UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-38075

ANTERO MIDSTREAM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**61-1748605** (IRS Employer Identification No.)
1615 Wynkoop Street **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

(303) 357-7310
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01	AM	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller Reporting Company ☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

The registrant had 479,678,273 shares of common stock outstanding as of July 21, 2023.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Words such as "may," "assume," "forecast," "position," "predict," "strategy," "expect," "intend," "plan," "estimate," "anticipate," "believe," "project," "budget," "potential," or "continue," and similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. When considering these forward-looking statements, investors should keep in mind the risk factors and other cautionary statements in this Quarterly Report on Form 10-Q. These forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation's ("Antero Resources") expected production and development plan;
- impacts to producer customers of insufficient storage capacity;
- our ability to execute our business strategy;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- natural gas, natural gas liquids ("NGLs"), and oil prices;
- impacts of geopolitical events, including the Russia-Ukraine conflict, and world health events;
- our ability to complete the construction of or purchase new gathering and compression, processing, water handling or other assets on schedule, at the budgeted cost or at all, and the ability of such assets to operate as designed or at expected levels;
- our ability to execute our return of capital program;
- competition;
- government regulations and changes in laws;
- actions taken by third-party producers, operators, processors and transporters;
- pending legal or environmental matters;
- costs of conducting our operations;
- our ability to achieve our greenhouse gas reduction targets and the costs associated therewith;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- expectations regarding the amount and timing of litigation awards;
- uncertainty regarding our future operating results; and
- our other plans, objectives, expectations and intentions contained in this Quarterly Report on Form 10-Q.

We caution investors that these forward-looking statements are subject to all of the risks and uncertainties incidental to our business, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, supply chain or other disruptions, environmental risks, Antero Resources' drilling and completion and other operating risks, regulatory changes or changes in law, the uncertainty inherent in projecting Antero Resources' future rates of production, cash flows and access to capital, the timing of development expenditures, impacts of world health events, cybersecurity risks, the state of markets for, and availability of, verified quality carbon offsets and the other risks described or referenced under the heading "1A. Risk Factors" herein, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K"), which is on file with the Securities and Exchange Commission ("SEC").

Should one or more of the risks or uncertainties described or referenced in this Quarterly Report on Form 10-Q occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION
ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

	December 31, 2022	(Unaudited) June 30, 2023
Assets		
Current assets:		
Accounts receivable–Antero Resources	$ 86,152	91,621
Accounts receivable–third party	575	550
Income tax receivable	940	940
Other current assets	1,326	795
Total current assets	88,993	93,906
Property and equipment, net	3,751,431	3,756,496
Investments in unconsolidated affiliates	652,767	639,887
Customer relationships	1,286,103	1,250,767
Other assets, net	12,026	11,827
Total assets	$ 5,791,320	5,752,883
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable–Antero Resources	$ 5,436	2,921
Accounts payable–third party	22,865	17,947
Accrued liabilities	72,715	74,924
Other current liabilities	1,061	817
Total current liabilities	102,077	96,609
Long-term liabilities:		
Long-term debt	3,361,282	3,306,667
Deferred income tax liability	131,215	191,979
Other	4,428	4,589
Total liabilities	3,599,002	3,599,844
Stockholders' equity:		
Preferred stock, $0.01 par value: 100,000 authorized as of December 31, 2022 and June 30, 2023		
Series A non-voting perpetual preferred stock; 12 designated and 10 issued and outstanding as of December 31, 2022 and June 30, 2023	—	—
Common stock, $0.01 par value; 2,000,000 authorized; 478,497 and 479,656 issued and outstanding as of December 31, 2022 and June 30, 2023, respectively	4,785	4,797
Additional paid-in capital	2,104,740	2,061,230
Retained earnings	82,793	87,012
Total stockholders' equity	2,192,318	2,153,039
Total liabilities and stockholders' equity	$ 5,791,320	5,752,883

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION

Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Revenue:		
Gathering and compression–Antero Resources	$ 184,071	211,068
Water handling–Antero Resources	62,262	64,613
Water handling–third party	242	274
Amortization of customer relationships	(17,668)	(17,668)
Total revenue	228,907	258,287
Operating expenses:		
Direct operating	43,299	52,595
General and administrative (including $5,641 and $8,499 of equity-based compensation in 2022 and 2023, respectively)	16,079	18,162
Facility idling	1,185	637
Depreciation	35,675	35,233
Impairment of property and equipment	3,702	—
Accretion of asset retirement obligations	64	44
Loss on settlement of asset retirement obligations	539	279
Loss (gain) on asset sale	(32)	5,814
Total operating expenses	100,511	112,764
Operating income	128,396	145,523
Other income (expense):		
Interest expense, net	(45,426)	(55,388)
Equity in earnings of unconsolidated affiliates	22,824	25,972
Total other expense	(22,602)	(29,416)
Income before income taxes	105,794	116,107
Income tax expense	(26,399)	(29,095)
Net income and comprehensive income	$ 79,395	87,012
Net income per share–basic	$ 0.17	0.18
Net income per share–diluted	$ 0.17	0.18
Weighted average common shares outstanding:		
Basic	478,317	479,502
Diluted	480,270	481,512

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)
(In thousands, except per share amounts)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Revenue:		
Gathering and compression–Antero Resources	$ 366,514	410,644
Water handling–Antero Resources	115,583	141,908
Water handling–third party	637	546
Amortization of customer relationships	(35,336)	(35,336)
Total revenue	447,398	517,762
Operating expenses:		
Direct operating	85,311	110,468
General and administrative (including $8,473 and $14,826 of equity-based compensation in 2022 and 2023, respectively)	34,010	35,509
Facility idling	2,333	1,211
Depreciation	63,975	70,429
Impairment of property and equipment	3,702	—
Accretion of asset retirement obligations	128	88
Loss on settlement of asset retirement obligations	539	620
Loss (gain) on asset sale	(150)	5,569
Total operating expenses	189,848	223,894
Operating income	257,550	293,868
Other income (expense):		
Interest expense, net	(89,705)	(110,012)
Equity in earnings of unconsolidated affiliates	46,056	50,428
Total other expense	(43,649)	(59,584)
Income before income taxes	213,901	234,284
Income tax expense	(54,466)	(60,765)
Net income and comprehensive income	$ 159,435	173,519
Net income per share–basic	$ 0.33	0.36
Net income per share–diluted	$ 0.33	0.36
Weighted average common shares outstanding:		
Basic	477,983	479,059
Diluted	480,329	481,420

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(In thousands)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Equity
Balance at December 31, 2021	$ —	477,495	$ 4,775	2,414,398	(132,475)	2,286,698
Dividends to stockholders	—	—	—	(108,287)	—	(108,287)
Equity-based compensation	—	—	—	2,832	—	2,832
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	188	2	(1,331)	—	(1,329)
Net income and comprehensive income	—	—	—	—	80,040	80,040
Balance at March 31, 2022	—	477,683	4,777	2,307,612	(52,435)	2,259,954
Dividends to stockholders	—	—	—	(109,433)	—	(109,433)
Equity-based compensation	—	—	—	5,641	—	5,641
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	754	7	(5,445)	—	(5,438)
Net income and comprehensive income	—	—	—	—	79,395	79,395
Balance at June 30, 2022	$ —	478,437	$ 4,784	2,198,375	26,960	2,230,119
Balance at December 31, 2022	$ —	478,497	$ 4,785	2,104,740	82,793	2,192,318
Dividends to stockholders	—	—	—	(25,709)	(82,793)	(108,502)
Equity-based compensation	—	—	—	6,327	—	6,327
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	148	1	(1,167)	—	(1,166)
Net income and comprehensive income	—	—	—	—	86,507	86,507
Balance at March 31, 2023	—	478,645	4,786	2,084,191	86,507	2,175,484
Dividends to stockholders	—	—	—	(24,267)	(86,507)	(110,774)
Equity-based compensation	—	—	—	8,499	—	8,499
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	1,011	11	(7,193)	—	(7,182)
Net income and comprehensive income	—	—	—	—	87,012	87,012
Balance at June 30, 2023	$ —	479,656	$ 4,797	2,061,230	87,012	2,153,039

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Cash flows provided by (used in) operating activities:		
Net income	$ 159,435	173,519
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	63,975	70,429
Accretion of asset retirement obligations	128	88
Impairment of property and equipment	3,702	—
Deferred income tax expense	54,466	60,765
Equity-based compensation	8,473	14,826
Equity in earnings of unconsolidated affiliates	(46,056)	(50,428)
Distributions from unconsolidated affiliates	60,505	63,570
Amortization of customer relationships	35,336	35,336
Amortization of deferred financing costs	2,828	2,957
Settlement of asset retirement obligations	(916)	(695)
Loss on settlement of asset retirement obligations	539	620
Loss (gain) on asset sale	(150)	5,569
Changes in assets and liabilities:		
Accounts receivable–Antero Resources	6,099	(5,470)
Accounts receivable–third party	517	481
Other current assets	158	(800)
Accounts payable–Antero Resources	(2,427)	(2,515)
Accounts payable–third party	9,480	(889)
Accrued liabilities	(1,911)	942
Net cash provided by operating activities	354,181	368,305
Cash flows provided by (used in) investing activities:		
Additions to gathering systems and facilities	(131,665)	(59,156)
Additions to water handling systems	(30,369)	(25,583)
Investments in unconsolidated affiliates	—	(262)
Acquisition of gathering systems and facilities	—	(266)
Cash received in asset sales	147	1,071
Change in other assets	—	(15)
Change in other liabilities	(805)	—
Net cash used in investing activities	(162,692)	(84,211)
Cash flows provided by (used in) financing activities:		
Dividends to common stockholders	(217,445)	(218,971)
Dividends to preferred stockholders	(275)	(275)
Payments of deferred financing costs	(302)	—
Borrowings (repayments) on bank credit facilities, net	33,300	(56,500)
Employee tax withholding for settlement of equity compensation awards	(6,767)	(8,348)
Net cash used in financing activities	(191,489)	(284,094)
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents, beginning of period	—	—
Cash and cash equivalents, end of period	$ —	—
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 86,688	107,607
Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment	$ 2,822	(2,814)

See accompanying notes to unaudited condensed consolidated financial statements.

(1) Organization

Antero Midstream Corporation together with its consolidated subsidiaries (the "Company" or "Antero Midstream") is a growth-oriented midstream company formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources and its production and completion activity in the Appalachian Basin. The Company's assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants and water handling assets. Antero Midstream provides midstream services to Antero Resources under long-term contracts. The Company's corporate headquarters is located in Denver, Colorado.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") applicable to interim financial information and should be read in the context of the Company's December 31, 2022 consolidated financial statements and notes thereto for a more complete understanding of the Company's operations, financial position, and accounting policies. The Company's December 31, 2022 consolidated financial statements were included in the Company's 2022 Annual Report on Form 10-K, which was filed with the SEC.

These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, and, accordingly, do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited condensed consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to present fairly the Company's financial position as of December 31, 2022 and June 30, 2023, the results of the Company's operations for the three and six months ended June 30, 2022 and 2023, and the Company's cash flows for the six months ended June 30, 2022 and 2023. The Company has no items of other comprehensive income; therefore, net income is equal to comprehensive income.

Certain costs of doing business incurred and charged to the Company by Antero Resources have been reflected in the accompanying unaudited condensed consolidated financial statements. These costs include general and administrative expenses provided to the Company by Antero Resources in exchange for:

- business services, such as payroll, accounts payable and facilities management;
- corporate services, such as finance and accounting, legal, human resources, investor relations and public and regulatory policy; and
- employee compensation, including equity-based compensation.

