1,347,949	476,966	1,861,062
Royalties	5,421,845	5,367,222	15,635,589	10,147,774
<b>Total</b>	<b>\$ 5,701,609</b>	<b>6,715,171</b>	<b>16,112,555</b>	<b>12,008,836</b>

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(3) Property and Equipment**

*(a) Oil and Natural Gas Properties*

Since inception, the Company has been involved in acquiring and leasing oil and natural gas properties in the southwest Appalachian Basin in the Northeastern United States.

Oil and natural gas properties consist of the following at:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Proved properties	\$ 2,402,543,155	2,220,751,648
Accumulated depreciation, depletion and amortization	(712,014,713)	(592,534,930)
Net	<u>1,690,528,442</u>	<u>1,628,216,718</u>
Unproved properties	241,431,303	239,509,809
Exploration and impairment	(4,930,924)	(16,454,541)
Net	<u>236,500,379</u>	<u>223,055,268</u>
Total oil and natural gas properties, at cost, using the successful efforts method, net	<u>\$ 1,927,028,821</u>	<u>1,851,271,986</u>

Depreciation, depletion, and amortization expense for proved oil and natural gas properties was \$64.6 million and \$119.5 million for the quarter and six months ended June 30, 2023, respectively, and \$61.7 million and \$107.6 million for the quarter and six months ended June 30, 2022, respectively. Exploration and abandonment write off was \$1.7 million and \$4.9 million for the quarter and six months ended June 30, 2023, respectively, and \$4.3 million and \$4.5 million for the quarter and six months ended June 30, 2022, respectively. The Company had no significant costs which had been deferred for longer than one year as of June 30, 2023.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
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**(b) Gathering Facilities and Other Property and Equipment**

Gathering facilities and other property and equipment consists of the following at:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Gathering facilities	\$ 30,927,511	20,674,204
Other property and equipment	2,204,054	2,146,045
Total capitalized costs	<u>33,131,565</u>	<u>22,820,249</u>
Accumulated depreciation	(3,676,420)	(2,995,115)
Total net capitalized costs	<u>\$ 29,455,145</u>	<u>19,825,134</u>

Depreciation expense for gathering facilities and other property and equipment was \$0.4 million and \$0.7 million for the quarter and six months ended June 30, 2023, respectively, and \$0.3 million and \$0.5 million for the quarter and six months ended June 30, 2022.

**(4) Leases**

The Company has operating leases for office space and compressors. These leases have initial terms ranging from 1 to 5.5 years and include renewal options ranging from 0 to 1 year. The Company does not include the renewal options in the lease term, as it is not reasonably certain such options will be exercised. Payments are for fixed amounts as contractually designated in the lease agreements.

The table below presents the lease related assets and liabilities recorded on our condensed consolidated balance sheet at:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
Right-of-use assets	\$ 3,298,939	\$ 3,821,158
<b>Total lease assets</b>	<u>3,298,939</u>	<u>3,821,158</u>
<b>Liabilities</b>		
Current lease liabilities	1,592,315	1,833,168
Long-term lease liabilities	1,683,634	1,937,663
<b>Total lease liabilities</b>	<u>\$ 3,275,949</u>	<u>\$ 3,770,831</u>

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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The components of the Company's lease costs are set forth in the table below:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Operating lease costs, excluding short-term leases (a)	\$ 442,499	484,791	996,569	843,684
Short-term lease costs (b)	10,891,170	5,880,129	20,387,712	12,185,078
Variable lease costs (c)	30,442	7,169	92,912	31,504
Total lease costs	<u>\$ 11,364,111</u>	<u>6,372,089</u>	<u>21,477,193</u>	<u>13,060,266</u>

- (a) Operating lease expense reflects a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a straight-line basis. The operating lease costs are net of reimbursements from affiliates related to office leases of \$0.1 million and \$0.2 million for the quarter and six months ended June 30, 2023, respectively, and \$0.1 million for the quarter and six months ended June 30, 2022.
- (b) Short-term lease costs are reported at gross amounts and primarily represent costs incurred for the Company's compressors, drilling rigs, and office equipment. These short-term contracts are not recognized as ROU assets and lease liabilities on the condensed consolidated balance sheets. The included drilling rig costs are capitalized to property and equipment of \$10.8 million and \$20.1 million for the quarter and six months ended June 30, 2023, respectively, and \$5.8 million and \$12.1 million for the quarter and six months ended June 30, 2022, respectively.
- (c) Variable lease expenses primarily represent (i) differences between minimum payment obligations and actual operating charges incurred by the Company related to its long-term leases and (ii) variable expenses related to the Company's office spaces, which include taxes, insurance and other utility and maintenance costs. Variable lease expenses are not included in the calculation of the Company's ROU assets and lease liabilities on the condensed consolidated balance sheets.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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A maturity analysis of lease payments under the Company's long-term operating leases is presented as follows:

	<b>June 30, 2023</b>
Remaining 2023	\$ 976,400
2024	1,281,800
2025	721,550
2026	300,000
2027	150,000
Total future minimum lease payments (undiscounted)	3,429,750
Less: interest	153,801
Present value of lease liability	<u>\$ 3,275,949</u>

As of June 30, 2023 and December 31, 2022, the weighted average lease term was 2.49 years and 2.7 years, respectively, and the weighted average discount rate was 3.61% for both periods.

The table below presents other supplemental lease information about the Company's operating leases for the period presented:

	<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Operating cash outflows from operating leases	\$ 1,134,184	1,114,328
Right-of-use assets obtained in exchange for new operating lease liabilities	544,597	—

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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**(5) Contingent Subordinated Loan**

On December 23, 2022, the Company entered into a senior unsecured promissory note with EQT under the amended and restated purchase agreement referenced in footnote 1. Per the agreement, the escrow funds of \$150 million plus accrued interest were released to the Company with the stipulation that the funds would be exclusively used to pay down the current credit facility. The maturity date of the note is one year after the Termination Date, as defined in the amended and restated purchase agreement. Before the termination date, interest on the note will accrue on the outstanding principal at 0% per year; thereafter, interest will accrue on the outstanding principle at a rate of 10% per year, with the rate increasing in increments of 0.50% each quarter. Upon the successful close of the acquisition, the note will be applied towards the cash consideration to be paid by EQT and extinguish the note. As defined in the amended agreement, if the purchase agreement is terminated and the Company is entitled to retain the escrow funds, the outstanding balance would be applied towards releasing the escrow and extinguishing the note.

**(6) Long-Term Debt**

*Senior Secured Revolving Credit Facility*

The Company has a senior secured revolving bank credit facility (“the Credit Facility”) with a group of large, commercial lenders. Borrowings under the Credit Facility are subject to borrowing base limitations based on the collateral value of the Company’s proved properties and commodity hedge positions and are subject to regular semiannual redeterminations or more frequently if requested by the Company. The borrowing base was redetermined in May 2022 to be \$850 million. As of June 30, 2023 and December 31, 2022, the Company had an outstanding balance under the Credit Facility of \$525 million and \$510 million, respectively, with a weighted average interest rate of approximately 8.46% and 7.64%, respectively. The amount reflected in the Company’s June 30, 2023 and December 31, 2022 condensed consolidated balance sheet is shown net of the debt issuance costs of \$2.5 million and \$1.2 million, respectively. The maturity date of the Credit Facility is January 1, 2025.

The Credit Facility is secured by liens on substantially all of the Company’s properties and guarantees from the Company’s restricted subsidiaries, as applicable. The Credit Facility contains certain covenants, including restrictions on indebtedness and dividends and requirements with respect to working capital and leverage coverage ratios. Interest is payable at a variable rate based on LIBOR or the prime rate, determined by the Company’s election at the time of borrowing. The Company was in compliance with all of the financial covenants under the Credit Facility as of June 30, 2023.

Commitment fees on the unused portion of the Credit Facility are due quarterly at a rate of 0.50% of the unused portion, based on utilization.

**(7) Derivative Instruments**

The Company periodically enters into natural gas, NGLs, and oil derivative contracts with counterparties to hedge the price risk associated with a portion of its production. These derivatives are not held for trading purposes. To the extent that changes occur in the market prices of natural gas, NGLs, and oil, the Company is exposed to market risk on these open contracts. This market risk exposure is generally offset by the change in market prices of natural gas, NGLs, and oil recognized upon the ultimate sale of the Company’s production.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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During the six months ended June 30, 2023 and 2022, the Company was party to various natural gas fixed price swap contracts and costless collars. When actual commodity prices exceed the fixed price provided by the swap contracts, the Company pays the excess to the counterparty. When actual commodity prices are below the contractually provided fixed price, the Company receives the difference from the counterparty. When actual commodity prices fall within the band provided by the costless collars, the Company receives the actual prices from the counterparty. When actual commodity prices fall outside the band provided by the costless collars, the Company receives the price provided by the collar from the counterparty and pays the actual price to the counterparty.

In addition, the Company has entered into basis swap contracts in order to hedge the difference between the New York Mercantile Exchange (“NYMEX”) index price and a local index price. The Company’s derivative swap contracts have not been designated as hedges for accounting purposes; therefore, all gains and losses are recognized in the Company’s condensed consolidated statements of income.

