

Second-Quarter 2022

Financial & Operational Supplement



Notice to Investors

Certain statements in this earnings supplement contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 including, without limitation, expectations, beliefs, plans, and objectives regarding anticipated financial and operating results, asset divestitures, estimated reserves, drilling locations, capital expenditures, price estimates, typical well results and well profiles, type curve, and production and operating expense guidance included in this earnings supplement. Any matters that are not historical facts are forward looking and, accordingly, involve estimates, assumptions, risks, and uncertainties, including, without limitation, risks, uncertainties, and other factors discussed in our most recently filed Annual Report on Form 10-K, recently filed Quarterly Reports on Form 10-Q, recently filed Current Reports on Form 8-K available on our website, www.apacorp.com, and in our other public filings and press releases. These forward-looking statements are based on APA Corporation's (APA) current expectations, estimates, and projections about the company, its industry, its management's beliefs, and certain assumptions made by management. No assurance can be given that such expectations, estimates, or projections will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results, or other expectations expressed in this earnings supplement, including the company's ability to meet its production targets, successfully manage its capital expenditures and to complete, test, and produce the wells and prospects identified in this earnings supplement, to successfully plan, secure necessary government approvals, finance, build, and operate the necessary infrastructure, and to achieve its production and budget expectations on its projects.

Whenever possible, these "forward-looking statements" are identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "continues," "could," "estimates," "expects," "guidance," "may," "might," "outlook," "possible," "potential," "projects," "prospects," "should," "would," "will," and similar phrases, but the absence of these words does not mean that a statement is not forward-looking. Because such statements involve risks and uncertainties, the company's actual results and performance may differ materially from the results expressed or implied by such forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Unless legally required, we assume no duty to update these statements as of any future date. However, you should review carefully reports and documents that the company files periodically with the Securities and Exchange Commission.

Cautionary Note to Investors: The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable, and possible reserves that meet the SEC's definitions for such terms. We may use certain terms in this earnings supplement, such as "resource," "resource potential," "net resource potential," "potential resource," "resource base," "identified resources," "potential net recoverable," "potential reserves," "unbooked resources," "economic resources," "net resources," "undeveloped resource," "net risked resources," "inventory," "upside," and other similar terms that the SEC guidelines strictly prohibit us from including in filings with the SEC. Such terms do not take into account the certainty of resource recovery, which is contingent on exploration success, technical improvements in drilling access, commerciality, and other factors, and are therefore not indicative of expected future resource recovery and should not be relied upon. Investors are urged to consider carefully the disclosure in APA's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 available at www.apacorp.com or by writing at: 2000 Post Oak Blvd., Suite 100, Houston, Texas 77056 (Attn: Corporate Secretary). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at www.sec.gov.

Certain information may be provided in this earnings supplement that includes financial measurements that are not required by, or presented in accordance with, generally accepted accounting principles (GAAP). These non-GAAP measures should not be considered as alternatives to GAAP measures, such as net income, total debt or net cash provided by operating activities, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies. For a reconciliation to the most directly comparable GAAP financial measures, please refer to APA's second quarter 2022 earnings release at www.apacorp.com and "Non-GAAP Reconciliations" of this earnings supplement.

None of the information contained in this document has been audited by any independent auditor. This earnings supplement is prepared as a convenience for securities analysts and investors and may be useful as a reference tool. We may elect to modify the format or discontinue publication at any time, without notice to securities analysts or investors.

2Q 2022 Key Metrics



	2Q 2022
Reported Production	385 Mboe/d
Adjusted Production⁽¹⁾	305 Mboe/d
Cost Incurred in Oil and Gas Property	\$498 Million
Upstream Capital Investment⁽²⁾	\$428 Million
Net Cash Provided by Operating Activities	\$1,535 Million
Adjusted EBITDAX⁽²⁾	\$1,957 Million
Free Cash Flow⁽²⁾	\$814 Million
Diluted Earnings Per Share	\$2.71
Adjusted Earnings Per Share⁽²⁾	\$2.37

(1) Excludes production attributable to Egypt tax barrels and noncontrolling interest.

(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

Recent Highlights

Generated **\$814 Million** of Free Cash Flow⁽¹⁾ in 2Q'22



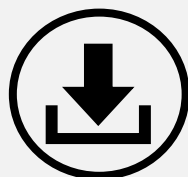
2Q'22 Upstream Capital Investment⁽¹⁾ of **\$428 Million**

Returned **\$334 Million** to Shareholders Through Dividends & Share Repurchases in 2Q'22
Repurchased **\$232 Million** of Shares in July



Returned **76% (\$1.5 Billion)⁽³⁾** of Free Cash Flow Since Return Framework Announcement in 4Q'21

Paid Down **\$605 Million** of Debt on APA's Revolving Credit Facility in 2Q'22



APA Net Debt^(1,2) Reduction of **\$2.9 Billion (↓37%)** since YE'20



2022 Sustainability Report Published in Late July

Announced Flow Test Results at **Krabdagu Discovery** on Block 58 Suriname



Drilling **Dikkop & Baja** Exploration Prospects on Block 58 & 53 Suriname, Respectively

(1) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations. Please refer to the glossary of referenced terms for definitions of Free Cash Flow and Upstream Capital Investment.

(2) Excludes Altus Midstream (ALTM).

(3) Shareholder return through 2Q 2022. Excludes July share repurchases.