Transactions between the Company and Antero Resources have been identified in the unaudited condensed consolidated financial statements (see Note 4—Transactions with Affiliates).

(b) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Antero Midstream Corporation and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in the Company's unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

(3) Intangibles

All customer relationships are subject to amortization and are amortized over a weighted average period of19 years, which reflects the remaining economic life of the relationships as of June 30, 2023. The changes in the carrying amount of customer relationships were as follows (in thousands):

Customer relationships as of December 31, 2022	$	1,286,103
Amortization of customer relationships		(35,336)
Customer relationships as of June 30, 2023	$	1,250,767

Future amortization expense is as follows (in thousands):

Remainder of year ending December 31, 2023	$	35,336
Year ending December 31, 2024		70,672
Year ending December 31, 2025		70,672
Year ending December 31, 2026		70,672
Year ending December 31, 2027		70,672
Thereafter		932,743
Total	$	1,250,767

(4) Transactions with Affiliates

(a) Revenues

Substantially all revenues earned in the three and six months ended June30, 2022 and 2023 were earned from Antero Resources, under various agreements for gathering and compression and water handling services. Revenues earned from gathering and compression services consist of lease income.

(b) Accounts receivable—Antero Resources and Accounts payable—Antero Resources

Accounts receivable—Antero Resources represents amounts due from Antero Resources, primarily related to gathering and compression services and water handling services. Accounts payable—Antero Resources represents amounts due to Antero Resources for general and administrative and other costs.

(c) Allocation of Costs Charged by Antero Resources

The employees supporting the Company's operations are concurrently employed by Antero Resources and the Company. Direct operating expense includes costs charged to the Company of $3 million and $4 million during the three months ended June 30, 2022 and 2023, respectively and $7 million and $9 million during the six months ended June 30, 2022 and 2023, respectively. These costs were for services provided by employees associated with the operation of the Company's gathering lines, compressor stations and water handling assets. General and administrative expense includes costs charged to the Company by Antero Resources of $8 million and $7 million during the three months ended June 30, 2022 and 2023, respectively, and $16 million and $15 million during the six months ended June 30, 2022 and 2023, respectively. These costs relate to (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including certain equity-based compensation. These expenses are charged to the Company based on the nature of the expenses and are apportioned based on a combination of the Company's proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. The Company reimburses Antero Resources directly for all general and administrative costs charged to it, except costs attributable to noncash equity-based compensation. For further information on equity-based compensation, see Note 9—Equity-Based Compensation and Cash Awards.

(5) Revenue

All of the Company's gathering and compression revenues are derived from operating lease agreements, and all of the Company's water handling revenues are derived from service contracts with customers. The Company currently earns substantially all of its revenues from Antero Resources.

(a) Gathering and Compression

The Company's gathering and compression service agreements with Antero Resources include: (i) the second amended and restated gathering and compression agreement dated December 8, 2019 (the "2019 gathering and compression agreement"), (ii) the gathering and compression agreements acquired with the Crestwood Equity Partners LP (NYSE: CEQP) ("Crestwood") assets (the "Marcellus gathering and compression agreements") and (iii) a compression agreement acquired with the EnLink Midstream LLC (NYSE: ENLC) ("EnLink") assets (the "Utica compression agreement," and together with the 2019 gathering and compression agreement and the Marcellus gathering and compression agreements, the "gathering and compression agreements"). See Note 6—Property and Equipment for additional information. The 2019 gathering and compression agreement has an initial term through 2038, the Marcellus gathering and compression agreements expire between 2023 and 2031, and the Utica compression agreement has two dedicated areas that expire in 2024 and 2030. Upon expiration of each of the Marcellus gathering and compression service agreements and the Utica compression agreement, the Company will continue to provide gathering and compression services under the 2019 gathering and compression agreement. Pursuant to the gathering and compression agreements, Antero Resources has dedicated substantially all of its current and future acreage in West Virginia, Ohio and Pennsylvania to the Company for gathering and compression services. The Company also has an option to gather and compress natural gas produced by Antero Resources on any additional acreage it acquires during the term of the 2019 gathering and compression agreement outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions as the 2019 gathering and compression agreement.

The 2019 gathering and compression agreement includes a growth incentive fee program whereby low pressure gathering fees will be reduced from 2020 through 2023 to the extent Antero Resources achieves certain quarterly volumetric targets during such time. Antero Resources' throughput gathered under the Marcellus gathering and compression agreements is not considered in low pressure gathering volume targets. Antero Resources achieved the first level volumetric target during each of the first and second quarters of 2022 and 2023. Accordingly, Antero Resources earned rebates of $12 million for each of the three months ended June 30, 2022 and 2023 and $24 million for each of the six months ended June 30, 2022 and 2023. Upon completion of the initial contract term in 2038, the 2019 gathering and compression agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date.

Under the gathering and compression agreements, the Company receives, where applicable, a low pressure gathering fee, a high pressure gathering fee and a compression fee, substantially all of which are subject to annual Consumer Price Index ("CPI")-based adjustments (or, in the case of the 2019 gathering and compression agreement, the option in certain cases to elect a cost of service fee when such assets are placed in-service). In addition, under the 2019 gathering and compression agreement, the Company receives a reimbursement for certain variable costs, such as electricity and operating expenses.

The Company determined that its gathering and compression agreements are operating leases as Antero Resources obtains substantially all of the economic benefit of the assets and has the right to direct the use of the assets. Each gathering and compression system is an identifiable asset, and consists of a network of assets that may include underground low pressure pipelines that connect and deliver gas from specific well pads to compressor stations to compress the gas before delivery to underground high pressure pipelines that transport the gas to a third-party pipeline, third-party processing plant or a Joint Venture processing plant. Each compression system is an identifiable asset, and consists of a network of assets that include compressor stations that connect to underground high pressure pipelines that transport the gas to a third-party pipeline, third-party processing plant or a Joint Venture processing plant. Each set of assets in an agreement is considered to be a single lease due to the interrelated network of the assets required to provide services under each respective agreement. When a modification to an agreement occurs, the Company reassesses the classification of the lease. The Company accounts for its lease and non-lease components as a single lease component as the lease component is the predominant component. The non-lease components consist of operating, oversight and maintenance of the gathering systems, which are performed on time-elapsed measures.

The 2019 gathering and compression agreement and certain of the Marcellus gathering and compression agreements include fixed fee provisions. If and to the extent Antero Resources requests that the Company construct new low pressure lines, high pressure lines and/or compressor stations, the 2019 gathering and compression agreement contains options at the Company's election for either (i) minimum volume commitments that require Antero Resources to utilize or pay for 75% of the high pressure gathering capacity and 70% of the compression capacity of such new construction for 10 years or (ii) a cost of service fee that allows the Company to earn a 13% rate of return on such new construction over seven years, which election is made individually for each piece of equipment placed in service. In addition, certain of the Marcellus gathering and compression agreements provide for a minimum volume commitment that requires Antero Resources to utilize or pay for 25% of the capacity of new compressor station construction for 10 years. All lease payments under the minimum volume commitments and cost of service fees are considered to be in-substance fixed lease payments under the gathering and compression agreements.

The Company recognizes lease income from its minimum volume commitments and cost of service fees under its gathering and compression agreements on a straight-line basis. Additional variable operating lease income is earned when volumes in excess of the minimum commitments are delivered under the contract. The Company recognizes variable lease income when low pressure volumes are delivered to a compressor station, compression volumes are delivered to a high pressure line and high pressure volumes are delivered to a processing plant or transmission pipeline, as applicable. Minimum volume commitments are aggregated such that there is a single minimum volume commitment for the respective service each year for each agreement. The Company invoices the customer the month after each service is performed, and payment is due in the same month. The Company is not party to any leases that have not commenced.

Minimum future lease cash flows to be received by the Company under the gathering and compression agreements as of June 30, 2023 are as follows (in thousands):

Remainder of year ending December 31, 2023	$	144,632
Year ending December 31, 2024		316,492
Year ending December 31, 2025		298,143
Year ending December 31, 2026		284,327
Year ending December 31, 2027		224,150
Thereafter		382,434
Total	$	1,650,178

(b) Water Handling

The Company is party to a water services agreement with Antero Resources, whereby the Company provides certain water handling services to Antero Resources within an area of dedication in defined service areas in West Virginia and Ohio. The initial term of the water services agreement runs to 2035. Upon completion of the initial term in 2035, the water services agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date. Under the agreement, the Company receives a fixed fee for fresh water deliveries by pipeline directly to the well site, subject to annual CPI-based adjustments. In addition, the Company also provides other fluid handling services. These operations, along with the Company's fresh water delivery systems, support well completion and production operations for Antero Resources. These services are provided by the Company directly or through third-parties with which the Company contracts. For these other fluid handling services provided by third-parties, Antero Resources reimburses the Company's third-party out-of-pocket costs plus 3%. For these other fluid handling services provided by the Company, the Company charges Antero Resources a cost of service fee.

The Company satisfies its performance obligations and recognizes revenue when (i) the fresh water volumes have been delivered to the hydration unit of a specified well pad or (ii) other fluid handling services have been completed. The Company invoices the customer the month after water services are performed, and payment is due in the same month. For services contracted through third-party providers, the Company's performance obligation is satisfied when the service to be performed by the third-party provider has been completed. The Company invoices the customer after the third-party provider billing is received, and payment is due in the same month.

Transaction Price Allocated to Remaining Performance Obligations

The Company's water service agreement with Antero Resources has a term greater than one year. The Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under this contract, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The Company also performs water services for third-party customers and such contracts are short-term in nature with a contract term of one year or less. Accordingly, the Company is exempt from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

Contract Balances

Under the Company's water service contracts, the Company invoices customers after the performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's water service contracts do not give rise to contract assets or liabilities.

(c) Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and type of fee and is identified by the reportable segment to which such revenues relate. For additional information on reportable segments, see Note 15—Reportable Segments.

	Three Months Ended June 30,		Six Months Ended June 30,		
(in thousands)	**2022**	**2023**	**2022**	**2023**	**Reportable Segment**
Type of service					
Gathering—low pressure	$ 91,660	105,042	181,097	204,679	Gathering and Processing (1)
Gathering—low pressure fee rebate	(12,000)	(12,000)	(24,000)	(24,000)	Gathering and Processing (1)
Compression	51,486	61,565	103,098	119,955	Gathering and Processing (1)
Gathering—high pressure	52,925	56,461	106,319	110,010	Gathering and Processing (1)
Fresh water delivery	41,120	40,399	73,164	87,225	Water Handling
Other fluid handling	21,384	24,488	43,056	55,229	Water Handling
Amortization of customer relationships	(9,272)	(9,272)	(18,543)	(18,543)	Gathering and Processing
Amortization of customer relationships	(8,396)	(8,396)	(16,793)	(16,793)	Water Handling
Total	$ 228,907	258,287	447,398	517,762	
Type of contract					
Per Unit Fixed Fee	$ 196,071	223,068	390,514	434,644	Gathering and Processing (1)
Gathering—low pressure fee rebate	(12,000)	(12,000)	(24,000)	(24,000)	Gathering and Processing (1)
Per Unit Fixed Fee	41,362	40,673	73,801	87,772	Water Handling
Cost plus 3%	16,400	18,797	32,038	43,242	Water Handling
Cost of service fee	4,742	5,417	10,381	11,440	Water Handling
Amortization of customer relationships	(9,272)	(9,272)	(18,543)	(18,543)	Gathering and Processing
Amortization of customer relationships	(8,396)	(8,396)	(16,793)	(16,793)	Water Handling
Total	$ 228,907	258,287	447,398	517,762	

(1) Revenue related to the gathering and processing segment is classified as lease income related to the gathering and compression systems.