As of June 30, 2023, the Company’s fixed price natural gas and oil swap positions were as follows:

	2023	2024
<b>NYMEX Henry Hub Long Puts:</b>		
Volume (MMbtu/day)	322,500	—
Average price (\$/MMBtu)	\$ 5.00	—
<b>NYMEX Henry Hub Short Calls:</b>		
Volume (MMbtu/day)	322,500	—
Average price (\$/MMBtu)	\$ 6.26	—
<b>Dominion South Basis Swaps:</b>		
Volume (MMbtu/day)	320,000	100,000
Average price (\$/MMBtu)	\$ (0.92)	(0.72)

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
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The following is a summary of derivative fair value losses which are recorded in the condensed consolidated statements of income included in net gain (loss) on derivative instruments:

	<b>Three months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Cash settlement of derivative contracts	\$ (4,795,073)	(237,124,719)
Noncash change in derivative fair value	51,344,012	146,845,262
Net gain (loss) on derivative instruments	<u>\$ 46,548,939</u>	<u>(90,279,457)</u>

	<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Cash settlement of derivative contracts	\$ (46,085,550)	(350,020,869)
Noncash change in derivative fair value	183,926,272	(178,472,178)
Net gain (loss) on derivative instruments	<u>\$ 137,840,722</u>	<u>(528,493,047)</u>

The following is a summary of the fair values of the Company's derivative instruments and where such values are recorded in the condensed consolidated balance sheet as of:

	<b>Balance sheet location</b>	<b>Fair value</b>	
		<b>June 30, 2023</b>	<b>December 31, 2022</b>
Commodity derivatives:			
Commodity contracts	Current assets	\$ 194,746,467	237,236,712
Commodity contracts	Long-term assets	19,483,232	56,348,640
Total derivative assets		<u>214,229,699</u>	<u>293,585,352</u>
Commodity contracts	Current liabilities	249,929,021	447,299,358
Commodity contracts	Long-term liabilities	46,936,145	112,847,733
Total derivative liabilities		<u>296,865,166</u>	<u>560,147,091</u>
Net derivatives		<u>\$ (82,635,467)</u>	<u>(266,561,739)</u>

The fair value of commodity derivative instruments was determined using Level 2 inputs. The Company classifies the fair value amounts of derivative financial instruments by commodity contract as net current or noncurrent assets or liabilities.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
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The Company entered into contracts to offset the mark to market variability of swaps and costless collar contracts in the third quarter of 2022, resulting in deferred premiums and fixed settlements with the counterparties. The premiums and fixed settlements are included in the fair market value reported on the balance sheet.

The following is a schedule of premiums due as of June 30, 2023:

	<b>Remaining 2023</b>	<b>2024</b>	<b>Total</b>
Deferred premium payments	\$ 104,418,160	61,930,860	166,349,020
Fixed swap settlement payments	95,792,226	31,688,110	127,480,336
Fixed swap settlement receipts	(35,194,696)	(27,445,170)	(62,639,866)
Total	<u>\$ 165,015,690</u>	<u>66,173,800</u>	<u>231,189,490</u>

**(8) Commitments**

The following is a schedule of future minimum payments for firm transportation, drilling rig and processing, gathering and compression agreements as of June 30, 2023.

	<b>Firm transportation (a)</b>	<b>Processing, gathering and compression (b)</b>	<b>Drilling rigs and completion (c)</b>	<b>Total</b>
Remaining 2023	\$ 18,400,000	—	13,078,887	31,478,887
2024	36,600,000	—	—	36,600,000
2025	36,500,000	—	—	36,500,000
2026	36,500,000	—	—	36,500,000
2027	36,500,000	—	—	36,500,000
Thereafter	222,300,000	—	—	222,300,000
Total	<u>\$ 386,800,000</u>	<u>—</u>	<u>13,078,887</u>	<u>399,878,887</u>

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
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**(a) Firm Transportation**

The Company has entered into firm transportation agreements with a pipeline in order to facilitate the delivery of its production to market. This contract commits the Company to transport minimum daily natural gas volumes at negotiated rates, or pay for any deficiencies at specified reservation fee rates once the pipeline goes into service. The amounts in this table represent the Company's minimum daily volumes at the reservation fee rate. The values in the table represent the gross amounts that the Company is committed to pay; however, the Company will record in the condensed consolidated financial statements its proportionate share of costs based on its net revenue interest.

**(b) Processing, Gathering, and Compression Service Commitments**

The Company has entered into various long-term gas gathering and processing agreements for certain of its production that will allow it to realize the value of its NGLs. The minimum payment obligations under the agreements are presented in the table. Actual payments under these agreements will differ from the amounts shown in the table above as the Company expects to deliver volumes in excess of the minimum commitment. These commitments have varying fees with escalation clauses based on annual percentage change in Oil PPI.

**(c) Drilling Rig and Completion Service Commitments**

The Company has obligations under agreements with service providers to procure drilling and completion services. The values in the table represent the gross amounts that the Company is committed to pay; however, the Company will record in the condensed consolidated financial statements its proportionate share of costs based on its working interest.

**(9) Contingencies**

*Litigation*

The Company is subject to a lawsuit wherein plaintiffs allege that the Company breached its contract by improperly deducting production and post-production costs from the royalties to which plaintiffs claim they are entitled. The Company has a litigation accrual of \$0.3 million at June 30, 2023 for these claims.

A class action lawsuit was filed against Tug Hill et al., on June 3, 2021. Plaintiffs alleged improper royalty deductions and that royalty owners have been underpaid. On June 14, 2023, the Court granted Plaintiffs' Motion for Partial Summary Judgment. The Court's decision redefined and required a producer to be burdened with costs after Tug Hill's sale of hydrocarbons to an unaffiliated third party, which are downstream of Tug Hill's point of sale as defined in the contracts. Tug Hill plans to appeal the Court's ruling. The damages are estimated to be approximately \$22.7 million. This estimate of damages has been accrued at June 30, 2023 and is included in the litigation liability and general and administrative expense.

*Environmental Remediation*

Various federal, state, and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, may affect the Company's operations and the costs of its crude oil and gas natural exploration, development, and production operations. The Company does not anticipate that it will be required in the near future to expend significant amounts due to environmental laws and regulations, and accordingly no reserves have been recorded.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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(Unaudited)

**(10) Other Revenues (Losses)**

The Company experienced a gas imbalance loss of \$0.8 million and \$1.5 million for the quarter and six months ended June 30, 2023, respectively, and a loss of \$0.9 million and \$1.9 million for the quarter and six months ended June 30, 2022, respectively, which are reflected in other revenues (losses) in the Company's condensed consolidated statements of income.

The Company also received fees from third parties for water transportation services and other asset use agreements of \$2.4 million during the quarter and six months ended June 30, 2023, and \$0.3 million and \$1.4 million during the quarter and six months ended June 30, 2022, respectively.

**(11) Membership Interests**

There are two classes of membership interest – capital interests and management incentive interests. Capital interests held by Quantum, R2K and members of management have full voting rights and rights to share in the distributions of the Company. As described more fully in note 12, management incentive interests can be issued under the Incentive Pool Plan and are nonvoting with no rights to share in distributions until the capital contributed interests have earned the full base return.

The members have no liability for the debts, obligations and liabilities of the Company, except as expressly required in the agreement. The Company shall dissolve and its affairs shall be wound up upon the earliest to occur of (a) the expiration of its term on December 20, 2025, if not extended by the members, (b) election by the Board of Directors by majority approval at any time or (c) entry of a decree of judicial dissolution of the Company under the Delaware Limited Liability Company Act.

The timing and amounts of distributions, other than tax advances, are determined by the Board of Directors. Capital contributions will receive a base return of 8% on their contributions ("base return") which continues accruing until distributions exceed the total capital contributions plus the 8% base return. The first 10% of R2K's Capital Interest will be treated as un-promoted capital. Distributions to members' capital that is promoted is subject to certain distribution flips, whereby, distributions will be made in proportion to the agreed upon sharing ratios. Tax advances may be made quarterly based on projections of the entity's taxable income for the year.

**(12) Management Incentive Unit Plan**

Effective with the formation of the Company on July 23, 2014, the Company adopted an incentive unit plan, THQ (Appalachia I) Employee Holdings, LLC, to provide profit awards to employees ("management incentive units"). All of the incentive units are subject to vesting over five years, forfeiture, and termination. The management incentive units have no voting rights, do not have an exercise price and are automatically forfeited except in extenuating circumstances if and when such person's status as an employee is terminated.

Compensation expense for these awards will be recognized when all performance, market, and service conditions are probable of being satisfied in general upon a vesting event, which is defined as (i) the sale of all or substantially all of the outstanding capital interests or assets of the Company, (ii) the time of any distribution by the Company after capital contributions of substantially all of the capital commitments have been made by the capital members, and the Board has determined that the Company will not raise additional capital, (iii) one year after the expiration of a lockup period in the event of a transfer of all or substantially all of the outstanding capital interests or assets of the Company to an individual, estate or a corporation, partnership, joint venture, limited partnership, limited liability company, trust, unincorporated organization, association or any other entity ("Person") in exchange for publicly tradable securities of such Person; or two years after the expiration of a lockup period in the event that securities received in connection with the transfer constitute 15% or more of the total shares of such Person then outstanding.

