Full-Year 2021 Earnings At-A-Glance

APA Corporation

HIGHLIGHTS

Generated

$1.82B

of free cash flow[1] in 2021

Achievement of ESG goals;

including eliminated routine flaring in U.S. onshore

3 months ahead of schedule

Reduced APA net debt[1,3] by

$1.2B

Significant improvement

in key safety metrics

2021 adjusted production[2] of

334 Mboe/d

exceeded guidance

Altus

business combination announced

Successful

flow test

at Sapakara South-1 offshore Suriname

Initiated **60**% capital return framework with two dividend increases and buying back

$847M of shares

Ratified **Egypt PSC Modernization** Agreement

[1] For a reconciliation of the most directly comparable GAAP financial measures and a glossary of referenced terms, please refer to the Glossary of Referenced Terms and the Non-GAAP Reconciliations in this presentation.

[2] Excludes production attributable to tax barrels and noncontrolling interest

[3] Excludes Altus Midstream (ALTM)

FINANCIAL RESULTS

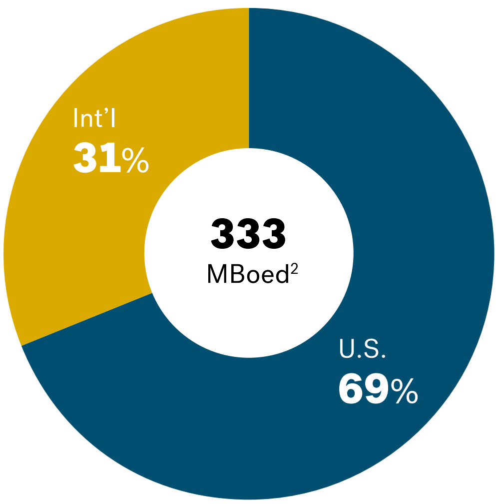
$1.46B
Adjusted earnings[1] after tax

$3.90
Adjusted earnings per diluted share[1]

$1.06B
2021 upstream capital investment[1]

$3.5B
Net cash provided by operating activities

ASSET OPERATIONS UPDATE



U.S. Production:
229 MBoed

Int'l Adjusted Production:[2]
104 MBoed

United States

2 rigs
2021 average

62%
liquids production

72 gross, **64** net
drilled & completed wells[3]

International

11 rigs[4]
2021 average

71%
liquids production

61 gross, **60** net
drilled & completed wells[3]

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[1] For a reconciliation of the most directly comparable GAAP financial measures and a glossary of referenced terms, please refer to the Glossary of Referenced Terms and the Non-GAAP Reconciliations in this presentation.

[2] Excludes production attributable to Egypt tax barrels and noncontrolling interest

[3] Includes operated wells completed and fully evaluated, but not necessarily placed onto production

[4] Includes two rig average in Suriname

ESG VISION

E	**Air**	Be at the forefront of industry's efforts to measure, disclose and mitigate emissions
	Water	Preserve freshwater resources and leverage technology to maximize water reuse
S	**Communities +People**	Provide fulfilling and rewarding careers for our employees and create shared value in the communities where we operate
G	**Governance**	Pursue best-in-class governance through continuous monitoring of best practices, regular stakeholder access and engagement, and a commitment to transparent communications

COMPENSATION-LINKED ESG GOALS

Short-term Goals

- **Egypt:** 40% reduction of upstream flaring in Egypt by year-end.
- **People:** Develop and implement a future of work strategy inclusive of working model, workplace and technology enhancements.
- **Supplier Diversity:** Establish a Supplier Diversity program and externally report Tier I spend by category by year-end.
- **Safety:** TRIR and SIF targets.[1]

Long-term Goal

Established inaugural, long-term incentive compensation-linked emissions reduction goal:

Deliver projects that eliminate at least 1 million tonnes of CO_2 emissions annually by year-end 2024.

[1] Total Recordable Incident Rate (TRIR); Severe Injury and Fatality Rate (SIF).

AWARDS AND RECOGNITIONS

We are proud to be frequently recognized by third parties for our sustainability efforts, from our work to mitigate our impacts on the environment to the social causes we support. Recent awards include the following:

2021

Trendsetter in Political Disclosure and Accountability
CPA-Zicklin Index of Corporate Political Disclosure and Accountability

E&P Explorer of the Year for 2020
Wood Mackenzie

2020 Best Safety Results (Sam Croft Drillship)
Noble Services LLC

One of the World's Most Admired Companies
FORTUNE

2020

Trendsetter in Political Disclosure and Accountability
CPA-Zicklin Index of Corporate Political Disclosure and Accountability

Beit El Helm Award for Best Corporate Social Responsibility Practice
Wataneya Society

Winning "W" Company for 2019
2020 Women on Boards

One of the World's Most Admired Companies
FORTUNE

Glossary of Referenced Terms

Upstream Capital Investment: Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations. Excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest and all Altus Midstream capital.