The Company's receivables from its contracts with customers and operating leases as of December 31, 2022 and June 30, 2023, were $86 million and $92 million, respectively.

(6) Property and Equipment

(a) Summary of Property and Equipment

Property and equipment, net consisted of the following items:

(in thousands)	Estimated Useful Lives	December 31, 2022	(Unaudited) June 30, 2023
Land	n/a	$ 31,668	31,668
Gathering systems and facilities	40-50 years (1)	3,281,872	3,317,470
Permanent buried pipelines and equipment	7-20 years	601,347	632,748
Surface pipelines and equipment	1-7 years	66,726	77,858
Heavy trucks and equipment	3-5 years	5,157	5,157
Above ground storage tanks	5-10 years	2,953	5,130
Construction-in-progress	n/a	158,977	153,412
Total property and equipment		4,148,700	4,223,443
Less accumulated depreciation		(397,269)	(466,947)
Property and equipment, net		$ 3,751,431	3,756,496

(1) Gathering systems and facilities are recognized as a single-leased asset with no residual value.

(b) Asset Acquisitions

On October 25, 2022, the Company acquired certain Marcellus gas gathering and compression assets from Crestwood for $205 million in cash, before closing adjustments. These assets included 72 miles of dry gas gathering pipelines and nine compressor stations with 700 MMcf/d of compression capacity. The cash consideration for this asset acquisition was allocated to land and gathering systems and facilities, included in Property and equipment in the condensed consolidated balance sheets, for $3 million and $202 million, respectively.

Additionally, on December 21, 2022, the Company acquired certain Utica compression assets from EnLink for $10 million in cash, before closing adjustments. These assets included four compressor stations with 380 MMcf/d of compression capacity. The acquired compression assets are interconnected with the Company's existing low pressure and high pressure gathering systems and service Antero Resources' production. The cash consideration for this asset acquisition was allocated to gathering systems and facilities included in Property and equipment in the condensed consolidated balance sheets.

(7) Long-Term Debt

Long-term debt consisted of the following items:

(in thousands)		December 31, 2022	(Unaudited) June 30, 2023
Credit Facility (a)	$	782,000	725,500
7.875% senior notes due 2026 (b)		550,000	550,000
5.75% senior notes due 2027 (c)		650,000	650,000
5.75% senior notes due 2028 (d)		650,000	650,000
5.375% senior notes due 2029 (e)		750,000	750,000
Total principal		3,382,000	3,325,500
Unamortized debt premiums		1,698	1,496
Unamortized debt issuance costs		(22,416)	(20,329)
Total long-term debt	$	3,361,282	3,306,667

(a) Credit Facility

Antero Midstream Partners LP ("Antero Midstream Partners"), an indirect, wholly owned subsidiary of Antero Midstream Corporation, as borrower (the "Borrower"), has a senior secured revolving credit facility (the "Credit Facility") with a consortium of banks. Lender commitments under the Credit Facility were $1.25 billion as of December 31, 2022 and June 30, 2023. The Credit Facility matures on October 26, 2026; provided that if on November 17, 2025 any of the 2026 Notes (as defined below) are outstanding, the Credit Facility will mature on such date. As of June 30, 2023, the Credit Facility had an available borrowing capacity of $524 million.

The Credit Facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios. The Credit Facility permits distributions to the holders of the Borrower's equity interests in accordance with the cash distribution policy, provided that no event of default exists or would be caused thereby, and only to the extent permitted by the Borrower's organizational documents. The Borrower was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2022 and June 30, 2023.

The Credit Facility provides for borrowing under either the Adjusted Term Secured Overnight Financing Rate ("SOFR") or the Base Rate (as each term is defined in the Credit Facility). Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable with respect to (i) Base Rate loans, quarterly and (ii) SOFR Loans at the end of the applicable interest period if three months (or shorter, if applicable), or every three months if the applicable interest period is longer than three months. Interest is payable at a variable rate based on SOFR or the Base Rate, determined by election at the time of borrowing, plus an applicable margin rate under the Credit Facility. Interest at the time of borrowing is determined with reference to the Borrower's then-current leverage ratio subject to certain exceptions. Commitment fees on the unused portion of the Credit Facility are due quarterly at rates ranging from 0.25% to 0.375% subject to certain exceptions based on the leverage ratio then in effect.

As of December 31, 2022, the Borrower had outstanding borrowings under the Credit Facility of $782 million with a weighted average interest rate of 6.17%. As of June 30, 2023, the Borrower had outstanding borrowings under the Credit Facility of $726 million with a weighted average interest rate of 6.96%. No letters of credit under the Credit Facility were outstanding as of December 31, 2022 or June 30, 2023.

(b) 7.875% Senior Notes Due 2026

On November 10, 2020, Antero Midstream Partners and its wholly owned subsidiary, Antero Midstream Finance Corp ("Finance Corp," and together with Antero Midstream Partners, the "Issuers") issued $550 million in aggregate principal amount of 7.875% senior notes due May 15, 2026 (the "2026 Notes") at par. The 2026 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2026 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2026 Notes is payable on May 15 and November 15 of each year. Antero Midstream Partners may redeem all or part of the 2026 Notes at any time on or after May 15, 2023 at redemption prices ranging from 103.938% currently to 100.00% on or after May 15, 2025. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2026 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2026 Notes at a price equal to 101% of the principal amount of the 2026 Notes, plus accrued and unpaid interest.

(c) 5.75% Senior Notes Due 2027

On February 25, 2019, the Issuers issued $650 million in aggregate principal amount of 5.75% senior notes due March 1, 2027 (the "2027 Notes") at par. The 2027 Notes were recorded at their fair value of $653.3 million as of March 12, 2019, and the related premium of $3.3 million will be amortized into interest expense over the life of the 2027 Notes. The 2027 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2027 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2027 Notes is payable on March 1 and September 1 of each year. Antero Midstream Partners may redeem all or part of the 2027 Notes at any time on or after March 1, 2022 at redemption prices ranging from 101.917% currently to 100.00% on or after March 1, 2025. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2027 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2027 Notes at a price equal to 101% of the principal amount of the 2027 Notes, plus accrued and unpaid interest.

(d) 5.75% Senior Notes Due 2028

On June 28, 2019, the Issuers issued $650 million in aggregate principal amount of 5.75% senior notes due January 15, 2028 (the "2028 Notes") at par. The 2028 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2028 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2028 Notes is payable on January 15 and July 15 of each year. Antero Midstream Partners may redeem all or part of the 2028 Notes at any time on or after January 15, 2023 at redemption prices ranging from 102.875% currently to 100.00% on or after January 15, 2026. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2028 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2028 Notes at a price equal to 101% of the principal amount of the 2028 Notes, plus accrued and unpaid interest.

(e) 5.375% Senior Notes Due 2029

On June 8, 2021, the Issuers issued $750 million in aggregate principal amount of 5.375% senior notes due June 15, 2029 (the “2029 Notes”) at par. The 2029 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2029 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2029 Notes is payable on June 15 and December 15 of each year. Antero Midstream Partners may redeem all or part of the 2029 Notes at any time on or after June 15, 2024 at redemption prices ranging from 102.688% on or after June 15, 2024 to 100.00% on or after June 15, 2026. In addition, prior to June 15, 2024, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2029 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2029 Notes, plus accrued and unpaid interest. At any time prior to June 15, 2024, Antero Midstream Partners may also redeem the 2029 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2029 Notes plus a “make-whole” premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2029 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2029 Notes at a price equal to 101% of the principal amount of the 2029 Notes, plus accrued and unpaid interest.

(f) Senior Notes Guarantors

The Company and each of the Company’s wholly owned subsidiaries (except for the Issuers) has fully and unconditionally guaranteed the 2026 Notes, 2027 Notes, 2028 Notes and 2029 Notes (collectively the “Senior Notes”). In the event a guarantor is sold or disposed of (whether by merger, consolidation, the sale of a sufficient amount of its capital stock so that it no longer qualifies as a Restricted Subsidiary (as defined in the applicable indenture governing the series of Senior Notes) of the Issuer or the sale of all or substantially all of its assets) and whether or not the guarantor is the surviving entity in such transaction to a person that is not an Issuer or a Restricted Subsidiary of an Issuer, such guarantor will be released from its obligations under its guarantee if the sale or other disposition does not violate the covenants set forth in the indentures governing the applicable Senior Notes.

In addition, a guarantor will be released from its obligations under the applicable indenture and its guarantee, upon the release or discharge of the guarantee of other indebtedness under a credit facility that resulted in the creation of such guarantee, except a release or discharge by or as a result of payment under such guarantee; if the Issuers designate such subsidiary as an unrestricted subsidiary and such designation complies with the other applicable provisions of the indenture governing the applicable Senior Notes or in connection with any covenant defeasance, legal defeasance or satisfaction and discharge of the applicable Senior Notes.

During the three and six months ended June 30, 2022 and 2023, all of the Company’s assets and operations are attributable to the Issuers and its guarantors.

(8) Accrued Liabilities

Accrued liabilities consisted of the following items:

(in thousands)	**December 31, 2022**	**(Unaudited) June 30, 2023**
Capital expenditures	$ 16,597	17,811
Operating expenses	11,118	10,764
Interest expense	37,947	37,395
Ad valorem taxes	5,661	6,918
Other	1,392	2,036
Total accrued liabilities	$ 72,715	74,924

(9) Equity-Based Compensation and Cash Awards

(a) Summary of Equity-Based Compensation

The Company's equity-based compensation includes (i) costs allocated to Antero Midstream by Antero Resources for grants made prior to March 12, 2019 pursuant to the Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP") and (ii) costs related to the Antero Midstream Corporation Long-Term Incentive Plan (the "AM LTIP"). Antero Midstream's equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of equity.

AR LTIP

Equity-based compensation expense allocated to Antero Midstream from Antero Resources, which includes expense related to the Converted AM RSU Awards (as defined below), for the three and six months ended June 30, 2022 was $0.1 million and $0.3 million, respectively, and for the three and six months ended June 30, 2023 was zero and less than $0.1 million, respectively. All grants made prior to March 12, 2019 were fully amortized during the first quarter of 2023. Therefore, there will be no further allocation of equity-based compensation expense from Antero Resources to the Company. The Company does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the AR LTIP.

AM LTIP

Effective March 12, 2019, the Board of Directors of Antero Midstream Corporation (the "Board") adopted the AM LTIP under which awards may be granted to employees, directors, and other service providers of the Company and its affiliates. The Company is authorized to grant up to 15,398,901 shares of AM common stock to employees and directors under the AM LTIP. The AM LTIP provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), dividend equivalents, other stock-based awards, cash awards and substitute awards. The terms and conditions of the awards granted are established by the compensation committee of the Board of Directors (the "Board"). As of June 30, 2023, a total of 4,620,235 shares were available for future grant under the AM LTIP.

The Company's equity-based compensation expense, by type of award, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2022**	**2023**	**2022**	**2023**
Restricted stock units (1)	$ 4,425	6,549	6,913	11,610
Performance share units (1)	988	1,723	1,105	2,784
Equity awards issued to directors	228	227	455	432
Total expense	$ 5,641	8,499	8,473	14,826

(1) Amounts include equity-based compensation expense allocated to the Company by Antero Resources.