**THQ APPALACHIA I, LLC AND SUBSIDIARIES**  
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(Unaudited)

**(13) Subsequent Events**

On August 16, 2023, the U.S. Federal Trade Commission resolved its review of the Transaction (note 1). As a result, the closing condition relating to the Hart-Scott-Rodino Act of 1976, as amended, and the rules and regulations promulgated thereunder, has been satisfied, and the Transaction closed on August 22, 2023.

In preparing the condensed consolidated financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through August 29, 2023, the date the condensed consolidated financial statements were available for issuance, and no other items requiring disclosure were identified.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Balance Sheets  
(Unaudited)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,512,980	3,483,637
Affiliate receivables	16,745,345	14,552,847
Accounts receivable	7,544,380	7,128,464
Prepaid expenditures	416,497	376,891
Other current assets	690,745	1,872,837
Total current assets	<u>28,909,947</u>	<u>27,414,676</u>
Property and equipment:		
Land and rights-of-way	54,685,117	49,139,616
Gathering and water pipelines and facilities	534,741,174	505,144,701
Processing plant and facilities	148,312,418	148,312,418
Other property and equipment	1,339,204	1,377,407
Accumulated depreciation, depletion, and amortization	(110,606,388)	(93,707,282)
Property and equipment, net	<u>628,471,525</u>	<u>610,266,860</u>
Right-of-use assets	1,659,575	2,089,536
Total assets	<u>\$ 659,041,047</u>	<u>639,771,072</u>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,827,048	21,314,518
Affiliate payables	5,313,699	7,578,850
Lease liabilities	574,673	715,074
Total current liabilities	<u>24,715,420</u>	<u>29,608,442</u>
Revolving credit facility, net of deferred financing costs	167,513,918	157,250,782
Long-term lease liabilities	1,084,902	1,374,462
Total liabilities	<u>193,314,240</u>	<u>188,233,686</u>
Commitments and contingencies (notes 6 and 7)		
Members' equity:		
Members' equity (note 8)	342,776,484	344,936,063
Retained earnings	122,950,323	106,601,323
Total members' equity	<u>465,726,807</u>	<u>451,537,386</u>
Total liabilities and members' equity	<u>\$ 659,041,047</u>	<u>639,771,072</u>

See accompanying notes to condensed consolidated financial statements.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Income  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenues:</b>				
Midstream revenue	\$ 328,952	612,746	603,286	1,587,720
Midstream revenue – affiliate	24,059,540	22,706,752	46,775,252	44,536,475
Processing revenue	8,229,335	8,205,943	16,138,500	16,259,451
Other losses	(127,161)	—	(89,734)	—
Total revenues	<u>32,490,666</u>	<u>31,525,441</u>	<u>63,427,304</u>	<u>62,383,646</u>
<b>Operating expenses:</b>				
Midstream operating expenses	5,045,193	3,588,164	9,955,886	8,694,880
Processing operating expenses	1,536,656	1,154,182	2,660,626	2,088,600
General and administrative	5,773,607	2,631,713	10,494,522	5,101,739
Depreciation, depletion, and amortization	9,015,298	7,604,119	16,938,336	14,876,085
Total operating expenses	<u>21,370,754</u>	<u>14,978,178</u>	<u>40,049,370</u>	<u>30,761,304</u>
Income from operations	11,119,912	16,547,263	23,377,934	31,622,342
<b>Other expenses:</b>				
Gain on sale of assets	—	—	36,837	—
Interest expense	(3,671,623)	(1,774,531)	(7,065,771)	(3,367,600)
Total other expense, net	<u>(3,671,623)</u>	<u>(1,774,531)</u>	<u>(7,028,934)</u>	<u>(3,367,600)</u>
Net income	<u>\$ 7,448,289</u>	<u>14,772,732</u>	<u>16,349,000</u>	<u>28,254,742</u>

See accompanying notes to condensed consolidated financial statements.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Changes in Members' Equity  
(Unaudited)

	<b>Members' equity</b>	<b>Retained earnings</b>	<b>Total members' equity</b>
<b>Six Months Ended June 30, 2022</b>			
Balance, December 31, 2021	\$ 347,520,988	60,392,584	407,913,572
Distribution to members	(2,584,925)	—	(2,584,925)
Net income	—	28,254,742	28,254,742
Balance, June 30, 2022	<u>\$ 344,936,063</u>	<u>88,647,326</u>	<u>433,583,389</u>
<b>Six Months Ended June 30, 2023</b>			
Balance, December 31, 2022	\$ 344,936,063	106,601,323	451,537,386
Distribution to members	(2,159,579)	—	(2,159,579)
Net income	—	16,349,000	16,349,000
Balance, June 30, 2023	<u>\$ 342,776,484</u>	<u>122,950,323</u>	<u>465,726,807</u>
<b>Three Months Ended June 30, 2022</b>			
Balance, March 31, 2022	\$ 344,936,063	73,874,594	418,810,657
Net income	—	14,772,732	14,772,732
Balance, June 30, 2022	<u>\$ 344,936,063</u>	<u>88,647,326</u>	<u>433,583,389</u>
<b>Three Months Ended June 30, 2023</b>			
Balance, March 31, 2023	\$ 342,776,484	115,502,034	458,278,518
Net income	—	7,448,289	7,448,289
Balance, June 30, 2023	<u>\$ 342,776,484</u>	<u>122,950,323</u>	<u>465,726,807</u>

See accompanying notes to condensed consolidated financial statements.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 16,349,000	28,254,742
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation, depletion and amortization	16,938,336	14,876,085
Amortization of debt issuance cost	317,583	310,547
(Gain) or loss on sale of assets	(36,837)	—
<b>Changes in operating assets and liabilities:</b>		
Affiliate receivables	(2,192,497)	9,195,630
Accounts receivable	(415,916)	(494,562)
Prepaid expenditures	(39,606)	(1,022,493)
Accounts payable and accrued expenses	1,229,131	7,242,890
Affiliate payables	(2,265,151)	(3,281,055)
Other current assets	1,182,092	—
Net cash provided by operating activities	<u>31,066,135</u>	<u>55,081,784</u>
<b>Cash flows from investing activities:</b>		
Acquisition of land and rights of way	(5,592,464)	(6,421,574)
Capital expenditures	(33,267,139)	(22,222,860)
Sale of assets	36,837	—
Net cash used in investing activities	<u>(38,822,766)</u>	<u>(28,644,434)</u>
<b>Cash flows from financing activity:</b>		
Members' distributions	(2,159,579)	(2,584,925)
Proceeds from borrowings on credit facility	10,000,000	—
Payments on revolving credit facility	—	(23,000,000)
Debt issuance - commitment fee	(54,447)	—
Net cash provided by (used in) financing activity	<u>7,785,974</u>	<u>(25,584,925)</u>
Net increase in cash and cash equivalents	29,343	852,425
Cash and cash equivalents, beginning of period	3,483,637	15,540,976
Cash and cash equivalents, end of period	<u>\$ 3,512,980</u>	<u>16,393,401</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 6,741,133	3,060,763
<b>Noncash investing activities:</b>		
Noncash additions to property	\$ 7,085,613	4,644,390

See accompanying notes to condensed consolidated financial statements.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(1) Organization and Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of THQ-XcL Holdings I, LLC (“the Company”) and its wholly owned subsidiaries THQ-XcL Holdings I Midco, LLC, XcL Holdings Corporation, XcL Midstream, LLC, XcL Midstream Operating, LLC, XcL Processing, LLC, and XcL Processing Operating, LLC. XcL Holdings Corporation was dissolved on May 17, 2022. During interim periods, the Company follows the same accounting policies disclosed in its audited Annual Financial Statements.

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company's management in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP for complete financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes therein for the year ended December 31, 2022. The unaudited condensed consolidated financial statements included herein contain all adjustments which are, in the opinion of management, necessary to present fairly the Company's condensed consolidated balance sheets as of June 30, 2023 and December 31, 2022, its condensed consolidated statements of income and condensed consolidated statements of changes in members' equity for the quarter and six months ended June 30, 2023 and 2022, and its condensed consolidated statements of cash flows for the six months ended June 30, 2023 and 2022. The condensed consolidated statements of income for the quarter and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for future periods.

On September 6, 2022, the Company entered into a purchase agreement with EQT Corporation and its wholly owned subsidiary EQT Production Corporation, (together “EQT”) to sell the Company's gathering and processing assets along with the upstream assets of affiliate company THQ Appalachia I, LLC for total consideration of approximately 50 million shares of common stock of EQT and approximately \$2.4 billion of cash, subject to customary post-closing adjustments (“Transaction”). The Company will be selling 100% of its membership interests in THQ-XcL Holdings I Midco, LLC (“THQ-XcL Midco”) along with the 100% membership interests of the subsidiaries of THQ-XcL Midco. On December 23, 2022, the parties entered into an amended and restated purchase agreement to extend the right to terminate the original agreement to December 31, 2023, from the original termination date of December 31, 2022. This transaction has an effective date of July 1, 2022.