APA Corporation Strategy



- Prioritize long-term, full-cycle returns through capital allocation
- Invest to sustain/slightly grow global production from pre-pandemic levels
- Focused on immediate and actionable ESG opportunities most relevant to our industry and APA

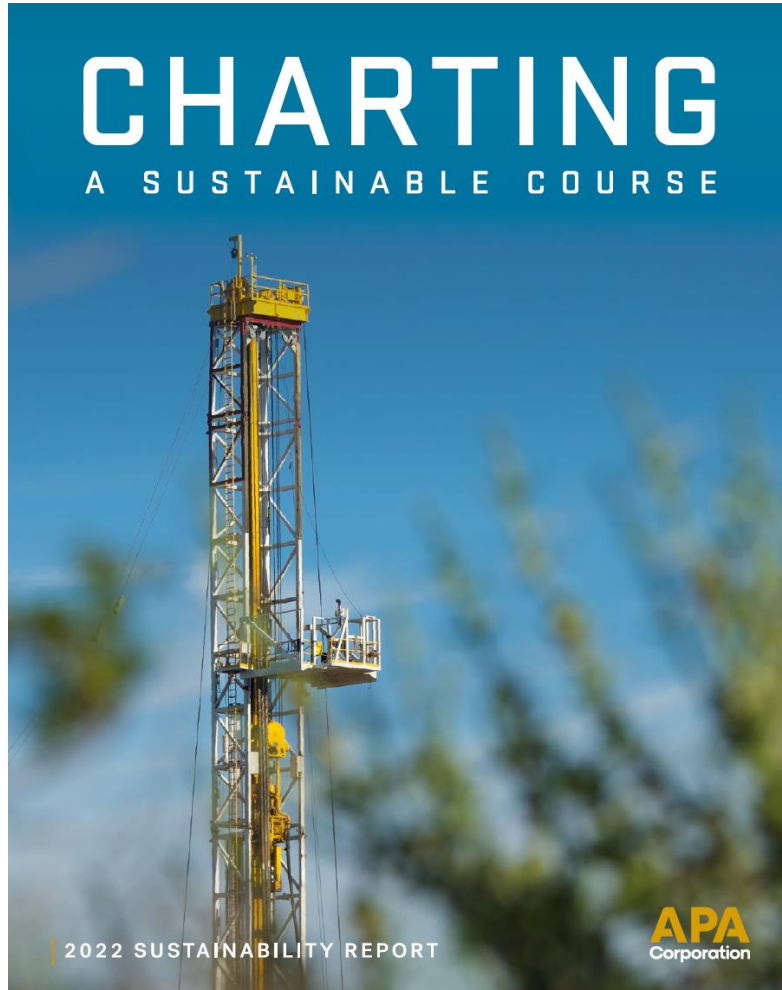


- Return a minimum of 60% of Free Cash Flow to shareholders through a competitive ordinary dividend and share repurchases
- Aggressively manage cost structure
- Continue to strengthen the balance sheet & achieve investment grade credit rating among multiple rating agencies



- Diversify risk through a balanced commodity profile and geographic pricing points
- Maintain flexibility to re-allocate capital within portfolio in response to commodity price opportunity
- Retain capability to build inventory through exploration or acquire & exploit

APA Corporation's 2022 Sustainability Report



“ We are charting a steady course and positioning ourselves as a partner to the world by providing affordable, reliable and abundant sources of energy.”





John Christmann, CEO and President

To view the report online, please visit the APA Corporation website at apacorp.com/sustainability.





2Q Asset Update

2Q 2022 Global Portfolio

GLOBAL





 384,627 BOE/D Reported Production	 47% / 16% / 37% Oil / NGL / Gas	 21 Gross, 21 Net Drilled & Completed Wells ⁽¹⁾	 20 Avg Rigs
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UNITED STATES

 200,269 BOE/D Reported Production	 32% / 30% / 38% Oil / NGL / Gas	 9 Gross, 9 Net Drilled & Completed Wells ⁽¹⁾	 4 Avg Rigs
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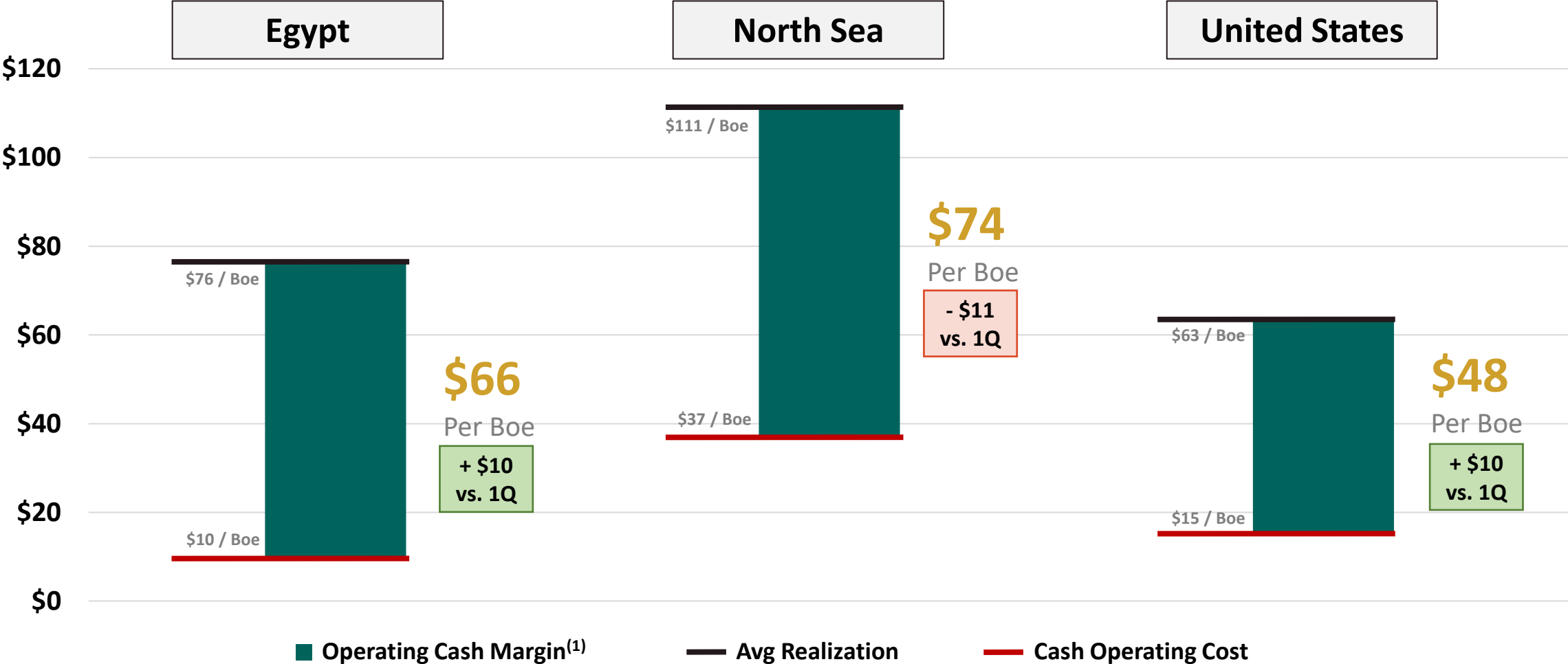
INTERNATIONAL