(b) Restricted Stock Unit Awards

The Company's RSU awards included the unvested outstanding phantom units granted under the Antero Midstream Partners Long Term Incentive Plan which were assumed by the Company on March 12, 2019, and converted into 1.8926 RSUs under the AM LTIP representing a right to receive shares of the Company's common stock for each converted phantom unit (all such RSUs, the "Converted AM RSU Awards"). The Converted AM RSU Awards were accounted for as if they were distributed by Antero Midstream Partners to Antero Resources. Therefore, the expense related to the Converted AM RSU Awards was subject to allocation by Antero Resources. All remaining Converted AM RSU Awards vested during the first quarter of 2023.

A summary of the RSU awards activity, which included the Converted AM RSU Awards, is as follows:

	Number of Units	Weighted Average Grant Date Fair Value
Total AM LTIP RSUs awarded and unvested—December 31, 2022	4,877,258	$ 9.79
Granted	3,103,722	10.59
Vested	(1,900,773)	9.59
Forfeited	(74,520)	10.21
Total AM LTIP RSUs awarded and unvested—June 30, 2023	6,005,687	$ 10.26

As of June 30, 2023, unamortized equity-based compensation expense of $55 million related to the unvested RSUs is expected to be recognized over a weighted average period of 2.2 years.

(c) Performance Share Unit Awards

2023 Performance Share Unit Awards

In March 2023, the Company granted PSUs to certain of its executive officers that vest based on the Company's actual ROIC (as defined in the award agreement) over a three-year period concluding on December 31, 2025 as compared to a targeted ROIC ("2023 ROIC PSUs"). The number of shares of the Company's common stock that can be earned with respect to the 2023 ROIC PSUs ranges from zero to 200% of the target number of 2023 ROIC PSUs originally granted. The grant date fair value of these awards was based on the closing price of the Company's common stock on the date of the grant, assuming target achievement of the performance condition. Expense related to the 2023 ROIC PSUs is recognized based on the number of shares of the Company's common stock that are expected to be issued at the end of the measurement period, and such expense is reversed if the likelihood of achieving the performance condition decreases. The likelihood of achieving the performance conditions related to 2023 ROIC PSU awards was probable as of June 30, 2023.

Summary Information for Performance Share Unit Awards

A summary of the PSU awards activity is as follows:

	Number of Units	Weighted Average Grant Date Fair Value
Total AM LTIP PSUs awarded and unvested—December 31, 2022	439,935	$ 11.28
Granted	512,166	10.58
Total AM LTIP PSUs awarded and unvested—June 30, 2023	952,101	$ 10.90

As of June 30, 2023, unamortized equity-based compensation expense of $16 million related to the unvested PSUs is expected to be recognized over a weighted average period of 2.3 years.

(d) Cash Awards

In January 2020, the Company granted cash awards of $2.2 million to certain executives under the AM LTIP that vested ratably over a period of up to three years. In July 2020, the Company granted additional cash awards of $0.7 million to certain non-executive employees under the AM LTIP that vest ratably over a period of four years. The compensation expense for these awards is recognized ratably over the applicable vesting period. As of December 31, 2022 and June 30, 2023, the Company has accrued $0.5 million and $0.1 million, respectively, in other liabilities in the unaudited condensed consolidated balance sheets related to unvested cash awards.

(10) Cash Dividends

The Company paid cash dividends for the quarter indicated as follows (in thousands, except per share data):

Period	Record Date	Dividend Date	Dividends	Dividends per Share
Q4 2021	January 26, 2022	February 9, 2022	$ 108,149	$ 0.2250
*	February 14, 2022	February 14, 2022	138	*
Q1 2022	April 27, 2022	May 11, 2022	109,296	0.2250
*	May 16, 2022	May 16, 2022	137	*
Q2 2022	July 27, 2022	August 10, 2022	107,675	0.2250
*	August 15, 2022	August 15, 2022	138	*
Q3 2022	October 26, 2022	November 9, 2022	107,705	0.2250
*	November 14, 2022	November 14, 2022	137	*
	Total 2022		$ 433,375	
Q4 2022	January 25, 2023	February 8, 2023	$ 108,364	$ 0.2250
*	February 14, 2023	February 14, 2023	138	*
Q1 2023	April 26, 2023	May 10, 2023	110,607	0.2250
*	May 15, 2023	May 15, 2023	137	*
	Total 2023		$ 219,246	

* Dividends are paid in accordance with the terms of the Series A Preferred Stock (as defined below) as discussed in Note 11—Equity and Earnings Per Common Share.

On July 12, 2023, the Board announced the declaration of a cash dividend on the shares of AM common stock of $0.2250 per share for the quarter ended June 30, 2023. The dividend is payable on August 9, 2023 to stockholders of record as of July 26, 2023. The Company pays dividends (i) out of surplus or (ii) if there is no surplus, out of the net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, as provided under Delaware law.

The Board also declared a cash dividend of $138 thousand on the shares of Series A Preferred Stock of Antero Midstream that is payable on August 14, 2023 in accordance with the terms of the Series A Preferred Stock, which are discussed in Note 11—Equity and Earnings Per Common Share. As of June 30, 2023, there were dividends in the amount of $69 thousand accumulated in arrears on the Company's Series A Preferred Stock.

(11) Equity and Earnings Per Common Share

(a) Preferred Stock

The Board authorized 100,000,000 shares of preferred stock on March 12, 2019, and issued10,000 shares of preferred stock designated as "5.5% Series A Non-Voting Perpetual Preferred Stock" (the "Series A Preferred Stock"), to The Antero Foundation on that date. Dividends on the Series A Preferred Stock are cumulative from the date of original issue and payable in cash on the 45th day following the end of each fiscal quarter, or such other dates as the Board will approve, at a rate of 5.5% per annum on (i) the liquidation preference per share of Series A Preferred Stock (as described below) and (ii) the amount of accrued and unpaid dividends for any prior dividend period on such share of Series A Preferred Stock, if any. At any time following the date of issue, in the event of a change of control, or at any time on or after March 12, 2029, the Company may redeem the Series A Preferred Stock at a price equal to $1,000 per share, plus any accrued and unpaid dividends, payable in cash; provided that if any shares of the Series A Preferred Stock are held by The Antero Foundation at the time of such redemption, the price for redemption of each share of Series A Preferred Stock will be the greater of (i) $1,000 per share, plus any accrued but unpaid dividends, and (ii) the fair market value of the Series A Preferred Stock. On or after March 12, 2029, the holder of each share of Series A Preferred Stock (other than The Antero Foundation) may convert such shares, at any time and from time to time, at the option of the holder into a number of shares of AM common stock equal to the conversion ratio in effect on the applicable conversion date, subject to certain limitations. The Series A Preferred Stock ranks senior to the AM common stock as to dividend rights, as well as with respect to rights upon liquidation, winding-up or dissolution of the Company. Holders of the Series A Preferred Stock do not have any voting rights in the Company, except as required by law, or any preemptive rights.

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

(b) Weighted Average Shares Outstanding

The following is a reconciliation of the Company's basic weighted average shares outstanding to diluted weighted average shares outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2022**	**2023**	**2022**	**2023**
Basic weighted average number of shares outstanding	478,317	479,502	477,983	479,059
Add: Dilutive effect of RSUs	794	797	1,081	1,225
Add: Dilutive effect of PSUs	54	351	160	274
Add: Dilutive effect of Series A Preferred Stock	1,105	862	1,105	862
Diluted weighted average number of shares outstanding	480,270	481,512	480,329	481,420
Weighted average number of outstanding equity awards excluded from calculation of net income per share—diluted (1):				
RSUs	2,457	—	1,170	—
PSUs	744	—	375	—

(1) The potential dilutive effects of these awards were excluded from the computation of net income per share—diluted because the inclusion of these awards would have been anti-dilutive.

(c) Net Income Per Share

Net income per share—basic for each period is computed by dividing the net income or loss attributable to the Company by the basic weighted average number of shares outstanding during the period. Net income per share—diluted for each period is computed after giving consideration to the potential dilution from outstanding equity awards, calculated using the treasury stock method. During periods in which the Company incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all equity awards is anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	**2022**	**2023**	**2022**	**2023**
Net income	$ 79,395	87,012	159,435	173,519
Less preferred stock dividends	(137)	(137)	(275)	(275)
Net income available to common shareholders	$ 79,258	86,875	159,160	173,244
Net income per share–basic	$ 0.17	0.18	0.33	0.36
Net income per share–diluted	$ 0.17	0.18	0.33	0.36
Weighted average common shares outstanding–basic	478,317	479,502	477,983	479,059
Weighted average common shares outstanding–diluted	480,270	481,512	480,329	481,420

(12) Fair Value Measurement

(a) Senior Unsecured Notes

The fair value and carrying value of the Company's Senior Notes is as follows:

	December 31, 2022		(Unaudited) June 30, 2023	
(in thousands)	**Fair Value [1]**	**Carrying Value [2]**	**Fair Value [1]**	**Carrying Value [2]**
2026 Notes	$ 556,985	545,416	555,500	546,012
2027 Notes	612,365	646,610	624,065	646,955
2028 Notes	601,575	644,776	615,875	645,232
2029 Notes	685,650	742,480	696,600	742,968
Total	$ 2,456,575	2,579,282	2,492,040	2,581,167

(1) Fair values are based on Level 2 market data inputs.
(2) Carrying values are presented net of unamortized debt issuance costs and debt premiums.

(b) Other Assets and Liabilities

The carrying values of accounts receivable and accounts payable as of December 31, 2022 and June 30, 2023 approximated fair value because of their short-term nature. The carrying value of the amounts under the Credit Facility as of December 31, 2022 and June 30, 2023 approximated fair value because the variable interest rates are reflective of current market conditions.

(13) Investments in Unconsolidated Affiliates

The Company has a 50% equity interest in the joint venture to develop processing and fractionation assets with MarkWest Energy Partners, L.P. ("MarkWest"), a wholly owned subsidiary of MPLX, LP (the "Joint Venture"). The Joint Venture was formed to develop processing and fractionation assets in Appalachia. MarkWest operates the Joint Venture assets, which consist of processing plants in West Virginia and a one-third interest in two MarkWest fractionators in Ohio.

The Company also has a 15% equity interest in a gathering system of Stonewall Gas Gathering LLC ("Stonewall"), which operates a 67-mile pipeline on which Antero Resources is an anchor shipper.

The Company's net income includes its proportionate share of the net income of the Joint Venture and Stonewall. When the Company records its proportionate share of net income, it increases equity income in the unaudited condensed consolidated statements of operations and comprehensive income and the carrying value of that investment on its condensed consolidated balance sheet. When distributions on the Company's proportionate share of net income are received, they are recorded as reductions to the carrying value of the investment on the unaudited condensed consolidated balance sheet and are classified as cash inflows from operating activities in accordance with the nature of the distribution approach under FASB ASC Topic 230, *Statement of Cash Flows.* The Company uses the equity method of accounting to account for its investments in the Joint Venture and Stonewall because it exercises significant influence, but not control, over the entities. The Company's judgment regarding the level of influence over its equity investments includes considering key factors such as its ownership interest, representation on the applicable Board of Directors and participation in policy-making decisions of the Joint Venture and Stonewall.

The following table is a reconciliation of the Company's investments in these unconsolidated affiliates:

(in thousands)	Joint Venture	Stonewall	Total Investment in Unconsolidated Affiliates
Balance as of December 31, 2022	$ 526,652	126,115	652,767
Additional investments	—	262	262
Equity in earnings of unconsolidated affiliates (1)	46,754	3,674	50,428
Distributions from unconsolidated affiliates	(54,345)	(9,225)	(63,570)
Balance as of June 30, 2023	$ 519,061	120,826	639,887

(1) As adjusted for the amortization of the difference between the cost of the equity investments in Stonewall and the Joint Venture and the amount of the underlying equity in the net assets of the Joint Venture and Stonewall as of March 12, 2019.