**(2) Relationship with Affiliate**

The Company has an ongoing business relationship with an affiliate, Tug Hill Operating, LLC (“THO”). THO is responsible for acquisitions, construction and operation of gathering systems and related facilities owned by the Company. As it incurs costs on behalf of the Company for these operations, THO bills the Company through its joint interest billing (“JIB”) process; and the Company reimburses THO for these costs at least monthly. THO is also responsible for the administration of the Company's business. In exchange for these services, the Company pays a quarterly fee that includes (a) THO employees' time and related expenses charged to the Company for the operation of its oil and natural gas properties, (b) an allocated amount of THO overhead expense calculated based on the number of hours THO employees spend working on Company projects, and (c) an additional percentage markup of the overall total of (a) and (b) to cover benefits and other employee-related costs and any unforeseen or difficult to allocate costs. The Company's board approves the operating budgets. For the six months ended June 30, 2023, THO billed the Company \$12.5 million through the JIB process. The amount due to THO for these services, which were included in the Company's affiliate payables balance was \$4.5 million as of June 30, 2023. The remaining affiliate payable balance of \$0.8 million as of June 30, 2023 was for revenues received by the Company that were due to THQA. Allocations consist of \$0.1 million of construction expenditures and operating expenses, \$7.0 million in salaries and bonus for the operation of its business, \$0.3 million for overhead expenses, and \$5.1 million of direct general and administrative expenses for the six months ended June 30, 2023. For the six months ended June 30, 2022, THO billed the Company \$8.6 million, respectively through the JIB process. Allocations consist of \$0.1 million relating to acquisition of surface use agreements and rights-of-way, \$1.5 million of construction expenditures and operating expenses, \$4.7 million in salaries and bonus for the operation of its business, \$0.3 million for overhead expenses, and \$2.0 million of direct general and administrative expenses for the six months ended June 30, 2022. The amounts due to THO for these services, which were included in the Company's affiliate payables balance was \$5.7 million as of December 31, 2022. The remaining affiliate payable balance of \$1.9 million as of December 31, 2022 was for revenues received by the Company that were due to THQA.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(3) Property and Equipment**

Property and equipment consists of the following:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Gathering and water pipelines and facilities	\$ 534,741,174	505,144,701
Land and rights-of-way	54,685,117	49,139,616
Processing plant and facilities	148,312,418	148,312,418
Other property and equipment	1,339,204	1,377,407
Total capitalized costs	<u>739,077,913</u>	<u>703,974,142</u>
Accumulated depreciation	<u>(110,606,388)</u>	<u>(93,707,282)</u>
Total net capitalized costs	<u>\$ 628,471,525</u>	<u>610,266,860</u>

Depreciation expense was recorded on certain pipelines, facilities, and the processing plant that were placed into service as of June 30, 2023 and December 31, 2022, using a 20-year life. For those pipelines and facilities that were still in the construction phase, no depreciation was recorded in 2022 or 2023.

**(4) Leases**

The Company has operating leases for compressors and storage space. These leases have initial terms ranging from 1 to 5 years and include renewal options ranging from 0 to 5 years. The Company does not include the renewal options in the lease term, as it is not reasonably certain such options will be exercised. Payments are for fixed amounts as contractually designated in the lease agreements.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

The table below presents the lease related assets and liabilities recorded on our condensed consolidated balance sheets:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
Right-of-use assets	\$ 1,659,575	2,089,536
<b>Total lease assets</b>	<b>1,659,575</b>	<b>2,089,536</b>
<b>Liabilities</b>		
Current lease liabilities	574,673	715,074
Long-term lease liabilities	1,084,902	1,374,462
<b>Total lease liabilities</b>	<b>\$ 1,659,575</b>	<b>2,089,536</b>

The components of the Company's lease costs are set forth in the tables below:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Operating lease costs, excluding short-term leases (a)	\$ 310,500	320,500	\$ 615,000	591,000
Short-term lease costs (b)	68,290	44,760	136,696	90,055
Variable lease costs (c)	(2,073)	43,498	21,585	62,818
<b>Total lease costs</b>	<b>\$ 376,717</b>	<b>408,758</b>	<b>\$ 773,281</b>	<b>743,873</b>

- (a) Operating lease expense reflects a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a straight-line basis. The operating lease costs of the quarter and six months ended June 30, 2023 include \$0.2 million and \$0.5 million of midstream operating expenses related to compressors, respectively, and \$0.1 million and \$0.1 million of costs capitalized to property and equipment for storage space, respectively. The operating lease costs of the quarter and six months ended June 30, 2022 include \$0.3 million and \$0.6 million of midstream operating expenses related to compressors, respectively.
- (b) Short-term lease costs are reported at gross amounts and primarily represent costs incurred for the Company's additional compressors and office equipment. These short-term contracts are not recognized as ROU assets and lease liabilities on the condensed consolidated balance sheets.
- (c) Variable lease expenses primarily represent (i) differences between minimum payment obligations and actual operating charges incurred by the Company related to its long-term leases and (ii) variable expenses related to the Company's office spaces, which include taxes, insurance and other utility and maintenance costs. Variable lease expenses are not included in the calculation of the Company's ROU assets and lease liabilities on the condensed consolidated balance sheets.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

A maturity analysis of lease payments under the Company's long-term operating leases is presented as follows:

	<b>June 30, 2023</b>
Remaining 2023	\$ 309,000
2024	618,000
2025	618,000
2026	181,500
2027	9,000
Total future minimum lease payments (undiscounted)	1,735,500
Less: interest	75,925
Present value of lease liability	\$ 1,659,575

As of June 30, 2023 and December 31, 2022, the weighted average lease term was 2.83 years and 3.11 years, respectively, and the weighted average discount rate was 3.10% for both periods.

The table below presents other supplemental lease information about the Company's operating leases for the period presented:

	<b>Six months ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Operating cash outflows from operating leases	\$ 441,000	\$ 591,000
Investing cash outflows from operating leases	18,000	—

As referenced in footnote 2, the Company is billed by THO for an allocated amount of overhead expenses. For the six months ended June 30, 2023 and 2022, THO billed the Company \$5.1 million and \$2.0 million, of direct general and administrative, of which \$0.2 million and \$0.2 million of expenses related to operating leases and short-term lease obligations held by THO, respectively.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(5) Long-Term Debt**

*Senior Secured Revolving Credit Facility*

The Company has a \$250 million senior secured revolving bank credit facility (“the Credit Facility”) with a group of large, commercial lenders with a maturity date of May 2, 2025. Borrowings under the Credit Facility are limited based on meeting quarterly interest and leverage coverage ratios. The amounts outstanding were \$168.7 million and \$158.7 million as of June 30, 2023 and December 31, 2022, respectively, with a weighted average interest rate of approximately 8.16% and 7.29%, respectively. The amount reflected in the Company’s June 30, 2023 and December 31, 2022 balance sheets are shown net of the debt issuance costs of \$1.2 million and \$1.5 million, respectively.

The Credit Facility is secured by liens on substantially all of the Company’s properties and guarantees from the Company’s restricted subsidiaries, as applicable. The Credit Facility contains certain other covenants, including restrictions on indebtedness and dividends. Interest is payable at a variable rate based on LIBOR or the prime rate, determined by the Company’s election at the time of borrowing. The Company was in compliance with all of the financial covenants under the Credit Facility as of June 30, 2023.

**(6) Commitments**

The following is a schedule of future minimum payments for fractionation services and purchase orders for cryogenic processing facilities, pipelines, and interconnections as of June 30, 2023.

	<b>Fractionation</b>	<b>Processing Facilities</b>	<b>Pipelines and Meters</b>	<b>Total</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	
Remaining 2023	\$ 4,331,250	670,546	945,525	5,947,321
2024	5,748,750	—	—	5,748,750
2025	5,748,750	—	—	5,748,750
2026	5,748,750	—	—	5,748,750
2027	2,409,750	—	—	2,409,750
Totals	<u>\$ 23,987,250</u>	<u>670,546</u>	<u>945,525</u>	<u>25,603,321</u>

**(a) Fractionation**

The Company has entered into a firm fractionation agreement in order to facilitate the fractionation of natural gas liquids into purity products. This contract commits the Company to transport minimum daily natural gas liquids volumes at negotiated rates, or pay for any deficiencies at a specified fee beginning in the third quarter of 2021. Actual payments under this agreement will differ from the amounts shown in the table above as the Company expects to deliver volumes in excess of the minimum commitment. This commitment has varying terms, renewal rights and an escalation clause. The fractionation fee is escalated annually and is adjusted up or down in proportion to the lesser of 55% of the annual percentage change in the Oil PPI ended June of the year preceding the date of adjustment or 2%; provided, however, that in no event shall the adjustment fee ever be less than the initial fee.

**THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements  
June 30, 2023 and 2022  
(Unaudited)

**(b) Processing Facilities**

The Company is committed to regular maintenance services and repairs on the cryogenic processing facility.

**(c) Pipelines and Meters**

The Company is committed to purchases of steel pipe, metering, and related materials during 2023.

**(7) Contingencies**

The Company is subject to certain claims and litigation arising in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the results of operations or financial position of the Company.

**(8) Membership Interests**

There are two classes of membership interest – capital interests and management incentive interests. Capital interests held by Quantum, R2K and members of management have full voting rights and rights to share in the distributions of the Company. As described more fully in note 9, management incentive interests can be issued under the Incentive Pool Plan and are non-voting with no rights to share in distributions until the capital contributed interests have earned the full base return.

The members have no liability for the debts, obligations and liabilities of the Company, except as expressly required in the agreement. The Company shall dissolve and its affairs shall be wound up upon the earliest to occur of (a) the expiration of its term on December 20, 2025, if not extended by the members, (b) election by the Board of Directors by majority approval at any time or (c) entry of a decree of judicial dissolution of the Company under the Delaware Limited Liability Company Act.