Free Cash Flow: Cash flow from operations before changes in operating assets and liabilities (including Egypt minority interest)

<u>Minus:</u>

- Upstream capital investment (including Egypt minority interest)
- Distributions to noncontrolling interest (Egypt)
- Consolidated operating cash flow impacts of Altus Midstream

<u>Plus:</u>

- Cash dividends received from Altus Midstream

In addition to the terms above, a list of commonly used definitions and abbreviations can be found in APA Corporation's Form 10-K for the year ended December 31, 2021.

Reconciliation of Income Attributable to Common Stock to Adjusted Earnings

Our presentation of adjusted earnings and adjusted earnings per share are non-GAAP measures because they exclude the effect of certain items included in Income Attributable to Common Stock. Management believes that adjusted earnings and adjusted earnings per share provides relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by our management in assessing the Company's operational trends and comparability of results to our peers.

Management uses adjusted earnings and adjusted earnings per share to evaluate our operating and financial performance because it eliminates the impact of certain items that management does not consider to be representative of the Company's on-going business operations. As a performance measure, adjusted earnings may be useful to investors in facilitating comparisons to others in the Company's industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, capital structure and asset sales and other divestitures, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted earnings and adjusted earnings per share may not be comparable to similar measures of other companies in our industry.

($ in millions)

	For the Year Ended December 31, 2021			
	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income (loss) including noncontrolling interests (GAAP)	$ 1,891	$ (578)	$ 1,313	$ 3.50
Income (loss) attributable to noncontrolling interests	336	(158)	178	0.48
Income attributable to Altus preferred unit limited partner	162	-	162	0.43
Net income (loss) attributable to common stock - Basic	1,393	(420)	973	2.59
Effect of dilutive securities **	-	-	-	-
Net income (loss) attributable to common stock	1,393	(420)	973	2.59
Adjustments: *				
Asset and unproved leasehold impairments	239	(47)	192	0.51
Noncontrolling interest impact on Altus impairments	(33)	7	(26)	(0.07)
Noncontrolling interest & tax barrel impact on Egypt adjustments	(12)	-	(12)	(0.03)
Valuation allowance and other tax adjustments	-	(85)	(85)	(0.22)
(Gain)/loss on extinguishment of debt	104	(22)	82	0.22
Unrealized derivative instrument (gain)/loss and related Altus Preferred impacts	13	12	25	0.07
Loss on previously sold Gulf of Mexico properties	446	(94)	352	0.93
Transaction, reorganization & separation costs	22	(7)	15	0.05
Gain on divestitures, net	(67)	14	(53)	(0.14)
Drilling contract termination charges and other	(1)	-	(1)	(0.01)
Adjusted Earnings (Non-GAAP)	$ 2,104	$ (642)	$ 1,462	$ 3.90

* The income tax effect of the reconciling items are calculated based on the statutory rate of the jurisdiction in which the discrete item resides.

** The assumed conversion of Altus' Preferred Unit limited partner is primarily associated with unrealized gains on the Preferred Unit embedded derivative. These amounts are antidilutive for the year ended 2021 and 2020.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

Management believes EBITDAX, or earnings before income tax expense, interest expense, depreciation, amortization and exploration expense is a widely accepted financial indicator, and useful for investors, to assess a company's ability to incur and service debt, fund capital expenditures, and make distributions to shareholders. We define adjusted EBITDAX, a non-GAAP financial measure, as EBITDAX adjusted for certain items presented in the accompanying reconciliation. Management uses adjusted EBITDAX to evaluate our ability to fund our capital expenditures, debt services and other operational requirements and to compare our results from period to period by eliminating the impact of certain items that management does not consider to be representative of the Company's on-going operations. Management also believes adjusted EBITDAX facilitates investors and analysts in evaluating and comparing EBITDAX from period to period by eliminating differences caused by the existence and timing of certain operating expenses that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted EBITDAX may not be comparable to similar measures of other companies in our industry.

