

CHARTING

A STEADY COURSE



2021 SUMMARY
ANNUAL REPORT

APA
Corporation

CHARTING A STEADY COURSE

As we navigated 2021, we charted a steady course for the future success of APA Corporation, hitting numerous milestones and solidifying our position as a sustainable exploration and production leader.

On the tailwinds of rising commodity prices, we exceeded our free cash flow plan, allowing us to strengthen the company financially and enable shareholder returns via both an increased dividend and share repurchase program. We streamlined our portfolio and modernized our Production Sharing Contract (PSC) with the Egyptian government, aiming for increased production and a renewed commitment to sustainability. We made promising discoveries in Suriname, drawing us closer toward a final investment decision (FID). Our commitment to operate responsibly led us to achieve our environmental, safety and governance (ESG) goal of eliminating routine flaring across U.S. onshore operations, in addition to accomplishing related emissions and water usage goals. Our strong performance in 2021, helped lay the groundwork for continued operational efficiencies, improved financial performance and ESG leadership.



APA Global Operations Map

APA Corporation's subsidiaries have operations in the United States, Egypt's Western Desert and the United Kingdom's North Sea and exploration opportunities offshore Suriname.



2021 Operational Data by Region

	Proved Reserves (MMboe)	Gross Acreage* (in thousands)	Oil and NGL Production (Mbbbls/day)	Natural Gas Production (MMcf/day)
United States	617	3,809	141	527
Egypt	197	5,300	71	264
United Kingdom	99	494	38	39
Other International	–	2,934	–	–

*Developed and undeveloped

250

Oil and NGL Production
(Mbbls/day)

830

Natural Gas Production
(MMcf/day)

334

Adjusted Production¹
(Mboe/day)

913

Proved Reserves
(MMboe)



Production
(% of total)

- United States 59%
- Egypt 30%
- United Kingdom 11%



Proved Reserves
(% of total)

- United States 67%
- Egypt 22%
- United Kingdom 11%

388 Mboe/d

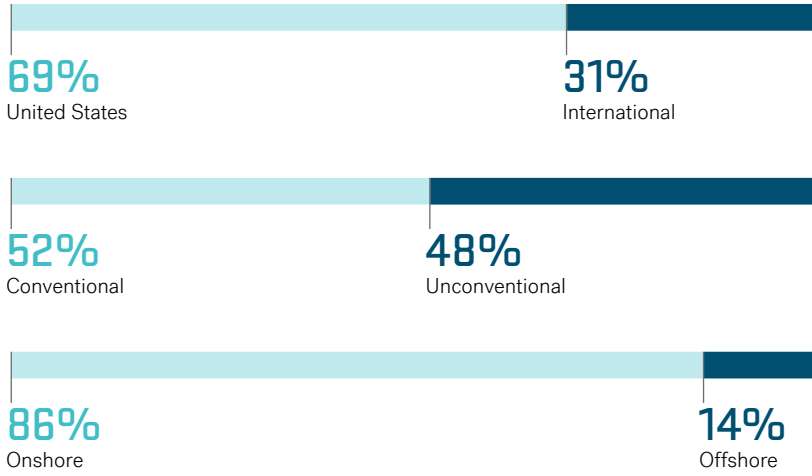
Total Production

Production by Product
(% of total)

- Oil 47%
- NGLs 17%
- Natural Gas 36%



2021 Adjusted Production



\$1.06
Billion

Upstream Capital Investment²

\$4.57
Billion

Adjusted EBITDAX²

\$6.50 Billion

Oil & Gas Revenue

Revenue by Product
(% of total)

- Oil 70%
- NGLs 11%
- Natural Gas 19%



\$2.59

Net Income Per Diluted Share

\$3.90

Adjusted Income Per Share²

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 in APA's fourth-quarter 2021 earnings release.



FELLOW SHAREHOLDERS,



John E. Lowe and John J. Christmann IV

Although several of the challenges experienced in 2020 persisted throughout 2021, our employees around the world rose to the occasion navigating the turbulence of the pandemic and related economic uncertainties.

Last year our company achieved a number of significant milestones that positioned us to chart a strong and steady course for the future. With the return to the office, we began to reimagine the future of our company and employees, transforming our work environment to a hybrid model and sparking new ideas from team members. Thanks to our collective efforts, we were able to meet these challenges with steadfast resolve and creativity.

We would like to highlight several accomplishments from the last year, beginning with our financials. Bolstered by strong commodity prices, the company generated \$1.8 billion of free cash flow exceeding our plan by nearly \$1.5 billion, and we introduced a framework to return 60% of free cash flow to our shareholders via share buybacks and dividends. We strengthened our overall financial position by reducing upstream net debt by \$1.2 billion, and we also repurchased \$847 million of stock and increased our dividend twice in 2021.

Our robust financial performance was complemented by strategic developments throughout our operations. We strengthened long-standing partnerships, ending the year with a modernized PSC with the Egyptian Ministry of Petroleum and Mineral Resources and the Egyptian General Petroleum Corporation. This agreement is an excellent outcome for both parties, and returns Egypt to one of the best long-term investment opportunities in APA's portfolio.