 184,358 BOE/D Reported Production	 64% / 1% / 35% Oil / NGL / Gas	 12 Gross, 12 Net Drilled & Completed Wells ⁽¹⁾	 16 Avg Rigs ⁽²⁾
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(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

(2) Includes two rig average in Suriname.

2Q 2022 Operating Cash Margins



(1) Operating cash margins calculated as price realizations less lease operating expenses, gathering, processing, & transmission costs, and taxes other than income. Please note that North Sea margins are calculated using sales volumes, which include the impact of timing of liftings.

U.S. Update

ASSET HIGHLIGHTS

- **Southern Midland Basin:** Averaged 2 rigs; placed 6 wells on production in 2Q'22
 - Anticipate placing ~10 wells on production in 3Q'22
- **Delaware Basin:** Averaged 1 rig; placed no new wells on production in 2Q'22
 - Drilled 6 wells at DXL field, expected online in 4Q'22
 - Rig moved to Alpine High to drill first pad since 2019
 - Completed tuck-in acquisition in July of properties primarily in Loving & Reeves counties near the company's active development areas in the Texas Delaware basin
 - Consists of producing wells, wells in the drilling & completion process, and an inventory of undrilled locations
 - 2 rigs currently operating with one rig to be released in 4Q'22, other will be retained as a 4th U.S. development rig
- **Austin Chalk:** Averaged 1 rig; placed 3 wells on production in 2Q'22
 - Pausing delineation program to integrate results
 - Plan to release rig in September and bring 3 additional wells online in 2H'22

2Q 2022 ASSET STATS



200,269 BOE/D

Reported Production



32% / 30% / 38%

Oil / NGL / Gas



9 Gross, 9 Net

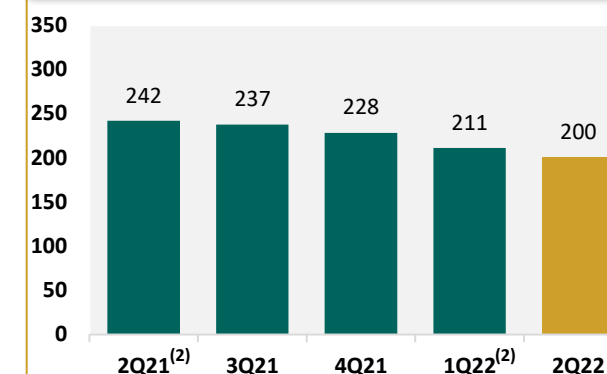
Drilled & Completed Wells⁽¹⁾



4

Avg Rigs

NET PRODUCTION MBOE/D



(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

(2) Includes approximately 5 Mboe/d of production from assets sold in 2021 and approximately 5 Mboe/d related to 1Q'22 Delaware Basin minerals sale.

Egypt Update

ASSET HIGHLIGHTS

- Gross oil production increased 5% in 2Q'22 to 141 MBO/D
- Drilling success rate of 92% (11 of 12 wells) in 2Q'22
 - Belzoni-01X discovery encountered 34 ft of net pay & tested at ~8 MBOE/D (72% Oil); awaiting flowline hookup
 - KPR-D05 development target encountered 44 ft of net pay; initial production at 5 MBO/d
 - Unlocking new exploration potential and prior investment from 2016 Bid Round
 - Mahroussa-A01X discovery encountered 31 ft of net pay in the South Alaam El Shawish Concession
 - Mustang-01X & Ladice-01X discoveries encountered 26 ft & 46 ft of net pay, respectively, in the Northwest Razzak Concession
- On track to meet 40% upstream flaring reduction goal by YE'22
 - Compression added at Tango & Biruni Early Production Facilities
 - Reduces flared gas & increases sales volume