($ in millions)

	For the Quarter Ended December 31, 2021	September 30, 2021	December 31, 2020	For the Year Ended December 31, 2021	2020
Net cash provided by operating activities	$ 1,085	$ 771	$ 498	$ 3,496	$ 1,388
Adjustments:					
Exploration expense other than dry hole expense and unproved leasehold impairments	16	13	14	58	63
Current income tax provision	189	183	56	652	176
Other adjustments to reconcile net income (loss) to net cash provided by operating activities	(34)	(8)	(57)	(28)	(102)
Changes in operating assets and liabilities	(95)	95	2	(37)	186
Financing costs, net	92	100	107	410	427
Transaction, reorganization & separation costs	14	4	10	22	54
Adjusted EBITDAX (Non-GAAP)	$ 1,267	$ 1,158	$ 630	$ 4,573	$ 2,192

Reconciliation of Net Cash Provided by Operating Activities to Cash Flows From Operations Before Changes in Operating Assets and Liabilities and Free Cash Flow

Cash flows from operations before changes in operating assets and liabilities and free cash flow are non-GAAP financial measures. APA uses these measures internally and provides this information because management believes it is useful in evaluating the company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt, as well as to compare our results from period to period. We believe these measures are also used by research analysts and investors to value and compare oil and gas exploration and production companies and are frequently included in published research reports when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities and free cash flow are additional measures of liquidity but are not measures of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities. Additionally, this presentation of free cash flow may not be comparable to similar measures presented by other companies in our industry.

($ in millions)

	For the Quarter Ended December 31, 2021	2020	For the Year Ended December 31, 2021	2020
Net cash provided by operating activities	$ 1,085	$ 498	$ 3,496	$ 1,388
Changes in operating assets and liabilities	(95)	2	(37)	186
Cash flows from operations before changes in operating assets and liabilities	$ 990	$ 500	$ 3,459	$ 1,574
Adjustments to free cash flow:				
Altus Midstream cash flows from operations before changes in operating assets and liabilities	(63)	(38)	(211)	(160)
Upstream capital investment including noncontrolling interest - Egypt	(385)	(220)	(1,221)	(1,141)
Distributions to Sinopec noncontrolling interest	(76)	(30)	(279)	(91)
Upstream free cash flow	$ 466	$ 212	$ 1,748	$ 182
Cash dividends received from Altus Midstream	19	-	75	-
Free cash flow	$ 485	$ 212	$ 1,823	$ 182

Reconciliation of Debt to Net Debt

Net debt, or outstanding debt obligations less cash and cash equivalents, is a non-GAAP financial measure. Management uses net debt as a measure of the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand. The Altus Midstream LP credit facility is unsecured and is not guaranteed by the Company or any of its other subsidiaries.

($ in millions)

	December 31, 2021			December 31, 2020		
	APA Upstream	Altus Midstream	APA Consolidated	APA Upstream	Altus Midstream	APA Consolidated
Current debt - Apache	$ 215	$ -	$ 215	$ 2	$ -	$ 2
Long-term debt - Apache	6,638	-	6,638	8,146	-	8,146
Long-term debt - Altus	-	657	657	-	624	624
Total debt	6,853	657	7,510	8,148	624	8,772
Cash and cash equivalents	170	132	302	238	24	262
Net debt	$ 6,683	$ 525	$ 7,208	$ 7,910	$ 600	$ 8,510

Reconciliation of Costs Incurred to Upstream Capital Investment

Management believes the presentation of upstream capital investments is useful for investors to assess the Company's expenditures related to our upstream capital activity. We define capital investments as costs incurred for oil and gas activities, adjusted to exclude asset retirement obligation revisions and liabilities incurred, capitalized interest, and certain exploration expenses, while including amounts paid during the period for abandonment and decommissioning expenditures. Upstream capital expenditures attributable to a one-third noncontrolling interest in Egypt are also excluded. Management believes this provides a more accurate reflection of the Company's cash expenditures related to upstream capital activity and is consistent with how we plan our capital budget.

($ in millions)

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
Costs incurred in oil and gas property:				
Acquisitions including Egypt modernization impacts				
Proved	$ (160)	$ -	$ (157)	$ 7
Unproved	23	1	29	4
Exploration and development	529	256	1,387	1,200
Total Costs incurred in oil and gas property	$ 392	$ 257	$ 1,259	$ 1,211
Reconciliation of Costs incurred to Upstream capital investment:				
Total Costs incurred in oil and gas property	$ 392	$ 257	$ 1,259	$ 1,211
Asset retirement obligations settled vs. incurred - oil and gas property	(133)	(22)	(116)	(5)
Egypt PSC modernization impact	145	-	145	-
Capitalized interest	(3)	(1)	(9)	(2)
Exploration seismic and administration costs	(16)	(14)	(58)	(63)
Upstream capital investment including noncontrolling interest - Egypt	$ 385	$ 220	$ 1,221	$ 1,141
Less noncontrolling interest - Egypt	(51)	(31)	(159)	(153)
Total Upstream capital investment	$ 334	$ 189	$ 1,062	$ 988