(14) Contingencies

The Company is currently involved in a consolidated lawsuit with Veolia Water Technologies, Inc. ("Veolia") relating to the Clearwater Facility.

On March 13, 2020, Antero Treatment LLC ("Antero Treatment"), a wholly owned subsidiary of the Company, filed suit against Veolia in the district court of Denver County, Colorado (the "Court"), asserting claims of fraud, breach of contract and other related claims. Antero Treatment alleges that Veolia failed to meet its contractual obligations to design and build a "turnkey" wastewater disposal facility under a Design/Build Agreement dated August 18, 2015 (the "DBA"), and that Veolia fraudulently concealed certain miscalculations and design flaws during contract negotiations and continued to conceal and fraudulently misrepresent the impact of certain design changes post-execution of the DBA. On March 13, 2020, Veolia filed a separate suit against the Company, Antero Resources, and certain of the Company's wholly owned subsidiaries (collectively, the "Antero Defendants") in Denver County, Colorado. In its lawsuit, Veolia asserted breach of contract and equitable claims against the Antero Defendants for alleged failures under the DBA. Veolia's suit was consolidated into the action filed by Antero Treatment.

Veolia and the Antero Defendants each filed partial motions to dismiss and motions for summary judgment directed at certain claims asserted by the opposing party. A bench trial on the remaining claims was held from January 24 through February 10, 2022 and concluded on February 24, 2022. At trial, Antero Treatment sought damages from Veolia of $450 million, which represents the Company's out-of-pocket costs associated with the Clearwater Facility project. In the alternative, Antero Treatment sought damages related to multiple breaches of the DBA, totaling $370 million. Also at trial, Veolia sought monetary damages of $118 million, including alleged delay and extra-contractual costs and a contract balance relating to an allegation that Antero Defendants improperly terminated the DBA.

On January 3, 2023, the Court found that Antero Treatment had prevailed on its claims for breach of contract and fraud, and awarded $242 million in damages to Antero Treatment, plus pre- and post-judgment interest and reasonable costs and attorneys' fees. The Court also found in Antero Defendants' favor on all of Veolia's affirmative claims. On January 27, 2023, the Court entered judgment in favor of Antero Treatment in the amount of $309 million in damages, which includes pre-judgment interest. On April 10, 2023, the Court issued an order identifying an error in its previously entered judgment, and on May 3, 2023, the Court entered an amended final judgment in favor of Antero Treatment in the amount of $280 million in damages, which includes pre-judgment interest through April 30, 2023. Antero Treatment was also awarded costs and attorneys' fees, the amount of which will be determined in separate proceedings. On May 26, 2023, Veolia filed a notice of appeal of the final judgment. On June 9, 2023, Antero Treatment filed a notice of cross-appeal.

(15) Reportable Segments

(a) Summary of Reportable Segments

The Company's operations, which are located in the United States, are organized intotwo reportable segments: (i) gathering and processing and (ii) water handling. These segments are monitored separately by management for performance and are consistent with internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. Management evaluates the performance of the Company's business segments based on operating income. Interest expense is primarily managed and evaluated on a consolidated basis.

Gathering and Processing

The gathering and processing segment includes a network of gathering pipelines and compressor stations that collect and process production from Antero Resources' wells in West Virginia and Ohio. The gathering and processing segment also includes equity in earnings from the Company's investments in the Joint Venture and Stonewall.

Water Handling

The Company's water handling segment includestwo independent systems that deliver water from sources including the Ohio River, local reservoirs and several regional waterways. Portions of these water handling systems are also utilized to transport flowback and produced water. The water handling systems consist of permanent buried pipelines, surface pipelines and water storage facilities, as well as pumping stations, blending facilities and impoundments to transport water throughout the systems used to deliver water for Antero Resources' well completions.

(b) Reportable Segments Financial Information

The summarized operating results of the Company's reportable segments are as follows:

	Three Months Ended June 30, 2022			
(in thousands)	**Gathering and Processing**	**Water Handling**	**Unallocated (1)**	**Consolidated Total**
Revenues:				
Revenue–Antero Resources	$ 184,071	62,262	—	246,333
Revenue–third-party	—	242	—	242
Amortization of customer relationships	(9,272)	(8,396)	—	(17,668)
Total revenues	174,799	54,108	—	228,907
Operating expenses:				
Direct operating	19,343	23,956	—	43,299
General and administrative	10,490	3,849	1,740	16,079
Facility idling	—	1,185	—	1,185
Depreciation	22,854	12,821	—	35,675
Impairment of property and equipment	1,130	2,572	—	3,702
Accretion of asset retirement obligations	—	64	—	64
Loss on settlement of asset retirement obligations	—	539	—	539
Gain on asset sale	(32)	—	—	(32)
Total operating expenses	53,785	44,986	1,740	100,511
Operating income	$ 121,014	9,122	(1,740)	128,396
Equity in earnings of unconsolidated affiliates	$ 22,824	—	—	22,824
Additions to property and equipment	$ 60,931	16,836	—	77,767

(1) Certain expenses that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

(in thousands)	Three Months Ended June 30, 2023 Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Revenues:				
Revenue–Antero Resources	$ 211,068	64,613	—	275,681
Revenue–third-party	—	274	—	274
Amortization of customer relationships	(9,272)	(8,396)	—	(17,668)
Total revenues	201,796	56,491	—	258,287
Operating expenses:				
Direct operating	25,154	27,441	—	52,595
General and administrative	11,370	4,861	1,931	18,162
Facility idling	—	637	—	637
Depreciation	22,196	13,037	—	35,233
Accretion of asset retirement obligations	—	44	—	44
Loss on settlement of asset retirement obligations	—	279	—	279
Loss on asset sale	5,814	—	—	5,814
Total operating expenses	64,534	46,299	1,931	112,764
Operating income	$ 137,262	10,192	(1,931)	145,523
Equity in earnings of unconsolidated affiliates	$ 25,972	—	—	25,972
Additions to property and equipment, net	$ 29,959	11,823	—	41,782

(1) Certain expenses that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis.

(in thousands)	Six Months Ended June 30, 2022 Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Revenues:				
Revenue–Antero Resources	$ 366,514	115,583	—	482,097
Revenue–third-party	—	637	—	637
Amortization of customer relationships	(18,543)	(16,793)	—	(35,336)
Total revenues	347,971	99,427	—	447,398
Operating expenses:				
Direct operating	36,525	48,786	—	85,311
General and administrative	20,191	10,590	3,229	34,010
Facility idling	—	2,333	—	2,333
Depreciation	38,661	25,314	—	63,975
Impairment of property and equipment	1,130	2,572	—	3,702
Accretion of asset retirement obligations	—	128	—	128
Loss on settlement of asset retirement obligations	—	539	—	539
Gain on asset sale	(63)	(87)	—	(150)
Total operating expenses	96,444	90,175	3,229	189,848
Operating income	$ 251,527	9,252	(3,229)	257,550
Equity in earnings of unconsolidated affiliates	$ 46,056	—	—	46,056
Additions to property and equipment	$ 131,665	30,369	—	162,034

(1) Certain expenses that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

	Six Months Ended June 30, 2023			
(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Revenues:				
Revenue–Antero Resources	$ 410,644	141,908	—	552,552
Revenue–third-party	—	546	—	546
Amortization of customer relationships	(18,543)	(16,793)	—	(35,336)
Total revenues	392,101	125,661	—	517,762
Operating expenses:				
Direct operating	49,272	61,196	—	110,468
General and administrative	21,550	11,069	2,890	35,509
Facility idling	—	1,211	—	1,211
Depreciation	44,259	26,170	—	70,429
Accretion of asset retirement obligations	—	88	—	88
Loss on settlement of asset retirement obligations	—	620	—	620
Loss (gain) on asset sale	5,572	(3)	—	5,569
Total operating expenses	120,653	100,351	2,890	223,894
Operating income	$ 271,448	25,310	(2,890)	293,868
Equity in earnings of unconsolidated affiliates	$ 50,428	—	—	50,428
Additions to property and equipment, net	$ 59,156	25,583	—	84,739

(1) Certain expenses that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis.

The summarized total assets of the Company’s reportable segments are as follows:

(in thousands)	December 31, 2022	(Unaudited) June 30, 2023
Gathering and Processing	$ 4,711,069	4,686,552
Water Handling	1,079,297	1,065,123
Unallocated (1)	954	1,208
Total assets	$ 5,791,320	5,752,883

(1) Certain assets that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our unaudited condensed consolidated financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, see "Item 1A. Risk Factors" and the section entitled "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. In this section, references to "Antero Midstream," "AM," the "Company," "we," "us," and "our" refer to Antero Midstream Corporation and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires.

Overview

We are a growth-oriented midstream energy company formed to own, operate and develop midstream energy assets to primarily service Antero Resources' production and completion activity. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Appalachian Basin and present opportunities to expand our midstream services to other operators in the Appalachian Basin. Our assets consist of gathering pipelines, compressor stations and interests in processing and fractionation plants that collect and process production from Antero Resources' wells in the Appalachian Basin in West Virginia and Ohio. Our assets also include two independent water handling systems that deliver water from the Ohio River and several regional waterways. These water handling systems consist of permanent buried pipelines, surface pipelines and water storage facilities, as well as pumping stations, blending facilities and impoundments. Portions of these water handling systems are also utilized to transport flowback and produced water. These services are provided by us directly or through third-parties with which we contract.

Market Conditions and Business Trends

Commodity Markets

Prices for natural gas, NGLs and oil have decreased during the three and six months ended June30, 2023 as compared to the same periods of 2022. While substantially all of our revenues are based on fixed-fee contracts that are not directly impacted by changes in commodity prices, commodity price changes do impact the revenues and cash flows of Antero Resources, and Antero Resources' drilling and development plan does have a direct impact on our gathering, compression and water handling services, revenues and cash flows. In the current economic environment, we expect that commodity prices for some or all of the commodities produced by Antero Resources could remain volatile. However, due to Antero Resources' improved liquidity and leverage position as compared to past levels, Antero Resources is pursuing a maintenance capital program. Therefore, we do not expect to experience significant variability in our throughput volumes resulting from volatile commodity prices.

Growth Incentive Fee Program with Antero Resources

Our 2019 gathering and compression agreement with Antero Resources includes a growth incentive fee program whereby we agreed to provide quarterly fee rebates to Antero Resources through December 31, 2023, contingent upon Antero Resources achieving volumetric growth targets on low pressure gathering. Antero Resources' throughput gathered under the Marcellus gathering and compression agreements is not considered in the low pressure gathering volume targets. If actual low pressure volumes are below the lowest threshold for the respective period, Antero Resources will not earn a reduction in low pressure gathering fees.

The growth incentive fee rebate program expires December 31, 2023, and the following table summarizes the remaining low pressure gathering growth incentive targets through the remainder of 2023:

	Low Pressure Gathering Volume Growth Incentive Targets (MMcf/d)	Quarterly Fee Reduction (in millions)
Calendar Year 2023		
Threshold 1	>2,900 and <3,150	$12.0
Threshold 2	>3,150 and <3,400	$15.5
Threshold 3	>3,400	$19.0

During the three months ended June 30, 2022 and 2023, Antero Resources delivered low pressure gathering volumes under the 2019 gathering and compression agreement of 2,970 MMcf/d and 3,118 MMcf/d, respectively, and as a result, earned a quarterly fee reduction of $12 million during both periods. During the six months ended June 30, 2022 and 2023, Antero Resources earned $24 million in fee reductions during both periods.