2Q 2022 ASSET STATS



143,536 BOE/D

Reported Production



60% / 0% / 40%

Oil / NGL / Gas



12 Gross, 12 Net

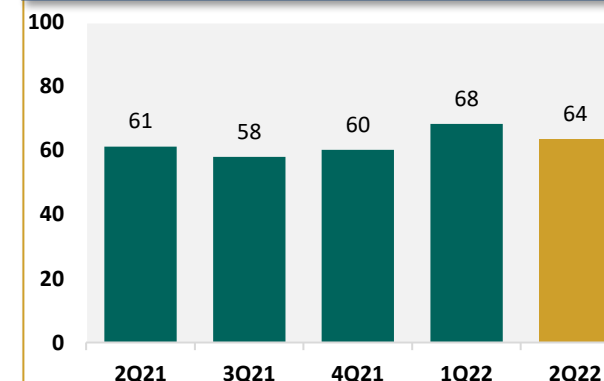
Drilled & Completed Wells⁽¹⁾



12

Avg Rigs

ADJUSTED PRODUCTION MBOE/D ⁽²⁾

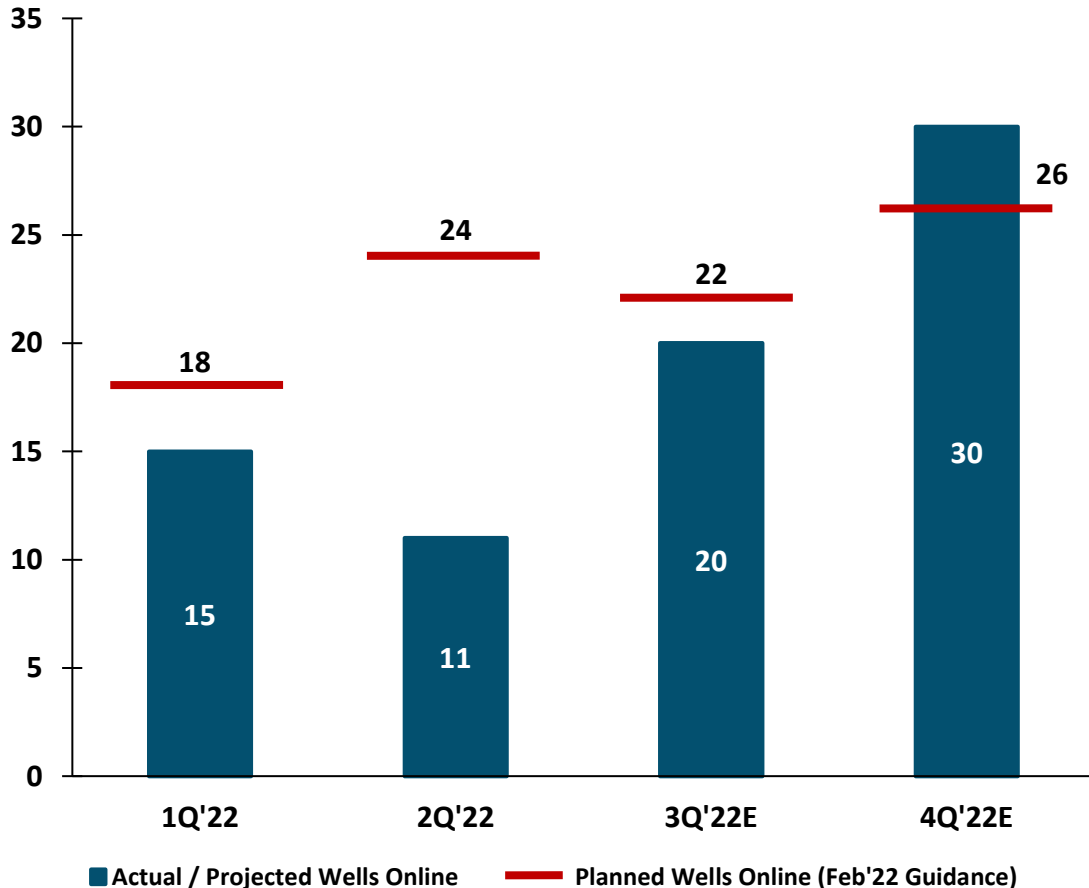


(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

(2) Excludes production attributable to tax barrels and noncontrolling interest.

2022 Egypt Outlook Commentary

Egypt Well Connection Expectations (Current vs Feb'22 Guidance)



- Temporary operational delays & rig ramp inefficiencies
 - Supply chain, equipment & infrastructure related delays
 - Longer than expected time to staff & reactivate cold-stacked rigs
 - Anticipate reaching 15 rigs in August, versus original expectations by mid-year
 - Extended drill times, primarily a function of inefficiencies with new crews & rigs
 - Increased regional competition for experienced national employees
- Expect to bring 15% fewer wells online in 2022 than original expectations
- Activity delays drive 10% lower 2022 capital spend in Egypt than previously projected

North Sea Update

ASSET HIGHLIGHTS

- Forties maintenance turnaround (TAR) executed safely and on budget
- Deferred start of 30+ day Beryl TAR into 3Q'22, resulting in minor shift of volumes from 3Q into 2Q
- *Garten-3* (100% WI) to commence production in 3Q'22 following completion of Beryl TAR
 - Encountered > 830 ft of high-quality TVD net pay (compared to 700 ft & 1,200 ft in Garten 1 and Garten-2 wells, respectively)
- Continue to expect 4Q'22 production to exceed 50 Mboe/d

2Q 2022 ASSET STATS



40,822 BOE/D

Reported Production



80% / 3% / 17%

Oil / NGL / Gas



0 Gross, 0 Net

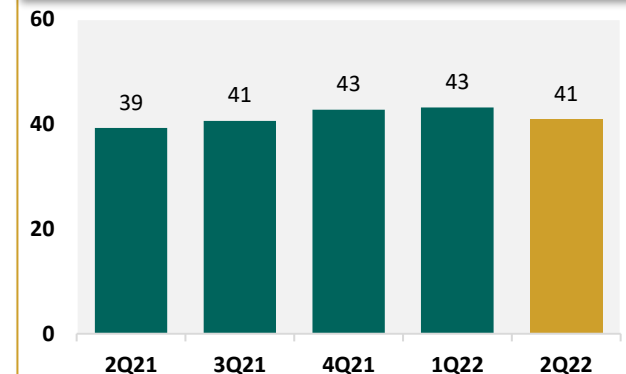
Drilled & Completed Wells⁽¹⁾



2

Avg Rigs

NET PRODUCTION MBOE/D



(1) Includes operated wells completed and fully evaluated, but not necessarily placed onto production.