The timing and amounts of distributions, other than tax advances, are determined by the Board of Directors. Capital contributions will receive a base return of 8% on their contributions (“base return”) which continues accruing until distributions exceed the total capital contributions plus the 8% base return. The first 10% of R2K’s Capital Interest will be treated as un-promoted capital. Distributions to members’ capital that is promoted is subject to certain distribution flips, whereby, distributions will be made in proportion to the agreed upon sharing ratios. Tax advances may be made quarterly based on projections of the entity’s taxable income for the year. On March 15, 2023 and 2022, the Company paid \$2.2 million and \$2.6 million of West Virginia withholding taxes on behalf of the members, respectively. These payments were treated as distributions.

Total equity commitments from the members is \$457 million, of which \$358 million was funded as of June 30, 2023, leaving \$99 million in available equity should the Company need additional funding.

## THQ-XCL HOLDINGS I, LLC AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

June 30, 2023 and 2022

(Unaudited)

### (9) Management Incentive Unit Plan

Effective with the formation of the Company on December 20, 2017, the Company adopted an incentive unit plan, THQ-XcL Employee Holdings I, LLC, (“the Plan”) to provide profit awards to employees (“management incentive units”). The Company can issue up to 2,000,000 units to certain employees in consideration of services rendered and to be rendered by the holders, for the benefit of the Company in their capacities as employees. All of the incentive units will be subject to vesting over five years, forfeiture, and termination. The management incentive units have no voting rights, do not have an exercise price and are automatically forfeited except in extenuating circumstances if and when such person’s status as an employee is terminated.

Compensation expense for these awards will be recognized when all performance, market, and service conditions are probable of being satisfied in general upon a vesting event, which is defined as (i) the sale of all or substantially all of the outstanding capital interests or assets of the Company, (ii) the time of any distribution by the Company after capital contributions of substantially all of the capital commitments have been made by the capital members, and the Board has determined that the Company will not raise additional capital, (iii) one year after the expiration of a lockup period in the event of a transfer of all or substantially all of the outstanding capital interests or assets of the Company to an individual, estate or a corporation, partnership, joint venture, limited partnership, limited liability company, trust, unincorporated organization, association or any other entity (“Person”) in exchange for publicly tradable securities of such Person; or two years after the expiration of a lockup period in the event that securities received in connection with the transfer constitute 15% or more of the total shares of such Person then outstanding.

### (10) Subsequent Events

On August 16, 2023, the U.S. Federal Trade Commission resolved its review of the Transaction (note 1). As a result, the closing condition relating to the Hart-Scott-Rodino Act of 1976, as amended, and the rules and regulations promulgated thereunder, has been satisfied, and the Transaction closed on August 22, 2023.

In preparing the condensed consolidated financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through August 29, 2023, the date the condensed consolidated financial statements were available for issuance, and no other items requiring disclosure were identified.

**EQT CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On August 22, 2023 (the Closing Date), EQT Corporation and subsidiaries (EQT or the Company) completed its acquisition (the Acquisition) of the upstream assets from THQ Appalachia I, LLC (the Upstream Seller) and the gathering and processing assets from THQ-XcL Holdings I, LLC (the Midstream Seller and, together with the Upstream Seller, the Sellers) through the acquisition of all of the issued and outstanding membership interests of each of THQ Appalachia I Midco, LLC and THQ-XcL Holdings I Midco, LLC pursuant to the Amended and Restated Purchase Agreement, dated December 23, 2022 (as amended, the Purchase Agreement), by and among EQT Corporation, EQT Production Company (a wholly-owned indirect subsidiary of EQT), the Upstream Seller, the Midstream Seller and the subsidiaries of the Sellers named on the signature pages thereto.

The purchase price for the Acquisition consisted of 49,599,796 shares of EQT Corporation common stock and approximately \$2.4 billion in cash, subject to customary post-closing adjustments. The Company funded the cash portion of the consideration with \$1.25 billion of borrowings under its term loan facility (Term Loan Facility), \$1.0 billion of cash on hand (including a portion of the proceeds from its October 4, 2022 issuance of senior unsecured notes) and the \$150 million cash deposit for the Acquisition previously placed in escrow.

The following unaudited pro forma condensed combined financial statements (the pro forma financial statements) have been prepared to reflect the effects of the Acquisition on the consolidated financial statements of EQT and are derived from:

- the historical audited and unaudited financial statements of EQT;
- the historical audited and unaudited financial statements of the Upstream Seller, which includes the accounts of the subsidiaries acquired by the Company in the Acquisition (the Upstream Companies); and
- the historical audited and unaudited financial statements of the Midstream Seller, which includes the accounts of the subsidiaries acquired by the Company in the Acquisition (the Midstream Companies).

The pro forma financial statements are provided for informational purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of EQT would have been had the Acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. The pro forma financial statements should be read in conjunction with:

- the accompanying notes to the pro forma financial statements;
  - the audited consolidated financial statements and accompanying notes of EQT contained in EQT's Annual Report on Form 10-K for the year ended December 31, 2022;
  - the audited consolidated financial statements and accompanying notes of the Upstream Seller and the Midstream Seller for the year ended December 31, 2022, which are filed exhibits to the Current Report on Form 8-K filed by EQT on May 3, 2023;
  - the unaudited condensed consolidated financial statements and accompanying notes of EQT contained in EQT's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023; and
  - the unaudited condensed consolidated financial statements and accompanying notes of the Upstream Seller and the Midstream Seller as of and for the six months ended June 30, 2023, which are filed exhibits to Amendment No. 1 to the Current Report on Form 8-K/A to which this exhibit also forms a part (the Form 8-K/A).
-

**EQT Corporation and Subsidiaries**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**June 30, 2023**

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Midstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
	(Thousands)				
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,215,492	\$ 30,259	\$ 3,513	\$ (2,403,301) (a)	\$ 212,191
				(33,772) (c)	
				150,000 (f)	
				1,250,000 (l)	
Accounts receivable, net	475,211	113,336	24,290	(19,101) (f)	542,964
				(44,169) (a)	
				(224) (c)	
				10,341 (a)	
				(16,720) (g)	
Derivative instruments, at fair value	683,612	194,746	—	5,815 (b)	835,202
				(48,971) (c)	
Prepaid expenses and other	51,254	909	1,107	—	53,270
Total current assets	<u>2,425,569</u>	<u>339,250</u>	<u>28,910</u>	<u>(1,150,102)</u>	<u>1,643,627</u>
Property, plant and equipment	28,299,959	2,677,106	739,078	1,125,760 (a)	32,841,903
Less: Accumulated depreciation and depletion	<u>9,976,460</u>	<u>720,622</u>	<u>110,606</u>	<u>(831,228) (a)</u>	<u>9,976,460</u>
Net property, plant and equipment	18,323,499	1,956,484	628,472	1,956,988	22,865,443
Other assets	524,409	36,813	1,660	(5,815) (b)	372,334
				(13,668) (c)	
				(13,942) (c)	
				(150,000) (f)	
				(7,123) (l)	
Total assets	<u>\$ 21,273,477</u>	<u>\$ 2,332,547</u>	<u>\$ 659,042</u>	<u>\$ 616,338</u>	<u>\$ 24,881,404</u>

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Midstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
	(Thousands)				
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Current portion of debt	\$ 413,917	\$ —	\$ —	\$ —	\$ 413,917
Accounts payable	1,049,895	135,031	24,141	52,267 (a)	1,163,868
				234 (b)	
				(6,291) (c)	
				(64,893) (a)	
				(19,101) (f)	
				9,305 (a)	
				(16,720) (g)	
Derivative instruments, at fair value	485,224	249,929	—	(246,893) (c)	488,260
Other current liabilities	233,790	174,799	575	(23,184) (b)	247,988
				(150,022) (c)	
				12,030 (h)	
<b>Total current liabilities</b>	<b>2,182,826</b>	<b>559,759</b>	<b>24,716</b>	<b>(453,268)</b>	<b>2,314,033</b>
Credit facility borrowings	—	522,542	167,515	(690,057) (c)	—
Term Loan Facility borrowings	—	—	—	1,242,877 (l)	1,242,877
Senior notes	4,172,232	—	—	—	4,172,232
Note payable to EQM Midstream Partners, LP	85,404	—	—	—	85,404
Deferred income taxes	1,877,584	—	—	(1,014) (i)	1,876,570
Other liabilities and credits	910,403	67,283	1,085	48,860 (a)	1,003,645
				22,950 (b)	
				(46,936) (c)	
<b>Total liabilities</b>	<b>9,228,449</b>	<b>1,149,584</b>	<b>193,316</b>	<b>123,412</b>	<b>10,694,761</b>
Equity:					
Total common shareholders' equity	12,005,772	1,182,963	465,726	2,152,631 (a)	14,147,387
				(1,659,705) (i)	
Noncontrolling interest in consolidated subsidiaries	39,256	—	—	—	39,256
<b>Total equity</b>	<b>12,045,028</b>	<b>1,182,963</b>	<b>465,726</b>	<b>492,926</b>	<b>14,186,643</b>
<b>Total liabilities and equity</b>	<b>\$ 21,273,477</b>	<b>\$ 2,332,547</b>	<b>\$ 659,042</b>	<b>\$ 616,338</b>	<b>\$ 24,881,404</b>

See accompanying notes to the unaudited pro forma condensed combined financial information.