Economic Indicators

The economy experienced elevated inflation levels as a result of global supply and demand imbalances, where global demand outpaced supplies beginning in 2021 and continuing through the first half of 2023. For example, the Consumer Price Index ("CPI") for all urban consumers increased 9% from June 2021 to June 2022 and an additional 3% from June 2022 to June 2023 as compared to the Federal Reserve's stated goal of 2%. In order to manage the inflation risk present in the United States' economy, the Federal Reserve utilized monetary policy in the form of interest rate increases beginning in March 2022 in an effort to bring the inflation rate in line with its stated goal of 2% on a long-term basis. Between March 2022 and May 2023, the Federal Reserve increased the federal funds interest rate by 5.0%. While inflationary pressures in the United States' economy have begun to subside, we continue to be impacted by the increased federal funds interest rate. See "—Results of Operations" for additional information.

The economy also continues to be impacted by global events. These events have often caused global supply chain disruptions with additional pressure due to trade sanctions on Russia and other global trade restrictions, among others. However, neither our nor Antero Resources' supply chain has experienced any significant interruptions due to such events.

Inflationary pressures and supply chain disruptions could result in further increases to our operating and capital costs that are not fixed. However, our gathering and compression and water agreements provide for annual CPI-based adjustments that mitigate a portion of such inflationary pressures.

These economic variables are beyond our control and may adversely impact our business, financial condition, results of operations and future cash flows.

Results of Operations

We have two operating segments: (i) gathering and processing and (ii) water handling. The gathering and processing segment includes a network of gathering pipelines and compressor stations that collect and process production from Antero Resources' wells in the Appalachian Basin, as well as equity in earnings from our investments in the Joint Venture and Stonewall. The Joint Venture and Stonewall provide processing and fractionation services and high-pressure gas gathering services, respectively, in the Appalachian Basin. The water handling segment includes (i) two independent systems that deliver water from sources including the Ohio River, local reservoirs and several regional waterways, and (ii) other fluid handling services, which include high rate transfer, wastewater transportation, disposal and blending.

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2023

The operating results of our reportable segments are as follows:

	Three Months Ended June 30, 2022			
(in thousands)	**Gathering and Processing**	**Water Handling**	**Unallocated (1)**	**Consolidated Total**
Revenues:				
Revenue–Antero Resources	$ 196,071	62,262	—	258,333
Revenue–third-party	—	242	—	242
Gathering—low pressure fee rebate	(12,000)	—	—	(12,000)
Amortization of customer relationships	(9,272)	(8,396)	—	(17,668)
Total revenues	174,799	54,108	—	228,907
Operating expenses:				
Direct operating	19,343	23,956	—	43,299
General and administrative (excluding equity-based compensation)	6,268	2,658	1,512	10,438
Equity-based compensation	4,222	1,191	228	5,641
Facility idling	—	1,185	—	1,185
Depreciation	22,854	12,821	—	35,675
Impairment of property and equipment	1,130	2,572	—	3,702
Accretion of asset retirement obligations	—	64	—	64
Loss on settlement of asset retirement obligations	—	539	—	539
Gain on asset sale	(32)	—	—	(32)
Total operating expenses	53,785	44,986	1,740	100,511
Operating income	121,014	9,122	(1,740)	128,396
Other income (expense):				
Interest expense, net	—	—	(45,426)	(45,426)
Equity in earnings of unconsolidated affiliates	22,824	—	—	22,824
Total other income (expense)	22,824	—	(45,426)	(22,602)
Income before income taxes	143,838	9,122	(47,166)	105,794
Income tax expense	—	—	(26,399)	(26,399)
Net income and comprehensive income	$ 143,838	9,122	(73,565)	79,395
Adjusted EBITDA (2)				$ 221,028

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.

(2) Adjusted EBITDA is a non-GAAP financial measure. For a discussion of this measure, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures."

(in thousands)	Three Months Ended June 30, 2023 Gathering and Processing	Water Handling	Unallocated [1]	Consolidated Total
Revenues:				
Revenue–Antero Resources	$ 223,068	64,613	—	287,681
Revenue–third-party	—	274	—	274
Gathering—low pressure fee rebate	(12,000)	—	—	(12,000)
Amortization of customer relationships	(9,272)	(8,396)	—	(17,668)
Total revenues	201,796	56,491	—	258,287
Operating expenses:				
Direct operating	25,154	27,441	—	52,595
General and administrative (excluding equity-based compensation)	5,126	2,832	1,705	9,663
Equity-based compensation	6,244	2,029	226	8,499
Facility idling	—	637	—	637
Depreciation	22,196	13,037	—	35,233
Accretion of asset retirement obligations	—	44	—	44
Loss on settlement of asset retirement obligations	—	279	—	279
Loss on asset sale	5,814	—	—	5,814
Total operating expenses	64,534	46,299	1,931	112,764
Operating income	137,262	10,192	(1,931)	145,523
Other income (expense):				
Interest expense, net	—	—	(55,388)	(55,388)
Equity in earnings of unconsolidated affiliates	25,972	—	—	25,972
Total other income (expense)	25,972	—	(55,388)	(29,416)
Income before income taxes	163,234	10,192	(57,319)	116,107
Income tax expense	—	—	(29,095)	(29,095)
Net income and comprehensive income	$ 163,234	10,192	(86,414)	87,012
Adjusted EBITDA [2]				$ 242,525

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.

(2) Adjusted EBITDA is a non-GAAP financial measure. For a discussion of this measure, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures."

The operating data for Antero Midstream is as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023	Amount of Increase or Decrease	Percentage Change
Operating Data:				
Gathering—low pressure (MMcf)	270,302	300,706	30,404	11 %
Compression (MMcf)	252,644	295,801	43,157	17 %
Gathering—high pressure (MMcf)	256,537	265,890	9,353	4 %
Fresh water delivery (MBbl)	10,048	9,585	(463)	(5) %
Other fluid handling (MBbl)	4,128	4,953	825	20 %
Wells serviced by fresh water delivery	15	23	8	53 %
Gathering—low pressure (MMcf/d)	2,970	3,304	334	11 %
Compression (MMcf/d)	2,776	3,251	475	17 %
Gathering—high pressure (MMcf/d)	2,819	2,922	103	4 %
Fresh water delivery (MBbl/d)	110	105	(5)	(5) %
Other fluid handling (MBbl/d)	45	54	9	20 %
Average Realized Fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.34	0.35	0.01	3 %
Average compression fee ($/Mcf)	$ 0.21	0.21	—	*
Average gathering—high pressure fee ($/Mcf)	$ 0.21	0.21	—	*
Average fresh water delivery fee ($/Bbl)	$ 4.09	4.21	0.12	3 %
Joint Venture Operating Data:				
Processing—Joint Venture (MMcf)	132,664	145,645	12,981	10 %
Fractionation—Joint Venture (MBbl)	3,368	3,553	185	5 %
Processing—Joint Venture (MMcf/d)	1,458	1,600	142	10 %
Fractionation—Joint Venture (MBbl/d)	37	39	2	5 %

* Not meaningful or applicable.

Revenues. Total revenues increased by 13%, from $229 million for the three months ended June 30, 2022 to $258 million for the three months ended June 30, 2023. Total revenues included amortization of customer relationships of $18 million for the three months ended June 30, 2022 and 2023. Gathering and processing revenues increased by 15%, from $175 million for the three months ended June 30, 2022 to $202 million for the three months ended June 30, 2023. Water handling revenues increased by 4%, from $54 million for the three months ended June 30, 2022 to $56 million for the three months ended June 30, 2023. These fluctuations primarily resulted from the following:

Gathering and Processing

- Low pressure gathering revenue increased $13 million period over period primarily due to increased throughput volumes of 30Bcf, or 334 MMcf/d, and increases in our low pressure gathering rates as a result of annual CPI-based adjustments. Low pressure gathering volumes increased between periods primarily due to 338 additional wells being connected to our system since June 30, 2022, of which 253 wells were connected to the assets we acquired during the fourth quarter of 2022.

- Compression revenue increased $10 million period over period primarily due to increased throughput volumes of 43 Bcf, or 475 MMcf/d, and increases in our compression rates as a result of annual CPI-based adjustments. Compression volumes increased between periods primarily due to 338 additional wells being connected to our system since June 30, 2022, of which 253 were connected to the assets we acquired during the fourth quarter of 2022, and the addition of 12 compressor stations that were acquired during the fourth quarter of 2022.

- High pressure gathering revenue increased $4 million period over period primarily due to increased throughputvolumes of 9 Bcf, or 103 MMcf/d, and an increase to the high pressure gathering rate as a result of annual CPI-based adjustments. High pressure gathering volumes increased between periods primarily due to 85 additional wells being connected to our system since June 30, 2022. The assets acquired during 2022 were already connected to high pressure systems operated by us or third-parties prior to such acquisitions, and therefore, the 253 wells connected to the acquired assets did not increase the throughput on our high pressure gathering system.

Water Handling

- Fresh water delivery revenue decreased $1 million period over period primarily due to lower fresh water delivery volumes between periods, partially offset by a 3% increase to the fresh water delivery rate for our long-term contract with Antero Resources as a result of the annual CPI-based adjustment. Fresh water delivery volumes decreased between periods due to timing of well completions by Antero Resources.

- Other fluid handling services revenue increased $3 million period over period primarily due to increased costs, partially due to inflationary pressures that impact our cost plus 3% and cost of service rates during the three months ended June 30, 2023 and higher other fluid handling volumes of 1 MMBbl, or 9 MBbl/d, between periods.

Direct operating expenses. Direct operating expenses increased by 21%, from $43 million for the three months ended June 30, 2022 to $53 million for the three months ended June 30, 2023. Gathering and processing direct operating expenses increased by 30%, from $19 million for the three months ended June 30, 2022 to $25 million for the three months ended June 30, 2023 primarily due to 12 compressor stations that were acquired during the fourth quarter of 2022 and increased heavy maintenance expense between periods. Water handling direct operating expenses increased by 15%, from $24 million for the three months ended June 30, 2022 to $28 million for the three months ended June 30, 2023 primarily due to higher wastewater trucking volumes and rates, and higher fresh water expense between periods due to maintenance and repairs.

General and administrative (excluding equity-based compensation) expenses. General and administrative expenses (excluding equity-based compensation expense) remained consistent at $10 million for the three months ended June 30, 2022 and 2023.

Equity-based compensation expenses. Equity-based compensation expenses increased from $6 million for the three months ended June 30, 2022 to $8 million for the three months ended June 30, 2023 primarily due to an increase in the annual equity awards granted during the first quarter of 2023 as compared to prior years, which were temporarily and significantly reduced during 2020 and supplemented by our cash awards program. Our equity awards vest over three or four year service periods, and our equity incentive program began returning to normal levels in 2021. See Note 9—Equity-Based Compensation and Cash Awards to the unaudited condensed consolidated financial statements for additional information.

Depreciation expense. Depreciation expense remained relatively consistent at $36 million and $35 million for the three months ended June 30, 2022 and 2023, respectively.

Impairment of property and equipment expense. Impairment of property and equipment expense of $4 million during the three months ended June 30, 2022 was primarily due to (i) a write-down of the Clearwater Facility related to the retirement obligation for the facility and (ii) cancelled projects. There were no impairments of property and equipment during the three months ended June 30, 2023.