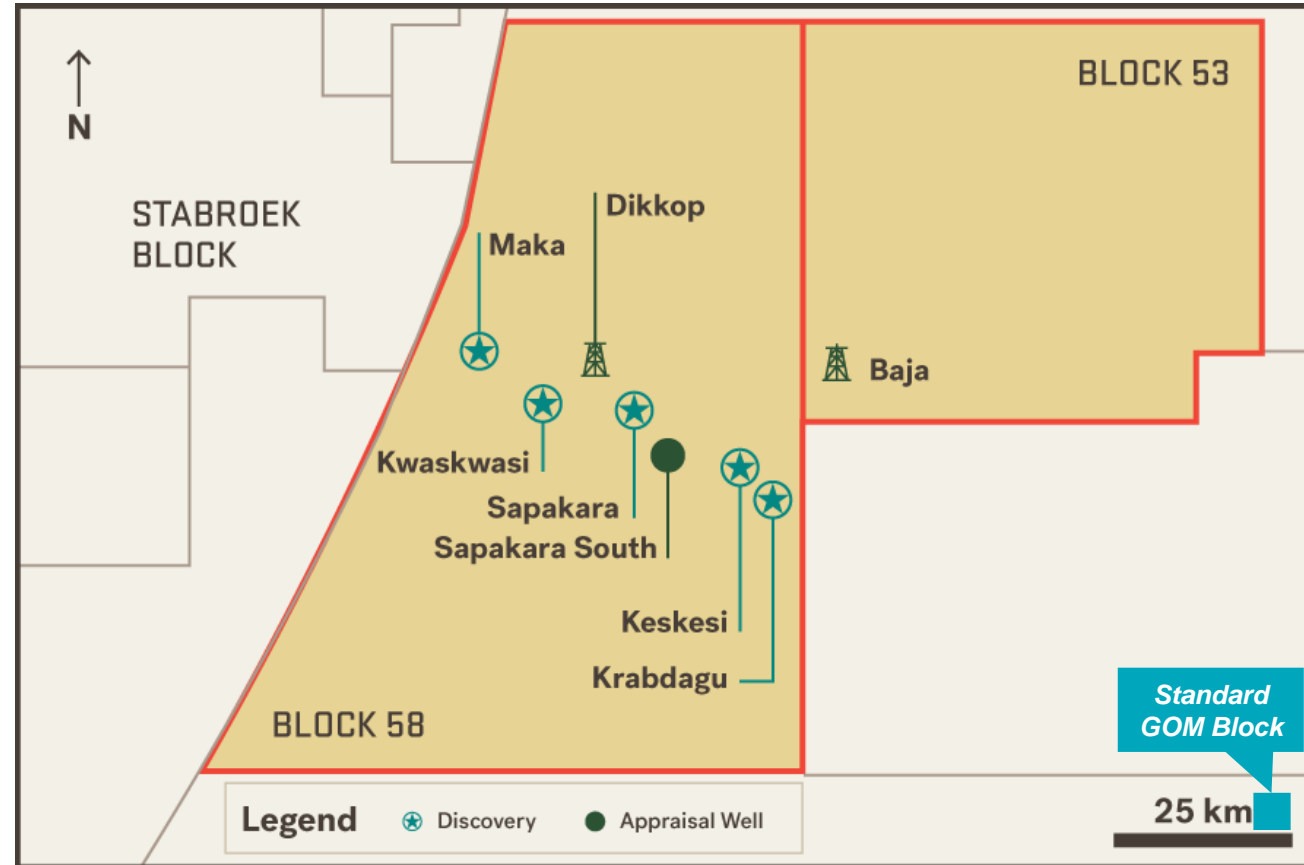
Suriname Update

Block 58 (APA 50% WI)

- Five exploration discoveries since Jan. 2020
- Announced flow test results of **Krabdagu-1** discovery well, indicating an estimated 180+ MM barrels of connected oil in place
- *Maersk Valiant* currently drilling the **Dikkop** exploration prospect

Block 53 (APA 45% WI)

- Currently drilling the **Baja** exploration prospect
- *Noble Gerry De Souza* drillship to move to Block 58 following drilling operations at Baja