**EQT Corporation and Subsidiaries**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**Six Months Ended June 30, 2023**

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Midstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
(Thousands, except per share amounts)					
<b>Operating revenues:</b>					
Sales of natural gas, natural gas liquids and oil	\$ 2,678,683	\$ 376,753	\$ —	\$ —	\$ 3,055,436
Gain on derivatives	989,238	137,841	—	1,512 (c)	1,128,591
Net marketing services and other	11,901	928	(90)	63,518 (b)	15,175
				(61,082) (g)	
Midstream	—	—	47,379	(47,379) (b)	—
Processing	—	—	16,139	(16,139) (b)	—
Total operating revenues	<u>3,679,822</u>	<u>515,522</u>	<u>63,428</u>	<u>(59,570)</u>	<u>4,199,202</u>
<b>Operating expenses:</b>					
Transportation and processing	1,038,146	91,536	—	(60,806) (g)	1,068,876
Production	102,978	38,813	—	12,617 (b)	150,956
				(3,452) (d)	
Exploration	2,155	4,931	—	(4,931) (b)	2,155
Selling, general and administrative	112,057	37,445	10,495	(580) (c)	151,347
				(8,070) (b)	
Depreciation and depletion	783,369	120,791	16,938	31,620 (e)	952,718
Loss (gain) on sale/exchange of long-lived assets	16,303	(1,009)	—	—	15,294
Impairment and expiration of leases	15,871	—	—	4,931 (b)	20,802
Other operating expenses	33,056	—	—	8,070 (b)	41,126
Midstream operating	—	276	9,956	(10,232) (b)	—
Processing operating	—	—	2,661	(2,661) (b)	—
Total operating expenses	<u>2,103,935</u>	<u>292,784</u>	<u>40,049</u>	<u>(33,494)</u>	<u>2,403,274</u>
Operating income	<u>1,575,887</u>	<u>222,738</u>	<u>23,378</u>	<u>(26,076)</u>	<u>1,795,927</u>
Income from investments	(5,856)	—	—	—	(5,856)
Dividend and other income	(737)	—	(37)	—	(774)
Gain on debt extinguishment	(1,144)	—	—	—	(1,144)
Interest expense, net	86,429	21,511	7,066	(28,577) (c)	131,335
				44,906 (l)	
Income before income taxes	<u>1,497,195</u>	<u>201,227</u>	<u>16,349</u>	<u>(42,405)</u>	<u>1,672,366</u>
Income tax expense	344,828	—	—	47,851 (k)	392,679
Net income	<u>1,152,367</u>	<u>201,227</u>	<u>16,349</u>	<u>(90,256)</u>	<u>1,279,687</u>
Less: Net income attributable to noncontrolling interests	445	—	—	—	445
Net income attributable to EQT Corporation	<u>\$ 1,151,922</u>	<u>\$ 201,227</u>	<u>\$ 16,349</u>	<u>\$ (90,256)</u>	<u>\$ 1,279,242</u>
<b>Income per share of common stock attributable to EQT Corporation:</b>					
<b>Basic:</b>					
Weighted average common stock outstanding	361,721				361,721
Net income attributable to EQT Corporation	<u>\$ 3.18</u>				<u>\$ 3.54</u>
<b>Diluted:</b>					
Weighted average common stock outstanding	393,435				393,435
Net income attributable to EQT Corporation	<u>\$ 2.94</u>				<u>\$ 3.26</u>

See accompanying notes to the unaudited pro forma condensed combined financial information.

**EQT Corporation and Subsidiaries**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**Year Ended December 31, 2022**

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Midstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
(Thousands, except per share amounts)					
<b>Operating revenues:</b>					
Sales of natural gas, natural gas liquids and oil	\$ 12,114,168	\$ 1,688,665	\$ —	\$ —	\$ 13,802,833
Loss on derivatives	(4,642,932)	(880,111)	—	994,222 (c)	(4,528,821)
Net marketing services and other	26,453	1,313	2	121,740 (b)	35,472
				(114,036) (g)	
Midstream	—	—	89,868	(89,868) (b)	—
Processing	—	—	31,872	(31,872) (b)	—
Total operating revenues	<u>7,497,689</u>	<u>809,867</u>	<u>121,742</u>	<u>880,186</u>	<u>9,309,484</u>
<b>Operating expenses:</b>					
Transportation and processing	2,116,976	192,890	—	(114,036) (g)	2,195,830
Production	300,985	132,350	—	22,997 (b)	449,804
				(6,528) (d)	
Exploration	3,438	16,455	—	(16,455) (b)	3,438
Selling, general and administrative	252,645	19,961	12,595	(977) (c)	277,814
				(6,410) (b)	
Depreciation and depletion	1,665,962	206,738	31,321	103,911 (e)	2,007,932
(Gain) loss on sale/exchange of long-lived assets	(8,446)	229	—	—	(8,217)
Impairment of contract asset	214,195	—	—	—	214,195
Impairment and expiration of leases	176,606	—	—	16,455 (b)	193,061
Other operating expenses	57,331	—	—	6,410 (b)	75,771
				12,030 (h)	
Midstream operating	—	—	18,202	(18,202) (b)	—
Processing operating	—	—	4,795	(4,795) (b)	—
Total operating expenses	<u>4,779,692</u>	<u>568,623</u>	<u>66,913</u>	<u>(5,600)</u>	<u>5,409,628</u>
Operating income	<u>2,717,997</u>	<u>241,244</u>	<u>54,829</u>	<u>885,786</u>	<u>3,899,856</u>
Loss from investments	4,931	—	—	—	4,931
Dividend and other income	(11,280)	(19)	—	—	(11,299)
Loss on debt extinguishment	140,029	—	—	—	140,029
Interest expense	249,655	31,998	8,620	(33,976) (c)	361,944
				(6,642) (j)	
				112,289 (l)	
Income before income taxes	<u>2,334,662</u>	<u>209,265</u>	<u>46,209</u>	<u>814,115</u>	<u>3,404,251</u>
Income tax expense	553,720	—	—	275,523 (k)	829,243
Net income	<u>1,780,942</u>	<u>209,265</u>	<u>46,209</u>	<u>538,592</u>	<u>2,575,008</u>
Less: Net income attributable to noncontrolling interests	9,977	—	—	—	9,977
Net income attributable to EQT Corporation	<u>\$ 1,770,965</u>	<u>\$ 209,265</u>	<u>\$ 46,209</u>	<u>\$ 538,592</u>	<u>\$ 2,565,031</u>
<b>Income per share of common stock attributable to EQT Corporation:</b>					
<b>Basic:</b>					
Weighted average common stock outstanding	<u>370,048</u>				<u>370,048</u>
Net income attributable to EQT Corporation	<u>\$ 4.79</u>				<u>\$ 6.93</u>
<b>Diluted:</b>					
Weighted average common stock outstanding	<u>406,495</u>				<u>406,495</u>
Net income attributable to EQT Corporation	<u>\$ 4.38</u>				<u>\$ 6.33</u>

See accompanying notes to the unaudited pro forma condensed combined financial information.

**EQT Corporation and Subsidiaries**  
**Notes to the Unaudited Pro Forma Condensed Combined Financial Information**

**1. Basis of Presentation**

The pro forma financial statements have been prepared to reflect the effects of the Acquisition on the consolidated financial statements of EQT. The unaudited pro forma condensed combined balance sheet (the pro forma balance sheet) is presented as if the Acquisition had occurred on June 30, 2023. The unaudited pro forma condensed combined statements of operations (the pro forma statements of operations) for the six months ended June 30, 2023 and for the year ended December 31, 2022 are presented as if the Acquisition had occurred on January 1, 2022. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the Acquisition.

The pro forma financial statements have been prepared using the acquisition method of accounting using the accounting guidance in Accounting Standards Codification (ASC) 805, with EQT treated as the acquirer. The pro forma adjustments have been made solely for the purpose of providing pro forma financial information and are subject to revision based on a final determination of fair value as of the Closing Date of the Acquisition. Differences between these estimates and the final purchase price allocation may have a material impact on the accompanying pro forma financial statements.

The Upstream Seller and the Midstream Seller historical amounts have been derived from the audited and unaudited financial statements of the Upstream Seller and the Midstream Seller, respectively, which were filed as exhibits to the Form 8-K/A or incorporated by reference therein. Certain historical amounts of the Upstream Seller and the Midstream Seller have been reclassified to conform to EQT's financial presentation. The pro forma adjustments include the removal of certain accounts of the Upstream Seller and the Midstream Seller to present the accounts of the Upstream Companies and the Midstream Companies, respectively, given that these accounts are not included in the Acquisition.

The pro forma financial statements are provided for informational purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of EQT would have been had the Acquisition occurred on the dates assumed nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

**2. Pro Forma Adjustments and Assumptions**

The pro forma adjustments are based on currently available information and certain estimates and assumptions that EQT believes are reasonable. The actual effects of the Acquisition will differ from the pro forma adjustments. A general description of the pro forma adjustments is provided below.