Loss (gain) on asset sale. Loss on asset sale of $6 million for the three months ended June 30, 2023 is primarily due to sales of miscellaneous equipment.

Interest expense. Interest expense increased by 22%, from $45 million for the three months ended June 30, 2022 to $55 million for the three months ended June 30, 2023 primarily due to the increased interest rates on our Credit Facility as a result of higher benchmark rates during the three months ended June 30, 2023 and higher Credit Facility borrowings between periods primarily as a result of our asset acquisitions in the fourth quarter of 2022.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates increased by 14%, from $23 million for the three months ended June 30, 2022 to $26 million for the three months ended June 30, 2023 primarily due to higher processing and fractionation fees as a result of annual CPI-based adjustments and increased volumes between periods.

Income tax expense. Income tax expense for the three months ended June 30, 2022 and 2023 was $26 million and $29 million, respectively, which reflects effective tax rates of 25.0% and 25.1%, respectively.

Net income. Net income increased by 10%, from $79 million for the three months ended June 30, 2022 to $87 million for the three months ended June 30, 2023. The increase was primarily due to higher gathering, compression and other fluid handling revenues and higher equity in earnings from unconsolidated affiliates, partially offset by higher direct operating expenses, interest expense and equity-based compensation expense between periods.

Adjusted EBITDA. Adjusted EBITDA increased by 10%, from $221 million for the three months ended June 30, 2022 to $243 million for the three months ended June 30, 2023. The increase between periods was primarily due to higher gathering, compression and other fluid handling revenues, partially offset by higher direct operating expenses. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "—Non-GAAP Financial Measures" below.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2023

The operating results of our reportable segments are as follows:

	Six Months Ended June 30, 2022			
(in thousands)	**Gathering and Processing**	**Water Handling**	**Unallocated (1)**	**Consolidated Total**
Revenues:				
Revenue–Antero Resources	$ 390,514	115,583	—	506,097
Revenue–third-party	—	637	—	637
Gathering—low pressure fee rebate	(24,000)	—	—	(24,000)
Amortization of customer relationships	(18,543)	(16,793)	—	(35,336)
Total revenues	347,971	99,427	—	447,398
Operating expenses:				
Direct operating	36,525	48,786	—	85,311
General and administrative (excluding equity-based compensation)	13,833	8,930	2,774	25,537
Equity-based compensation	6,358	1,660	455	8,473
Facility idling	—	2,333	—	2,333
Depreciation	38,661	25,314	—	63,975
Impairment of property and equipment	1,130	2,572	—	3,702
Accretion of asset retirement obligations	—	128	—	128
Loss on settlement of asset retirement obligations	—	539	—	539
Gain on asset sale	(63)	(87)	—	(150)
Total operating expenses	96,444	90,175	3,229	189,848
Operating income	251,527	9,252	(3,229)	257,550
Other income (expense):				
Interest expense, net	—	—	(89,705)	(89,705)
Equity in earnings of unconsolidated affiliates	46,056	—	—	46,056
Total other income (expense)	46,056	—	(89,705)	(43,649)
Income before income taxes	297,583	9,252	(92,934)	213,901
Income tax expense	—	—	(54,466)	(54,466)
Net income and comprehensive income	$ 297,583	9,252	(147,400)	159,435
Adjusted EBITDA (2)				$ 430,058

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.
(2) Adjusted EBITDA is a non-GAAP financial measure. For a discussion of this measure, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures."

(in thousands)	Six Months Ended June 30, 2023 Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Revenues:				
Revenue–Antero Resources	$ 434,644	141,908	—	576,552
Revenue–third-party	—	546	—	546
Gathering—low pressure fee rebate	(24,000)	—	—	(24,000)
Amortization of customer relationships	(18,543)	(16,793)	—	(35,336)
Total revenues	392,101	125,661	—	517,762
Operating expenses:				
Direct operating	49,272	61,196	—	110,468
General and administrative (excluding equity-based compensation)	10,898	7,326	2,459	20,683
Equity-based compensation	10,652	3,743	431	14,826
Facility idling	—	1,211	—	1,211
Depreciation	44,259	26,170	—	70,429
Accretion of asset retirement obligations	—	88	—	88
Loss on settlement of asset retirement obligations	—	620	—	620
Loss (gain) on asset sale	5,572	(3)	—	5,569
Total operating expenses	120,653	100,351	2,890	223,894
Operating income	271,448	25,310	(2,890)	293,868
Other income (expense):				
Interest expense, net	—	—	(110,012)	(110,012)
Equity in earnings of unconsolidated affiliates	50,428	—	—	50,428
Total other income (expense)	50,428	—	(110,012)	(59,584)
Income before income taxes	321,876	25,310	(112,902)	234,284
Income tax expense	—	—	(60,765)	(60,765)
Net income and comprehensive income	$ 321,876	25,310	(173,667)	173,519
Adjusted EBITDA (2)				$ 484,306

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.
(2) Adjusted EBITDA is a non-GAAP financial measure. For a discussion of this measure, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures."

The operating data for Antero Midstream is as follows:

		Six Months Ended June 30,		Amount of Increase or Decrease	Percentage Change
		2022	2023		
Operating Data:					
Gathering—low pressure (MMcf)		534,029	586,129	52,100	10 %
Compression (MMcf)		506,118	578,163	72,045	14 %
Gathering—high pressure (MMcf)		515,579	518,019	2,440	*
Fresh water delivery (MBbl)		17,922	20,695	2,773	15 %
Other fluid handling (MBbl)		8,331	9,918	1,587	19 %
Wells serviced by fresh water delivery		36	46	10	28 %
Gathering—low pressure (MMcf/d)		2,950	3,238	288	10 %
Compression (MMcf/d)		2,796	3,194	398	14 %
Gathering—high pressure (MMcf/d)		2,849	2,862	13	*
Fresh water delivery (MBbl/d)		99	114	15	15 %
Other fluid handling (MBbl/d)		46	55	9	20 %
Average Realized Fees:					
Average gathering—low pressure fee ($/Mcf)	$	0.34	0.35	0.01	3 %
Average compression fee ($/Mcf)	$	0.21	0.21	—	*
Average gathering—high pressure fee ($/Mcf)	$	0.21	0.21	—	*
Average fresh water delivery fee ($/Bbl)	$	4.08	4.21	0.13	3 %
Joint Venture Operating Data:					
Processing—Joint Venture (MMcf)		268,906	281,386	12,480	5 %
Fractionation—Joint Venture (MBbl)		6,445	6,775	330	5 %
Processing—Joint Venture (MMcf/d)		1,486	1,555	69	5 %
Fractionation—Joint Venture (MBbl/d)		36	37	1	3 %

* Not meaningful or applicable.

Revenues. Total revenues increased by 16%, from $447 million for the six months ended June 30, 2022 to $518 million for the six months ended June 30, 2023. Total revenues included amortization of customer relationships of $35 million for the six months ended June 30, 2022 and 2023. Gathering and processing revenues increased by 13%, from $348 million for the six months ended June 30, 2022 to $392 million for the six months ended June 30, 2023. Water handling revenues increased by 26%, from $99 million for the six months ended June 30, 2022 to $126 million for the six months ended June 30, 2023. These fluctuations primarily resulted from the following:

Gathering and Processing

- Low pressure gathering revenue increased $23 million period over period primarily due to increased throughput volumes of 52Bcf, or 288 MMcf/d, and increases in our low pressure gathering rates as a result of annual CPI-based adjustments. Low pressure gathering volumes increased between periods primarily due to 338 additional wells being connected to our system since June 30, 2022, of which 253 wells were connected to the assets we acquired during the fourth quarter of 2022.

- Compression revenue increased $17 million period over period primarily due to increased throughput volumes of 72 Bcf, or 398 MMcf/d, and increases in our compression rates as a result of annual CPI-based adjustments. Compression volumes increased between periods primarily due to the 338 additional wells being connected to our system since June 30, 2022, of which 253 were connected to the assets we acquired during the fourth quarter of 2022, and the addition of 12 compressor stations that were acquired during the fourth quarter of 2022.

- High pressure gathering revenue increased $4 million period over periodprimarily due to an increase to the high pressure gathering rate as a result of an annual CPI-based adjustment and increased throughput volumes of 2 Bcf, or 13 MMcf/d. The high pressure gathering volumes increased period over period primarily due to 85 additional wells being connected to our high pressure system since June 30, 2022. The assets acquired during 2022 were already connected to high pressure systems operated by us or third-parties prior to such acquisitions, and therefore, the 253 wells connected to the acquired assets did not increase the throughput on our high pressure gathering system.

Water Handling

- Fresh water delivery revenue increased $14 million period over period primarily due to increased fresh water delivery volumes of 3 MMBbl, or 15 MBbl/d, and a 3% increase to the fresh water delivery rate for our long-term contract with Antero Resources as a result of the annual CPI-based adjustment. Fresh water delivery volumes increased between periods due to higher well completions by Antero Resources.

- Other fluid handling services revenue increased $13 million period over period primarily due to increased costs, partially due to inflationary pressures that impact our cost plus 3% and cost of service rates during the six months ended June 30, 2023, and higher other fluid handling volumes of 2 MMBl, or 9 MBbl/d, between periods.

Direct operating expenses. Direct operating expenses increased by 29%, from $85 million for the six months ended June 30, 2022 to $110 million for the six months ended June 30, 2023. Gathering and processing direct operating expenses increased by 35%, from $36 million for the six months ended June 30, 2022 to $49 million for the six months ended June 30, 2023 primarily due to 12 compressor stations that were acquired during the fourth quarter of 2022 and increased heavy maintenance expense between periods. Water handling direct operating expenses increased by 25%, from $49 million for the six months ended June 30, 2022 to $61 million for the six months ended June 30, 2023 primarily due to higher wastewater trucking volumes and rates, and an increased number of locations connected to our water blending system between periods.

General and administrative (excluding equity-based compensation) expenses. General and administrative expenses (excluding equity-based compensation expense) decreased by 19%, from $26 million for the six months ended June 30, 2022 to $21 million for six months ended June 30, 2023 primarily due to lower legal costs associated with the Veolia legal matter between periods and lower costs allocated to us from Antero Resources. See Note 14—Contingencies to the unaudited condensed consolidated financial statements for additional information.

Equity-based compensation expenses. Equity-based compensation expenses increased from $8 million for the six months ended June 30, 2022 to $15 million for the six months ended June 30, 2023 primarily due to an increase in the annual equity awards granted during the first half of 2023 as compared to prior years, which were temporarily and significantly reduced during 2020 and supplemented by our cash awards program. Our equity awards vest over three or four year service periods, and our equity incentive program began returning to normal levels in 2021. See Note 9—Equity-Based Compensation and Cash Awards to the unaudited condensed consolidated financial statements for additional information.

Depreciation expense. Depreciation expense increased by 10%, from $64 million for the six months ended June 30, 2022 to $70 million for the six months ended June 30, 2023. This increase is primarily due to (i) $3 million for our assets acquired during the fourth quarter of 2022, (ii) $2 million of higher expense on the phased early retirement of an underutilized compressor station and (iii) $1 million related to assets placed in service between periods. The phased early retirement of the underutilized compressor station began in the second quarter of 2022 and was completed during the first half of 2023, and allowed us to relocate and reuse the compressor units and equipment to (i) expand an existing compressor station and/or (ii) contribute to a new compressor station. There were certain costs associated with the underutilized compressor station that could not be relocated or reused, and such costs were fully depreciated during the first half of 2023.