Guidance

	3Q 2022	FY 2022	Commentary
Production (Mboe/d)			
United States.....	208 – 212	208 – 210	US FY '22 updated to reflect Texas DB acquisition, deferral of Austin Chalk activity, Permian completion timing delays and divestiture
Egypt (Reported).....	135 – 139	140 – 144	Egypt FY'22 updated for higher oil price PSC effects and change in well connection expectations; 3Q gross oil to be relatively flat with 2Q
North Sea.....	36	44	North Sea FY'22 unchanged
Total Reported Production.....	379 – 387	392 – 398	
Less: Egypt Tax Barrels.....	45 – 46	46 – 47	
Less: Egypt Noncontrolling Interest.....	30 – 31	31 – 32	
Total Adjusted Production.....	304 – 310	315 – 319	FY down ~2% from prior guidance
Total Adjusted Oil Production (Mbo/d).....	138 – 140	143 – 145	FY down ~3% from prior guidance
Upstream Capital Investment (\$ in millions) ⁽¹⁾	\$515	\$1,725	FY'22 unchanged; 3Q sequential uptick reflects timing of spend across all regions, with 4Q expected to decrease
Lease Operating Expense (\$ in millions).....	\$400	\$1,470	FY increased by \$50 MM primarily due to impact of higher fuel costs
DD&A (\$ in millions).....	\$300	\$1,215	FY reduced by \$50 MM
General & Administrative Expense (\$ in millions).....	\$105	\$450	FY reduced by \$50 MM for updated MTM stock comp assumptions
Gathering, Processing & Transmission Expense (\$ in millions).....	\$90	\$350	FY unchanged
Net Gain (Loss) on Oil and Gas Purchases and Sales (\$ in millions).....	(\$10)	(\$15)	FY updated for basis differentials; excludes cash impact of basis hedges
North Sea Current Tax Expense (\$ in millions).....	\$95	\$540	FY updated for EPL tax impact

Note: Guidance reflects 7/8/2022 strip pricing assumptions.

(1) Refer to glossary of referenced terms for definition of Upstream Capital Investment.

Appendix

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 long-term incentive compensation-linked emissions reduction goal:

Deliver projects that eliminate at least 1 million tonnes of CO₂e emissions annually by year-end 2024



First in Peer Group to link Emissions Goal to Long-Term Incentive Compensation

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

APA Committed to Return \geq 60% of Free Cash Flow to Shareholders in 2022

	4Q 2021	1Q 2022	2Q 2022	YTD 6/30/2022	Since Inception (Oct'21)
Shares Repurchased (MM)	31.2	7.2	7.0	14.2	45.4
Average Stock Price	\$27.13	\$36.07	\$41.59	\$38.78	\$30.78
Share Repurchases (\$MM)	\$847	\$261	\$291	\$552	\$1,399
Dividends (\$MM)	\$24	\$43	\$43	\$86	\$110
Total Cash Return (\$MM)	\$871	\$304	\$334	\$638	\$1,509
Free Cash Flow (\$MM)	\$485	\$675	\$814	\$1,489	\$1,974
% Free Cash Flow Returned	180%	45%	41%	43%	76%
APA Upstream Total Debt Change (\$MM)	\$102	(\$964)	(\$604)	(\$1,568)	(\$1,466)

In July, APA repurchased an additional 6.9 million shares at an average price of \$33.87

APA Repurchased \$1.6 Billion of Shares (~14% of Outstanding Shares)⁽¹⁾ & Eliminated \$1.5 Billion in Upstream Debt Since Inception of Capital Return Framework

(1) Includes July share repurchases.

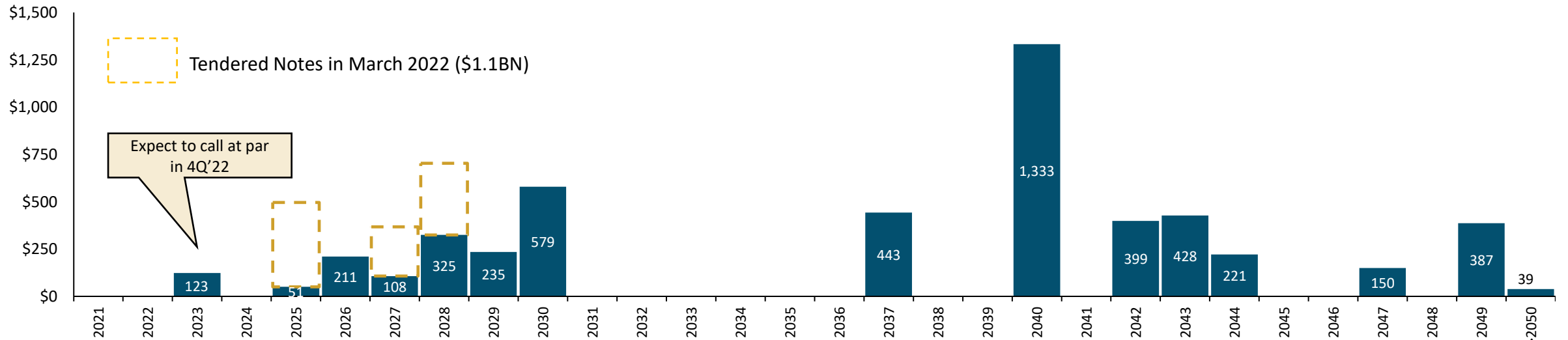
APA Debt Profile Improvement

As of June 30, 2022

	YE 2021	June 2022
Notes & Debentures⁽¹⁾	\$6,344MM	\$5,032MM
Avg. Coupon	5.075%	5.255%
Avg. Maturity	13.8 Years	15.7 Years

Significant Balance Sheet De-Leveraging Actions

- \$213 million (April '22 notes) called at par in January
- De-consolidated ~\$1.4 billion of ALTM debt and preferred in February
- Completed \$1.1 billion tender for near-term maturities in March
 - Upgraded by Fitch to Investment Grade at BBB- (Stable) in April
 - Moody's outlook changed to positive from stable in June
- Plan to call \$123 million (January '23 notes) at par in 4Q'22



(1) Excludes finance lease obligations and is before unamortized discount and debt issuance costs.