- (a) Pro forma adjustments to reflect the estimated value of net consideration payable by EQT in the Acquisition as of June 30, 2023 and the adjustment of the historical book values of the assets and liabilities acquired as of June 30, 2023 to their estimated fair values. The table below represents the preliminary purchase price allocation to the assets acquired and liabilities assumed from the Upstream Companies and the Midstream Companies. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet and the pro forma statements of operations. Certain information necessary to complete the purchase price allocation is not yet available, including, but not limited to, final appraisals of assets acquired and liabilities assumed in addition to certain post-closing changes in the purchase price adjustments calculated in accordance with the Purchase Agreement, which may increase or decrease the consideration. The final purchase price allocation will be determined when EQT has completed the detailed valuations and necessary calculations and any post-closing purchase price adjustments are completed. The final purchase price allocation will differ from these estimates and could differ materially from the preliminary purchase price allocation used in the pro forma adjustments.
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Pursuant to the Purchase Agreement, consideration for the Acquisition consists of a base amount of (i) \$2.6 billion in cash and (ii) 55 million shares of EQT Corporation common stock, plus or minus certain purchase price adjustments as defined in the Purchase Agreement. The purchase price adjustments, with the exception of the purchase price adjustments specifically related to the value of the acquired derivative instruments, which will be applied 100% to the cash consideration, will be applied evenly to the cash and stock consideration, with the adjustments to the stock consideration being determined by dividing 50% of the purchase price adjustments by \$48.01. This calculation resulted in the issuance of approximately 49.6 million shares of EQT Corporation common stock valued at \$2,153 million (based on the closing stock price as of August 22, 2023 of \$43.40) and cash paid of \$2,403 million after giving effect to approximately \$456 million of certain net purchase price adjustments. The effective date of the Acquisition is July 1, 2022.

	<b>Preliminary Purchase Price Allocation (Thousands)</b>
<b>Consideration:</b>	
Equity	\$ 2,152,631
Cash	2,403,301
Settlement of pre-existing relationships	(19,101)
<b>Total consideration</b>	<b>\$ 4,536,831</b>
<b>Fair value of assets acquired:</b>	
Accounts receivable, net	\$ 67,753
Derivative instruments, at fair value	151,590
Prepaid expenses and other	2,016
Property, plant and equipment	4,541,944
Other assets	5,048
<b>Amount attributable to assets acquired</b>	<b>\$ 4,768,351</b>
<b>Fair value of liabilities assumed:</b>	
Accounts payable	\$ 133,074
Derivative instruments, at fair value	3,036
Other current liabilities	2,168
Other liabilities and credits	93,242
<b>Amount attributable to liabilities assumed</b>	<b>\$ 231,520</b>

The estimated fair value of property, plant and equipment to be acquired based on information available as of the preparation of the pro forma financial statements included the following:

	<b>Preliminary Purchase Price Allocation (Thousands)</b>
Natural gas and oil proved properties	\$ 2,931,612
Natural gas and oil unproved properties	784,609
Other property, plant and equipment	825,723
Pro forma fair value of property, plant & equipment	<b>\$ 4,541,944</b>

The pro forma fair value of natural gas properties acquired from the Upstream Companies was measured using valuation techniques that convert future cash flows into a single discounted amount. Significant inputs to the valuation of natural gas and oil properties include estimates of: (i) recoverable reserves; (ii) production rates; (iii) future operating and development costs; (iv) future commodity prices; and (v) a market-based weighted average cost of capital. NYMEX strip pricing as of August 22, 2023, adjusted for forward basis differentials, was used in determining the pro forma fair value of reserves at a discount rate of 9.4%, after adjustment for expenses.

The pro forma fair value of the midstream gathering systems, including the related compression assets, and the processing facilities acquired from the Midstream Companies (collectively the Midstream Assets) was measured primarily using the cost approach. Significant inputs to the valuation of the Midstream Assets include replacement costs for similar assets, relative age of the Midstream Assets and any potential economic or functional obsolescence associated with the Midstream Assets.

(b) Pro forma reclassifications were made to conform to EQT's presentation, including:

- i. the reclassification of \$5.8 million of other assets to derivative instruments, at fair value;
- ii. the reclassification of \$23.2 million of other current liabilities and accounts payable (\$0.2 million) to other liabilities and credits;
- iii. the reclassification of lease abandonment expense of \$4.9 million and \$16.5 million for the six months ended June 30, 2023 and year ended December 31, 2022, respectively, from exploration expense to impairment and expiration of leases;
- iv. the reclassification of \$4.1 million and \$4.0 million from the Upstream Seller and the Midstream Seller, respectively, for the six months ended June 30, 2023 and \$3.3 million and \$3.1 million from the Upstream Seller and the Midstream Seller, respectively, for the year ended December 31, 2022 from selling, general and administrative expense to other operating expenses;
- v. the reclassification of midstream and processing revenues to net marketing and other revenues; and
- vi. the reclassification of midstream operating and processing operating expenses to production expense.

(c) Pro forma adjustments to eliminate certain accounts attributable to the Upstream Seller and the Midstream Seller, that EQT is not acquiring or assuming including:

- i. elimination of \$30.3 million and \$3.5 million of cash and cash equivalents from the Upstream Seller and the Midstream Seller, respectively;
  - ii. elimination of \$0.2 million of accounts receivable, net from the Upstream Seller;
  - iii. elimination of \$49.0 million of current derivative instruments, at fair value, \$13.7 million of non-current derivative instruments, at fair value (included in other assets), \$246.9 million of current derivative instruments, at fair value, and \$46.9 million of non-current derivative instruments, at fair value (included in other liabilities and credits) from the Upstream Seller;
  - iv. elimination of \$13.9 million of restricted cash (included in other assets) from the Upstream Seller;
  - v. elimination of \$5.5 million and \$0.8 million of accounts payable from the Upstream Seller and the Midstream Seller, respectively;
  - vi. elimination of \$150.0 million of other current liabilities from the Upstream Seller;
  - vii. elimination of \$522.5 million and \$167.5 million of credit facility borrowings from the Upstream Seller and the Midstream Seller, respectively;
  - viii. elimination of \$1.5 million of gain on derivatives from the Upstream Seller for the six months ended June 30, 2023 and \$994.2 million of loss on derivatives from the Upstream Seller for the year ended December 31, 2022;
  - ix. elimination of \$0.6 million and \$1.0 million of selling, general and administrative from the Midstream Seller for the six months ended June 30, 2023 and year ended December 31, 2022, respectively; and
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- x. elimination of interest expense of \$21.5 million and \$7.1 million from the Upstream Seller and the Midstream Seller, respectively, for the six months ended June 30, 2023 and \$32.0 million and \$2.0 million from the Upstream Seller and the Midstream Seller, respectively, for the year ended December 31, 2022.
- (d) Pro forma adjustments to conform to EQT's accounting policy regarding the elimination of certain water-related lease operating expenses from production expense.
- (e) Pro forma adjustments to increase or decrease depreciation and depletion expense due to the following:
- i. the increase in the estimated fair value of property, plant and equipment and recalculation of the depletion rate;
  - ii. the depreciation of gathering, compression, measurement, processing and water pipeline assets over useful lives in accordance with those used by EQT; and
  - iii. the increase in accretion expense related to the higher asset retirement obligation liability, which was adjusted to reflect EQT's internal plugging cost estimates, discount rate and useful life estimates.
- (f) Pro forma adjustments to eliminate historical transactions between EQT and the Upstream Companies that would be treated as intercompany transactions on a consolidated basis, including:
- i. elimination of \$19.1 million of accounts payable by EQT to the Upstream Companies for natural gas liquids sales as of June 30, 2023;
  - ii. elimination of \$19.1 million of accounts receivable, net from EQT to the Upstream Companies for natural gas liquids sales as of June 30, 2023; and
  - iii. giving effect to the \$150.0 million of other assets related to EQT's deposit for the Acquisition, which was previously paid and placed in escrow pursuant to the Purchase Agreement but is included as part of cash consideration within the preliminary purchase price allocation described in (a) above.
- (g) Pro forma adjustments to eliminate historical transactions between the Upstream Companies and the Midstream Companies that would be treated as intercompany transactions on a consolidated basis by EQT, including:
- i. elimination of \$61.1 million and \$114.0 million of transportation and processing expenses of the Upstream Companies for the six months ended June 30, 2023 and year ended December 31, 2022, respectively, related to volumes gathered by the Midstream Companies, including \$16.7 million of accounts payable as of June 30, 2023; and
  - ii. elimination of \$61.1 million and \$114.0 million of net marketing services and other revenues of the Midstream Companies for the six months ended June 30, 2023 and year ended December 31, 2022, respectively, related to volumes gathered on behalf of the Upstream Companies, including \$16.7 million of accounts receivable, net as of June 30, 2023.
- (h) Pro forma adjustment for transaction costs related to the Acquisition of \$12.0 million accrued as of June 30, 2023 and \$12.0 million recognized during the year ended December 31, 2022. Such costs include underwriting, banking, accounting and legal fees (including legal fees related to compliance of regulatory requirements of the U.S. Federal Trade Commission).
- (i) Pro forma adjustment to:
- i. eliminate \$1,183.0 million and \$465.7 million of historical equity of the Upstream Seller and the Midstream Seller, respectively;
  - ii. give effect to the \$12.0 million of accrued transaction costs described in (h) above to retained earnings; and
  - iii. give effect to the \$0.6 million decrease and \$1.6 million increase of deferred income tax adjustments of the Upstream Seller and the Midstream Seller, respectively, described in (k) below to retained earnings.
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- (j) Pro forma adjustment to eliminate historical interest expense for the year ended December 31, 2022 on the Midstream Companies that was paid to the Midstream Seller for intercompany debt that is not being assumed by EQT in the Acquisition.
- (k) Pro forma income tax adjustments included in the pro forma statements of operations and pro forma balance sheet reflect the income tax effects of the historical information of the Upstream Companies and the Midstream Companies as well as the income tax effects of the pro forma adjustments presented herein. The pro forma income tax adjustments related to the historical information of the Upstream Companies and the Midstream Companies are made to conform such historical information, which have been derived from a non-taxable flow through structure, to EQT's taxable corporate structure. The statutory federal and apportioned statutory state tax rate, net of the federal benefit of state taxes, applied to pre-tax income was used to tax effect the pro forma adjustments. The pro forma statements of operations also reflect the following nonrecurring adjustments to arrive at a deferred income taxes balance of \$1,876.6 million in the pro forma balance sheet:
  - i. income tax expense of \$15.3 million due to remeasurement of deferred income taxes to reflect the combined state apportionment rates; and
  - ii. income tax benefit of \$13.5 million due to a reduction of EQT's deferred tax valuation allowance. Since the Upstream Companies and the Midstream Companies will be included in EQT's consolidated tax return following the Acquisition, the resulting reversal of temporary differences included in deferred income taxes related to the Acquisition allows EQT to realize a portion of its state deferred tax assets that previously had a valuation allowance.
- (l) Pro forma adjustments to reflect the financing transactions, that were used to fund a portion of the cash consideration of the Acquisition:
  - i. increase of \$1,250.0 million in cash and cash equivalents, increase of \$1,242.9 million in Term Loan Facility borrowings and decrease of \$7.1 million of debt issuance costs recorded in other assets as of June 30, 2023;
  - ii. increase in interest expense of \$44.9 million and \$89.8 million for the six months ended June 30, 2023 and year ended December 31, 2022, respectively, reflecting the interest that would have been incurred had the draw down of the Term Loan Facility been completed on January 1, 2022; and
  - iii. increase in interest expense of \$22.5 million for the year ended December 31, 2022, reflecting the additional interest that would have been incurred had the issuance of the \$500 million aggregate principal of 5.700% Senior Notes due April 1, 2028 been completed on January 1, 2022.