2021 also witnessed continued progress with our exploration and appraisal program in Block 58. After encountering high-quality reservoirs at the Kwaskwasi and Keskesi South wells, we later announced a successful flow test at Sapakara South. In early 2022, we announced an additional oil discovery at the Krabdagu exploration well in Block 58, drawing us closer toward achieving our first FID.

Furthermore, we continued to streamline our Permian Basin portfolio by divesting noncore assets, and in early 2022, announced the sale of an \$805 million mineral rights package in the Delaware Basin. We also announced the Altus Midstream and EagleClaw business combination, which closed in February 2022, deconsolidating the midstream business and its associated debt as well as providing an opportunity for near-term liquidity.

We accomplished ambitious ESG goals, most notably in the U.S., where we eliminated all onshore routine flaring, reduced our overall flaring intensity to less than 1% of the gas we produced in 2021, and reduced freshwater consumption by 20%.



“Last year our company achieved a number of significant milestones that positioned us to chart a strong and steady course for the future.”



Looking Ahead

Looking ahead, we have introduced a three-year outlook, providing guidance for free cash flow, production levels and capital investments. We are planning a modest capital investment program and stable activity set, which will return our production to pre-pandemic levels sometime in 2024 and generate significant free cash flow. We also remain committed to the capital framework introduced in 2021 returning a minimum of 60% of our free cash flow to shareholders.

As we continue to provide the energy needed for world economies to emerge from the COVID-19 pandemic, we have established a set of long and short-term environmental, social and governance goals to meet this energy demand in a responsible manner. We are committed to leading by example when taking on this challenge. For the first time, we are setting an ambitious ESG goal directly tied to long-term incentive compensation. Specifically, by the end of 2024, we will implement capital and operational projects that collectively will eliminate at least 1MM tonnes of annualized CO₂ emissions. In 2022, we have also established short-term goals tied to all employee compensation, including reducing upstream flaring in Egypt by 40%, establishing a supplier diversity program, and enhancing our employee work experience.

Our long-term strategy remains unchanged. We will focus on creating sustainable free cash flow by continuing to prioritize long-term returns over production growth, strengthening our balance sheet through debt reduction, advancing our large-scale opportunity in Suriname, and leveraging our updated production sharing contract terms in Egypt. We will continue our efforts to differentiate through our diversified portfolio, steady development pace, unique exploration opportunities and ESG leadership. Through all of these endeavors, we are stemming the tide of uncertainty, charting a steady course, and positioning ourselves for greater financial strength, sustainability, increased returns and enhanced operational efficiency.

Thank you for your continued investment and support.

John E. Lowe
Chairman of the Board

John J. Christmann IV
Chief Executive Officer
and President

CHARTING A SUSTAINABLE COURSE

As APA works to help address the global challenges of providing energy and reducing emissions, we are focused on producing those resources safely and responsibly.

We are committed to being a leader on ESG issues and have organized our ESG efforts around three areas where we believe we can have the greatest direct impact: air, water and communities and people. Last year, we established several aggressive goals to further our progress on these key ESG focus areas.

Air

We are committed to reducing greenhouse gas emissions in our operations and collaborating with others across our value chain to develop better approaches to emission reduction and leak detection. We use a range of methods to minimize emissions including preventative maintenance programs and the careful design and engineering of new facilities. In 2021, we eliminated all U.S. onshore routine flaring and delivered a flaring intensity of less than 1% in U.S. onshore. We continue to reduce emissions by evaluating infield equipment usage with operational needs, replacing diesel or gas-fired engines and increasing access to pipeline infrastructure.

27%

reduction in flaring emissions from 2016-2021

41%

reduction in venting emissions from 2016-2021



Water

We seek to minimize our use of fresh water by finding innovative ways to reuse produced water, sourcing alternatives to fresh water, and reducing the overall amount of water required for operations. Across our operations, we continue to leverage technology to preserve freshwater resources. Additionally, we achieved our ESG goal to reduce U.S. total operational water usage to less than 20% freshwater.

84%

of all water utilized for production operations from 2016-2021 classified as recycled or reused

91%

of the water used in U.S. hydraulic fracturing operations in 2021 was nonfresh or recycled produced water

Communities and People

We seek to provide fulfilling and rewarding careers for our employees while fostering a more inclusive culture where all employees can thrive. We also work to build lasting relationships with the communities in which we operate and are committed to protecting the health, safety and well-being of our team and our communities.

To meet our ESG goal of fostering a more inclusive culture, we expanded our diversity and inclusion (D&I) program through various efforts across the company. We increased participation in Employee Resource Groups and launched a new ERG as well as a D&I council to engage employees on our initiatives. We also added rigor to our program by establishing a dashboard to monitor diversity trends within the organization and deploying D&I training for all employees.

In 2021, we initiated a new partnership with the U.S.-based Posse Foundation to support its efforts to recruit and train students with extraordinary leadership potential and our employees actively participated in a mentorship program with 60 university scholars.