Open Commodity Derivative Positions (As of August 2, 2022)

Production Period	Trade Type	Index	Units	Daily Volume	Weighted Avg Price \$ / Unit
Natural Gas Basis Hedges					
August 2022 – December 2022	Basis Swap	IF Waha / IF HSC	MMBtu	236,013	(\$0.59)
January 2023 – December 2023	Basis Swap	IF Waha / IF HSC	MMBtu	226,068	(\$1.10)
January 2024 – June 2024	Basis Swap	IF Waha / IF HSC	MMBtu	20,000	(\$1.15)

Upstream Capital Investment

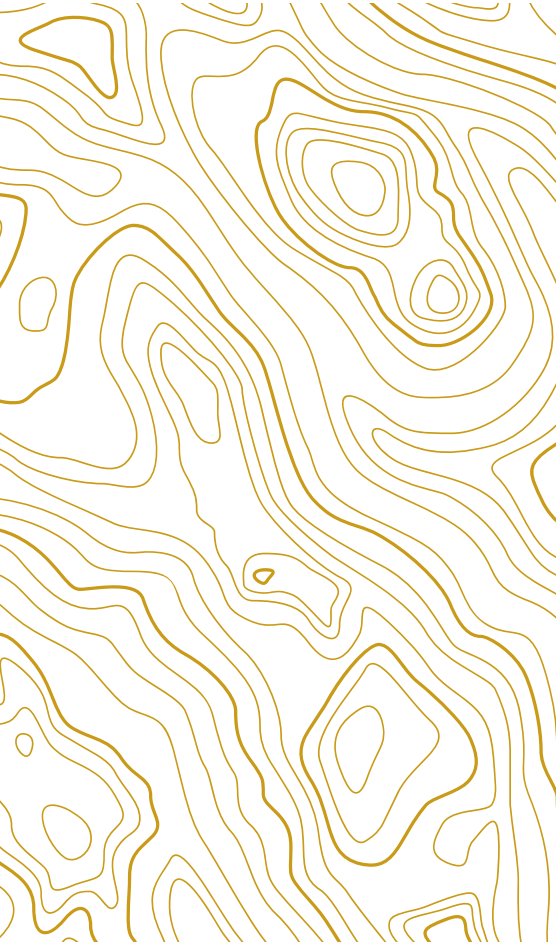
(\$ in Millions)	1Q22	2Q22
United States.....	\$ 175	\$ 192
Egypt (Apache's interest only).....	98	109
North Sea.....	36	41
Suriname.....	<u>52</u>	<u>86</u>
Upstream Capital Investment Total.....	\$ <u>361</u>	\$ <u>428</u>

For a reconciliation of Cost Incurred to Upstream Capital Investment please refer to the Non-GAAP Reconciliations.

Egypt: Production Detail

	1Q 2022			2Q 2022						
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d				
Gross Production	135,132	597,812	234,767	141,896	555,694	234,512				
Reported Production	85,509	386,577	149,938	85,799	346,424	143,536				
% Gross	63%	65%	64%	60%	62%	61%				
Less: Tax Barrels	26,995	123,314	47,547	28,699	117,261	48,242				
Net Production Excluding Tax Barrels	58,514	263,263	102,391	57,101	229,162	95,294				
% Gross	43%	44%	44%	40%	41%	41%				
Less: Noncontrolling Interest	19,505	87,754	34,130	19,034	76,387	31,765				
Adjusted Production	39,009	175,509	68,261	38,067	152,775	63,530				
% Gross	29%	29%	29%	27%	27%	27%				
<i>MBOE/D</i>	2020				2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Gross Production	295	281	269	245	237	233	229	235	235	235
Reported Production	117	127	128	116	119	114	111	115	150	144
Adjusted Production	72	86	76	70	63	61	58	60	68	64
Brent Oil Benchmark Pricing	\$50	\$33	\$43	\$45	\$61	\$69	\$73	\$80	\$98	\$112

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. Beginning in the third quarter of 2022, capital investment for acquisitions will also be excluded.
- **Free Cash Flow:** Cash flow from operations before changes in operating assets and liabilities (including Egypt minority interest)
 - Minus:
 - Upstream capital investment (including Egypt minority interest)
 - Distributions to noncontrolling interest (Egypt)
 - Plus:
 - Cash dividends received from Kinetik
- 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.

Non-GAAP Reconciliations

Non – GAAP Reconciliation

Adjusted Earnings

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 Quarter Ended June 30, 2022				For the Quarter Ended June 30, 2021			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income including noncontrolling interests (GAAP)	\$ 1,462	\$ (395)	\$ 1,067	\$ 3.12	\$ 495	\$ (87)	\$ 408	\$ 1.07
Income attributable to noncontrolling interests	251	(110)	141	0.41	104	(36)	68	0.18
Income attributable to Altus preferred unit limited partner	-	-	-	-	24	-	24	0.06
Net income attributable to common stock - Basic	1,211	(285)	926	2.71	367	(51)	316	0.83
Effect of dilutive securities **	-	-	-	-	(6)	-	(6)	(0.01)
Net income attributable to common stock	1,211	(285)	926	2.71	361	(51)	310	0.82
Adjustments: *								
Asset and unproved leasehold impairments	2	-	2	-	3	-	3	0.01
Valuation allowance and other tax adjustments	-	(129)	(129)	(0.38)	-	(60)	(60)	(0.16)
Gain on extinguishment of debt	-	-	-	-	(1)	-	(1)	-
Unrealized derivative instrument loss and related Altus Preferred impacts	26	(6)	20	0.06	72	(15)	57	0.15
Kinetik equity investment mark-to-market gain	(29)	-	(29)	(0.08)	-	-	-	-
Effect of dilutive securities **	-	-	-	-	6	-	6	0.01
Transaction, reorganization & separation costs	3	(1)	2	0.01	4	(1)	3	0.01
(Gain)/loss on divestitures, net	27	(6)	21	0.06	(65)	14	(51)	(0.13)
Other	(3)	1	(2)	(0.01)	(1)	-	(1)	(0.01)
Adjusted earnings (Non-GAAP)	\$ 1,237	\$ (426)	\$ 811	\$ 2.37	\$ 379	\$ (113)	\$ 266	\$ 0.70

*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 second quarter 2021.