The pro forma financial statements do not reflect any compensation-related adjustments as certain personnel matters are evolving and any recurring impact from compensation adjustments would not be factually supportable.

### **3. Supplemental Pro Forma Natural Gas, NGLs and Crude Oil Reserves Information**

The following tables present the estimated pro forma combined net proved developed and undeveloped, natural gas, natural gas liquids (NGLs) and crude oil reserves as of December 31, 2022, along with a summary of changes in quantities of net remaining proved reserves during the year ended December 31, 2022. The pro forma reserve information set forth below gives effect to the Acquisition as if it had occurred on January 1, 2022.

The following estimated pro forma reserve information is not necessarily indicative of the results that might have occurred had the Acquisition taken place on January 1, 2022 and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the "Risk Factors" section in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

For all tables presented, NGLs and crude oil were converted at a rate of one million barrels (MMbbl) to approximately six billion cubic feet (Bcf), except in the case of the Upstream Seller Historical NGLs, which were converted at a rate of one MMbbl to 3.9 Bcf.

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	<u>EQT Historical</u>	<u>Upstream Seller Historical</u> (Bcfe)	<u>Pro Forma Combined</u>
<b>Natural gas, NGLs and oil</b>			
<b>Proved developed and undeveloped reserves:</b>			
Balance at January 1, 2022	24,961	3,362	28,323
Revision of previous estimates	(655)	(362)	(1,017)
Purchase of hydrocarbons in place	141	—	141
Extensions, discoveries and other additions	2,495	232	2,727
Production	(1,940)	(246)	(2,186)
Balance at December 31, 2022	<u>25,002</u>	<u>2,986</u>	<u>27,988</u>
<b>Proved developed reserves:</b>			
Balance at January 1, 2022	17,218	1,439	18,657
Balance at December 31, 2022	17,513	1,548	19,061
<b>Proved undeveloped reserves:</b>			
Balance at January 1, 2022	7,743	1,923	9,666
Balance at December 31, 2022	7,489	1,438	8,927
	<u>EQT Historical</u>	<u>Upstream Seller Historical</u> (Bcf)	<u>Pro Forma Combined</u>
<b>Natural gas</b>			
<b>Proved developed and undeveloped reserves:</b>			
Balance at January 1, 2022	23,524	2,834	26,358
Revision of previous estimates	(432)	(331)	(763)
Purchase of natural gas in place	141	—	141
Extensions, discoveries and other additions	2,434	232	2,666
Production	(1,842)	(205)	(2,047)
Balance at December 31, 2022	<u>23,825</u>	<u>2,530</u>	<u>26,355</u>
<b>Proved developed reserves:</b>			
Balance at January 1, 2022	16,152	1,166	17,318
Balance at December 31, 2022	16,541	1,304	17,845
<b>Proved undeveloped reserves:</b>			
Balance at January 1, 2022	7,372	1,668	9,040
Balance at December 31, 2022	7,284	1,226	8,510

	<u>EQT Historical</u>	<u>Upstream Seller Historical (MMbbl)</u>	<u>Pro Forma Combined</u>
<b>NGLs</b>			
<b>Proved developed and undeveloped reserves:</b>			
Balance at January 1, 2022	226	114	340
Revision of previous estimates	(34)	(3)	(37)
Purchase of NGLs in place	—	—	—
Extensions, discoveries and other additions	10	—	10
Production	(15)	(8)	(23)
Balance at December 31, 2022	<u>187</u>	<u>103</u>	<u>290</u>
<b>Proved developed reserves:</b>			
Balance at January 1, 2022	170	57	227
Balance at December 31, 2022	155	55	210
<b>Proved undeveloped reserves:</b>			
Balance at January 1, 2022	56	57	113
Balance at December 31, 2022	32	48	80

	<u>EQT Historical</u>	<u>Upstream Seller Historical (MMbbl)</u>	<u>Pro Forma Combined</u>
<b>Oil</b>			
<b>Proved developed and undeveloped reserves:</b>			
Balance at January 1, 2022	14	14	28
Revision of previous estimates	(3)	(3)	(6)
Purchase of oil in place	—	—	—
Extensions, discoveries and other additions	—	—	—
Production	(1)	(2)	(3)
Balance at December 31, 2022	<u>10</u>	<u>9</u>	<u>19</u>
<b>Proved developed reserves:</b>			
Balance at January 1, 2022	8	8	16
Balance at December 31, 2022	7	5	12
<b>Proved undeveloped reserves:</b>			
Balance at January 1, 2022	6	6	12
Balance at December 31, 2022	3	4	7

The following table summarizes the pro forma standard measure of discounted future net cash flows from natural gas and crude oil reserves as of December 31, 2022:

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
	(Thousands)			
Future cash inflows	\$ 140,032,653	\$ 17,952,071	\$ —	\$ 157,984,724
Future production costs	(22,801,652)	(2,146,557)	—	(24,948,209)
Future development costs	(3,244,211)	(921,565)	—	(4,165,776)
Future income tax expenses	(26,375,241)	—	(2,901,143)	(29,276,384)
Future net cash flow	<u>87,611,549</u>	<u>14,883,949</u>	<u>(2,901,143)</u>	<u>99,594,355</u>
10% annual discount for estimated timing of cash flows	(47,547,025)	(7,524,245)	1,450,690	(53,620,580)
Standardized measure of discounted future net cash flows	<u>\$ 40,064,524</u>	<u>\$ 7,359,704</u>	<u>\$ (1,450,453)</u>	<u>\$ 45,973,775</u>

The following table summarizes the changes in the pro forma standard measure of discounted future net cash flows from natural gas and crude oil reserves for the year ended December 31, 2022:

	<u>EQT Historical</u>	<u>Upstream Seller Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
	<b>(Thousands)</b>			
Net sales and transfers of natural gas and oil produced	\$ (9,696,207)	\$ (1,346,919)	\$ —	\$ (11,043,126)
Net changes in prices, production and development costs	35,353,172	3,656,996	—	39,010,168
Extensions, discoveries and improved recovery, net of related costs	1,798,851	—	—	1,798,851
Development costs incurred	902,925	589,033	—	1,491,958
Net purchase of minerals in place	280,233	—	—	280,233
Revisions of previous quantity estimates	(299,423)	(260,831)	—	(560,254)
Accretion of discount	1,728,112	443,373	—	2,171,485
Net change in income taxes	(7,233,051)	—	(1,450,453)	(8,683,504)
Timing and other	(51,212)	(155,681)	—	(206,893)
Net (decrease) increase	22,783,400	2,925,971	(1,450,453)	24,258,918
Balance at January 1, 2022	17,281,124	4,433,733	—	21,714,857
Balance at December 31, 2022	<u>\$ 40,064,524</u>	<u>\$ 7,359,704</u>	<u>\$ (1,450,453)</u>	<u>\$ 45,973,775</u>