Impairment of property and equipment expense. Impairment of property and equipment expense of $4 million during the six months ended June 30, 2022 was primarily due to (i) a write-down of the Clearwater Facility related to the retirement obligation for the facility and (ii) cancelled projects. There were no impairments of property and equipment during the six months ended June 30, 2023.

Loss (gain) on asset sale. Loss on asset sale of $6 million for the six months ended June 30, 2023 is primarily due to sales of miscellaneous equipment.

Interest expense. Interest expense increased by 23%, from $90 million for the six months ended June 30, 2022 to $110 million for the six months ended June 30, 2023 primarily due to increased interest rates on our Credit Facility due to higher benchmark rates during the six months ended June 30, 2023 and higher borrowings on our Credit Facility between periods primarily as a result of our asset acquisitions in the fourth quarter of 2022.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates increased by 9%, from $46 million for the six months ended June 30, 2022 to $50 million for the six months ended June 30, 2023 primarily due to higher processing and fractionation fees as a result of annual CPI-based adjustments and increased volumes between periods.

Income tax expense. Income tax expense increased by 12%, from $54 million for the six months ended June 30, 2022 to $61 million for the six months ended June 30, 2023, which reflects effective tax rates of 25.5% and 25.9%, respectively. This income tax expense increase was primarily due to higher pre-tax income between periods.

Net income. Net income increased by 9%, from $159 million for the six months ended June 30, 2022 to $174 million for the six months ended June 30, 2023 primarily due to higher gathering, compression and water handling revenues and lower general and administrative costs, excluding equity-based compensation expense between periods, partially offset by higher direct operating expenses, interest expense, depreciation expense and equity-based compensation expense between periods.

Adjusted EBITDA. Adjusted EBITDA increased by 13%, from $430 million for the six months ended June 30, 2022 to $484 million for the six months ended June 30, 2023. The increase between periods was primarily due to higher gathering, compression and water handling revenues, lower general and administrative costs, excluding equity-based compensation expense, and higher distributions from unconsolidated affiliates, partially offset by higher direct operating expenses. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity

Sources and Uses of Cash

Capital resources and liquidity are provided by operating cash flows and available borrowings under our Credit Facility and capital market transactions. See Note 7—Long-Term Debt to the unaudited condensed consolidated financial statements. We expect that the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program and expected quarterly cash dividends for at least the next 12 months.

Our Board of Directors (the "Board") declared a cash dividend on the shares of our common stock of $0.2250 per share for the quarter ended June 30, 2023. The dividend is payable on August 9, 2023 to stockholders of record as of July 26, 2023. Our Board also declared a cash dividend of $138 thousand on the shares of Series A Preferred Stock that is payable on August 14, 2023 in accordance with their terms as discussed in Note 11—Equity and Earnings Per Common Share. As of June 30, 2023, there were dividends in the amount of $69 thousand accumulated in arrears on our Series A Preferred Stock.

We expect our future cash requirements relating to working capital, capital expenditures, acquisitions and quarterly cash dividends to our stockholders will be funded from cash flows internally generated from our operations or borrowings under the Credit Facility.

As of June 30, 2023, we did not have any off-balance sheet arrangements.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2022 and 2023:

	Six Months Ended June 30,	
(in thousands)	**2022**	**2023**
Net cash provided by operating activities	$ 354,181	368,305
Net cash used in investing activities	(162,692)	(84,211)
Net cash used in financing activities	(191,489)	(284,094)
Net increase in cash and cash equivalents	$ —	—

Operating activities. Net cash provided by operating activities was $354 million and $368 million for the six months ended June 30, 2022 and 2023, respectively. The increase in cash flows provided by operations between periods was primarily the result of higher gathering, compression and water handling revenues as well as higher distributions from unconsolidated affiliates between periods, partially offset by changes in working capital, higher direct operating expenses and higher interest expense.

Investing activities. Net cash flows used in investing activities was $163 million and $84 million for the six months ended June 30, 2022 and 2023, respectively. The decrease in cash flows used in investing activities between periods was primarily due to decreased capital spending for our gathering systems and facilities and water handling systems of $73 million and $5 million, respectively, primarily as a result of fewer capital projects between periods.

Financing activities. Net cash used in financing activities was $191 million and $284 million for the six months ended June 30, 2022 and 2023, respectively. The increase in cash flows used in financing activities between periods was primarily due to net repayments on our Credit Facility of $57 million during the six months ended June 30, 2023, as compared to net borrowings on our Credit Facility of $33 million during the six months ended June 30, 2022.

2023 Capital Investment

On April 26, 2023, we announced a revised capital budget with a range of $180 million to $200 million, which includes growth capital supporting the increased volumes expected from Antero Resources' drilling partnership in addition to its maintenance capital program for 2023. Our capital budgets may be adjusted as business conditions warrant. Additionally, we monitor our existing assets and look for opportunities to reuse or otherwise repurpose assets in an effort to maintain our capital efficiency.

Our capital expenditures were as follows:

(in thousands)	**Three Months Ended June 30, 2023**	**Six Months Ended June 30, 2023**
Gathering systems and facilities	$ 34,475	55,724
Water handling systems	13,847	26,201
Investments in unconsolidated affiliates	262	262
Total capital expenditures	$ 48,584	82,187

Debt Agreements

See Note 7—Long-Term Debt to the unaudited condensed consolidated financial statements and to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Form 10-K for information on our debt agreements.

Non-GAAP Financial Measures

We use Adjusted EBITDA as an important indicator of our performance. We define Adjusted EBITDA as net income before net interest expense, income tax expense, depreciation, impairment of property and equipment, accretion of asset retirement obligations, equity-based compensation, excluding equity in earnings of unconsolidated affiliates, amortization of customer relationships, loss on early extinguishment of debt, loss on settlement of asset retirement obligations, loss (gain) on asset sale and including distributions from unconsolidated affiliates.

We use Adjusted EBITDA to assess:

- the financial performance of our assets, without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other publicly traded companies in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

Adjusted EBITDA is a non-GAAP financial measure. The GAAP measure most directly comparable to Adjusted EBITDA is net income. The non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to the GAAP measure of net income. Adjusted EBITDA presentations are not made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect net income. You should not consider Adjusted EBITDA in isolation or as a substitute for analyses of results as reported under GAAP. Our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other corporations.

The following table represents a reconciliation of our Adjusted EBITDA to the most directly comparable GAAP financial measure for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2022**	**2023**	**2022**	**2023**
Net income	$ 79,395	87,012	159,435	173,519
Interest expense, net	45,426	55,388	89,705	110,012
Income tax expense	26,399	29,095	54,466	60,765
Depreciation expense	35,675	35,233	63,975	70,429
Impairment of property and equipment	3,702	—	3,702	—
Accretion of asset retirement obligations	64	44	128	88
Equity-based compensation	5,641	8,499	8,473	14,826
Amortization of customer relationships	17,668	17,668	35,336	35,336
Equity in earnings of unconsolidated affiliates	(22,824)	(25,972)	(46,056)	(50,428)
Distributions from unconsolidated affiliates	29,375	29,465	60,505	63,570
Loss on settlement of asset retirement obligations	539	279	539	620
Loss (gain) on asset sale	(32)	5,814	(150)	5,569
Adjusted EBITDA	$ 221,028	242,525	430,058	484,306

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments in the 2022 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

Our gathering and compression and water services agreements with Antero Resources provide for fixed-fee and cost of service fee structures, and we intend to continue to pursue additional fixed-fee or cost of service fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources or third parties do not provide for fixed-fee or cost of service fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero Resources’ development program and production and therefore our gathering, compression, and water handling volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources’ operations.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under the Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under the Credit Facility from time-to-time in order to manage risks associated with floating interest rates. At June 30, 2023, we had $726 million of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in the Credit Facility interest rate would have resulted in an estimated $4 million increase in interest expense for the six months ended June 30, 2023.

Credit Risk

We are dependent on Antero Resources as our primary customer, and we expect to derive substantially all of our revenues from Antero Resources for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources' production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and operating results.

Further, we are subject to the risk of non-payment or non-performance by Antero Resources, including with respect to our gathering and compression and water handling services agreements. We cannot predict the extent to which Antero Resources' business would be impacted if conditions in the energy industry were to deteriorate, nor can we estimate the impact such conditions would have on Antero Resources' ability to execute its drilling and development program or to perform under our agreements. Any material non-payment or non-performance by Antero Resources could adversely affect our revenues and operating results and our ability to return capital to stockholders.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2023 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business.

We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisors and brokers, believe are reasonable and prudent. We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance will be available in the future at economical prices.

See Note 14—Contingencies to the unaudited condensed consolidated financial statements for additional information.

ITEM 1A. RISK FACTORS.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. For a discussion of these risks, see "Item 1A. Risk Factors" in the 2022 Form 10-K. There have been no material changes to the risks described in such report. We may experience additional risks and uncertainties not currently known to us. Furthermore, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect us.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Issuer Purchases of Equity Securities

The following table sets forth our common stock share purchase activity for each period presented:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans (2)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan (2)
April 1, 2023 – April 30, 2023	676,220	$ 10.62	—	$ 149,767,409
May 1, 2023 – May 31, 2023	—	—	—	N/A
June 1, 2023 – June 30, 2023	—	—	—	N/A
Total	676,220	$ 10.62	—	$ 149,767,409

(1) The total number of shares purchased represents shares of our common stock transferred to us in order to satisfy tax withholding obligations incurred upon the vesting of equity awards held by our employees.

(2) In August 2019, the Board authorized a $300 million share repurchase program, which was extended through June 30, 2023 during the first quarter of 2021. During the three months ended June 30, 2023, we did not make any repurchases under this program, and the program expired on June 30, 2023.

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ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Certificate of Conversion of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.2	Certificate of Incorporation of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.3	Certificate of Amendment to Certificate of Incorporation of Antero Midstream Corporation, dated June 8, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on June 8, 2023).
3.4	Amended and Restated Bylaws of Antero Midstream Corporation, dated February 14, 2023 (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K (Commission File No. 001-38075) filed on February 15, 2023).
3.5	Certificate of Designations of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
31.1*	Certification of the Company's Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
31.2*	Certification of the Company's Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1*	Certification of the Company's Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of the Company's Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101*	The following financial information from this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended June 30, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Quarterly Report on Form 10-Q.

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 thereunto duly authorized.

ANTERO MIDSTREAM CORPORATION

By: /s/ BRENDAN E. KRUEGER
Brendan E. Krueger
Chief Financial Officer, Vice President – Finance and Treasurer

Date: July 26, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Paul M. Rady, President and Chief Executive Officer of Antero Midstream Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 of Antero Midstream Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2023

/s/ Paul M. Rady
Paul M. Rady
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Brendan E. Krueger, Chief Financial Officer, Vice President–Finance and Treasurer of Antero Midstream Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 of Antero Midstream Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 26, 2023

/s/ Brendan E. Krueger

Brendan E. Krueger
Chief Financial Officer, Vice President – Finance and Treasurer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF ANTERO MIDSTREAM CORPORATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended June 30, 2023, I, Paul M. Rady, President and Chief Executive Officer of Antero Midstream Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: July 26, 2023

/s/ Paul M. Rady

Paul M. Rady
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF ANTERO MIDSTREAM CORPORATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended June 30, 2023, I, Brendan E. Krueger, Chief Financial Officer, Vice President – Finance and Treasurer of Antero Midstream Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: July 26, 2023

/s/ Brendan E. Krueger

Brendan E. Krueger
Chief Financial Officer, Vice President – Finance and Treasurer