Non – GAAP Reconciliation

Adjusted EBITDAX

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 ongoing 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			For the Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2022	2022	2021	2022	2021
Net cash provided by operating activities	\$ 1,535	\$ 891	\$ 969	\$ 2,426	\$ 1,640
Adjustments:					
Exploration expense other than dry hole expense and unproved leasehold impairments	18	33	17	51	29
Current income tax provision	415	392	131	807	280
Other adjustments to reconcile net income (loss) to net cash provided by operating activities	59	29	(6)	88	14
Changes in operating assets and liabilities	(149)	263	(212)	114	(37)
Financing costs, net	76	85	108	161	218
Transaction, reorganization & separation costs	3	14	4	17	4
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,957</u>	<u>\$ 1,707</u>	<u>\$ 1,011</u>	<u>\$ 3,664</u>	<u>\$ 2,148</u>

Non – GAAP Reconciliation

Cash Flow Before Changes in Operating Assets & Liabilities and Free Cash Flow

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 June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 1,535	\$ 969	\$ 2,426	\$ 1,640
Changes in operating assets and liabilities	(149)	(212)	114	(37)
Cash flows from operations before changes in operating assets and liabilities	\$ 1,386	\$ 757	\$ 2,540	\$ 1,603
Adjustments to free cash flow:				
Altus Midstream cash flows from operations before changes in operating assets and liabilities	-	(56)	-	(95)
Upstream capital investment including noncontrolling interest - Egypt	(482)	(294)	(892)	(569)
Distributions to Sinopec noncontrolling interest	(90)	(20)	(159)	(60)
Upstream free cash flow	\$ 814	\$ 387	\$ 1,489	\$ 879
Cash dividends received from Altus Midstream	-	19	-	38
Free cash flow	\$ 814	\$ 406	\$ 1,489	\$ 917

Non – GAAP Reconciliation

Segment Cash Flows

Reconciliation of Net Cash Provided by Operating Activities to Cash Flows from Continuing Operations before Changes in Operating Assets and Liabilities

Cash flows from operations before changes in operating assets and liabilities is a non-GAAP financial measure. APA uses it internally and provides the information because management believes it is useful for investors and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies and is frequently included in published research when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

	For the Quarter Ended June 30, 2022			
	North Sea	Egypt	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>			
Net cash provided by operating activities	\$ 283	\$ 440	\$ 812	\$ 1,535
Changes in operating assets and liabilities	(144)	66	(71)	(149)
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 139</u>	<u>\$ 506</u>	<u>\$ 741</u>	<u>\$ 1,386</u>

	For the Six Months Ended June 30, 2022			
	North Sea	Egypt	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>			
Net cash provided by operating activities	\$ 541	\$ 771	\$ 1,114	\$ 2,426
Changes in operating assets and liabilities	(179)	212	81	114
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 362</u>	<u>\$ 983</u>	<u>\$ 1,195</u>	<u>\$ 2,540</u>

Non – GAAP Reconciliation

Net Debt

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 APA or any of APA's other subsidiaries.

(\$ in millions)

	June 30, 2022			December 31, 2021		
	APA Upstream	Altus Midstream	APA Consolidated	APA Upstream	Altus Midstream	APA Consolidated
Current debt	\$ 125	\$ -	\$ 125	\$ 215	\$ -	\$ 215
Long-term debt	5,160	-	5,160	6,638	-	6,638
Long-term debt - Altus	-	-	-	-	657	657
Total debt	5,285	-	5,285	6,853	657	7,510
Cash and cash equivalents	282	-	282	170	132	302
Net debt	\$ 5,003	\$ -	\$ 5,003	\$ 6,683	\$ 525	\$ 7,208

Non – GAAP Reconciliation

Upstream Capital Investment

Reconciliation of Costs Incurred to Upstream Capital Investment

Management believes the presentation of upstream capital investments is useful for investors to assess APA'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 APA's cash expenditures related to upstream capital activity and is consistent with how we plan our capital budget.

(\$ in millions)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Costs incurred in oil and gas property:				
Acquisitions				
Proved	\$ -	\$ 2	\$ 9	\$ 3
Unproved	6	1	17	3
Exploration and development	492	304	911	588
Total Costs incurred in oil and gas property	\$ 498	\$ 307	\$ 937	\$ 594
Reconciliation of Costs incurred to Upstream capital investment:				
Total Costs incurred in oil and gas property	\$ 498	\$ 307	\$ 937	\$ 594
Asset retirement obligations settled vs. incurred - oil and gas property	7	6	14	8
Capitalized interest	(5)	(2)	(8)	(4)
Exploration seismic and administration costs	(18)	(17)	(51)	(29)
Upstream capital investment including noncontrolling interest - Egypt	\$ 482	\$ 294	\$ 892	\$ 569
Less noncontrolling interest - Egypt	(54)	(37)	(103)	(69)
Total Upstream capital investment	\$ 428	\$ 257	\$ 789	\$ 500



2000 Post Oak Blvd, Suite 100
Houston, TX 77056-4400

apacorp.com