Environmental stewardship has been a strategic focus area for many years, and in 2021, we donated more than 55,000 trees to 66 nonprofit partner organizations through the annual Apache Tree Grant Program, adding to the millions of trees planted over the years in the U.S.

We continued our legacy of educating nearly 15,000 young girls at Springboard Girls Schools in Egypt, which we founded in 2004.

33%

of U.S. employees self-identified as ethnic minorities, up from 25% in 2016

600

teachers and supervisors of Springboard Girls School completed final phase of a 3-year development training program

55,000

trees granted to 66 community partners in the U.S.

Financial Summary

(Dollars in millions, except per share data)

Year ending December 31	2021	2020	2019
Oil and Gas Production Revenues	\$ 6,498	\$ 4,037	\$ 6,315
Net Income (Loss) Attributable to Common Shareholders	\$ 973	\$ (4,860)	\$ (3,553)
Diluted Net Income (Loss) per Common Share	\$ 2.59	\$ (12.86)	\$ (9.43)
Net Cash Provided by Operating Activities	\$ 3,496	\$ 1,388	\$ 2,867
Changes in Operating Assets and Liabilities	\$ (37)	\$ 186	\$ (3)
Cash from Operations before Changes in Operating Assets and Liabilities*	\$ 3,459	\$ 1,574	\$ 2,870
Total Assets	\$ 13,303	\$ 12,746	\$ 18,107
Total Debt	\$ 7,510	\$ 8,772	\$ 8,566
Total Equity (Deficit)	\$ (717)	\$ (645)	\$ 4,465
Cash Dividends Declared per Common Share	\$ 0.24	\$ 0.10	\$ 1.00
Operational Summary			
Costs Incurred in Oil & Gas Property	\$ 1,259	\$ 1,211	\$ 2,529
Upstream Capital Investment*	\$ 1,062	\$ 988	\$ 2,366
Natural Gas Production (MMcf/d)	830	893	980
Oil and NGL Production (Mbbls/d)	250	291	310
Proved Reserves (MMboe)	913	874	1,011

*Non-GAAP Financial Measure

SINCE 1954,

our team has been unified by our values, our commitment to building shareholder value and our culture, which empowers every employee to make decisions and achieve the company's goals. Our global team is brought together by a sense of ownership and the knowledge that the best answers win.

Our Vision

is to be the premier exploration and production company, contributing to global progress by helping meet the world's energy needs.

Our Core Values

- ▶ Safety is not negotiable and will not be compromised;
- ▶ We derive benefit from the Earth and take our environmental responsibility seriously;
- ▶ Expect top performance and innovation;
- ▶ Seek relentless improvement in all facets;
- ▶ Drive to succeed with a sense of urgency;
- ▶ Invest in our greatest asset: our people;
- ▶ Foster a contrarian spirit;
- ▶ Treat our stakeholders with respect and dignity; and
- ▶ Conduct our business with honesty and integrity.



Non-GAAP Financial Measures:

Our financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP financial information. It is management's intent to provide non-GAAP financial information to enhance understanding of our consolidated financial information as prepared in accordance with GAAP. Oil and gas capital investment, adjusted EBITDAX, and cash from operations before changes in operating assets and liabilities are non-GAAP measures. This non-GAAP information should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. For a reconciliation to the most directly comparable GAAP financial measure, please refer to APA's fourth-quarter 2021 earnings release. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measures.

Forward-Looking Statements:

This summary annual report contains 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. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "continues," "could," "estimates," "expects," "guidance," "may," "might," "outlook," "possibly," "potential," "projects," "prospects," "should," "will," "would," and similar references to future periods, but the absence of these words does not mean that a statement is not forward-looking. These statements include, but are not limited to, statements about future plans, expectations, and objectives for operations, including statements about our capital plans, drilling plans, production expectations, asset sales, and monetizations. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. See "Risk Factors" in APA's 2021 Form 10-K, and in our quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission for a discussion of risk factors that affect our business. Any forward-looking statement made by us in this summary annual report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future development or otherwise, except as may be required by law.

Our Website: apacorp.com

Our website provides additional company and financial data, including:

- Profiles and maps of the company's worldwide operations: apacorp.com/portfolio
- Background on our values, governance, management and history: apacorp.com/about
- Stock information, market data, investor presentations and news: investor.apacorp.com
- Career opportunities: apacorp.com/careers

Our Social Media Sites

- Instagram: [instagram.com/apachecorporation](https://www.instagram.com/apachecorporation)
- Facebook: [facebook.com/apachecorporation](https://www.facebook.com/apachecorporation)
- Twitter: twitter.com/apa_corp

2021 Sustainability Report

Our 2021 Sustainability Report features our performance in governance, economics, environmental stewardship, health and safety in the workplace and community outreach. The report is available online: apacorp.com/sustainability

Media and Other Stakeholder Inquiries

Members of the media and other external stakeholders are welcome to contact our Communications & Public Affairs office. Information requests may be directed to:

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Vice President, Communications & Public Affairs
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media@apachecorp.com

Investor Inquiries

Shareholders, brokers, securities analysts or portfolio managers seeking information about the company are welcome to contact our Investor Relations department:
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