



NEWS RELEASE

APA Corporation Announces Second-Quarter 2023 Financial and Operational Results

Key Takeaways

- *Reported production of 399,000 barrels of oil equivalent (BOE) per day; adjusted production, which excludes Egypt noncontrolling interest and tax barrels, was 325,000 BOE per day;*
- *Generated net cash from operating activities of \$1 billion;*
- *Returned 131% (\$123 Million) of Free Cash Flow to shareholders in the second quarter;*
- *Appraisal at Krabdagu-3 on Block 58 offshore Suriname confirms extension of oil resource 14 kilometers from the discovery well;*
- *Long-term natural gas supply contract with Cheniere commenced Aug. 1; and*
- *On track to deliver total adjusted oil production growth of more than 10% for the year, driven by U.S. and Egypt performance.*

HOUSTON, Aug. 2, 2023 – APA Corporation (Nasdaq: APA) today announced its financial and operational results for the second quarter of 2023.

APA reported net income attributable to common stock of \$381 million, or \$1.23 per diluted share. When adjusted for items that impact the comparability of results, APA's second-quarter earnings were \$264 million, or \$0.85 per diluted share. Net cash provided by operating activities was \$1.0 billion, and adjusted EBITDAX was \$1.2 billion. The company generated \$94 million in free cash flow during the quarter.

"APA delivered a strong second quarter, driven by steady operational execution and ongoing cost management," said John J. Christmann IV, APA's CEO and president. "Global adjusted production was at the high end of expectations, led by above-guidance oil production growth in the Permian Basin. In Suriname, appraisal of the Krabdagu fairway is ongoing. While there is more technical work to do, the results to date have provided more confidence as we advance toward developing the country's first offshore oil hub."

Second-Quarter Summary

Second-quarter reported production was 399,000 BOE per day, and adjusted production, which excludes

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Egypt noncontrolling interest and tax barrels, was 325,000 BOE per day. Adjusted production grew by 2% compared to the first quarter, driven primarily by a 6% increase in U.S. oil volumes. Gross oil production in Egypt was in line with guidance.

APA's second-quarter upstream capital investment of \$516 million was below guidance, as were lease operating expenditures and G&A. These results were primarily a result of the company's continued focus on cost management.

Capital and Activity Update

For the remainder of the year, drilling activity in the U.S. and Egypt is expected to remain at current levels, as this activity pace optimizes operational efficiencies. In Suriname, the focus is on completing the Krabdagu appraisal program and scoping an oil hub project to develop the combined Sapakara and Krabdagu resource. No additional drilling will be necessary in Suriname during 2023. Accordingly, when combined with deferred platform drilling activity in the North Sea and ongoing cost management efforts, APA is reducing full-year upstream capital investment guidance to \$1.9 billion. Additionally, the company is lowering its full-year LOE outlook by \$100 million to \$1.4 billion.

Christmann concluded, "We are tracking in line with the full-year production guidance issued in February and are particularly pleased with the oil production growth we are currently generating on a reduced capital budget."

Conference Call

APA will host a conference call to discuss its second-quarter 2023 results at 10 a.m. Central time, Thursday, Aug. 3. The conference call will be webcast from APA's website at www.apacorp.com and investor.apacorp.com. Following the conference call, a replay will be available for one year on the "Investors" page of the company's website.

About APA

APA Corporation owns consolidated subsidiaries that explore for and produce oil and natural gas in the United States, Egypt and the United Kingdom and that explore for oil and natural gas offshore Suriname

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and the Dominican Republic. APA posts announcements, operational updates, investor information and press releases on its website, www.apacorp.com. Additional details regarding Suriname, ESG performance and other investor-related topics are posted at investor.apacorp.com.

Additional Information

Additional information follows, including reconciliations of adjusted earnings, adjusted EBITDAX, upstream capital investment, net debt, cash flows from operations before changes in operating assets and liabilities and free cash flow (non-GAAP financial measures) to GAAP measures and information regarding adjusted production. APA's quarterly supplement is available at <http://www.apacorp.com/financialdata>.

Non-GAAP Financial Measures

APA's 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. Adjusted earnings, adjusted EBITDAX, upstream capital investment, net debt, cash flows from operations before changes in operating assets and liabilities and free cash flow 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. 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 measure.

Forward-Looking Statements

This news release 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," "goals," "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

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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 Form 10-K for the year ended December 31, 2022, 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 in this news release 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. APA and its subsidiaries 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.

Cautionary Note to Investors

The United States Securities and Exchange Commission 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. APA may use certain terms in this news release, such as “resources,” “potential resources,” “resource potential,” “estimated net reserves,” “recoverable reserves,” and other similar terms that the SEC guidelines strictly prohibit APA 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 Dec. 31, 2022 available from APA at www.apacorp.com or by writing APA at: 2000 Post Oak Blvd., Suite 100, Houston, TX 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.

Contacts

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APA CORPORATION
STATEMENT OF CONSOLIDATED OPERATIONS

(Unaudited)
(In millions, except per share data)

| | For the Quarter Ended | | For the Six Months Ended | |
|--|-----------------------|---------------|--------------------------|-----------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| REVENUES AND OTHER: | | | | |
| Oil, natural gas, and natural gas liquids production revenues | | | | |
| Oil revenues | \$ 1,365 | \$ 1,863 | \$ 2,762 | \$ 3,580 |
| Natural gas revenues | 180 | 433 | 422 | 813 |
| Natural gas liquids revenues | 107 | 229 | 237 | 452 |
| | <u>1,652</u> | <u>2,525</u> | <u>3,421</u> | <u>4,845</u> |
| Purchased oil and gas sales | 144 | 522 | 383 | 871 |
| Total revenues | <u>1,796</u> | <u>3,047</u> | <u>3,804</u> | <u>5,716</u> |
| Derivative instrument gain (loss), net | 51 | (32) | 104 | (94) |
| Gain (loss) on divestitures, net | 5 | (27) | 6 | 1,149 |
| Other, net | 109 | 64 | 77 | 109 |
| | <u>1,961</u> | <u>3,052</u> | <u>3,991</u> | <u>6,880</u> |
| OPERATING EXPENSES: | | | | |
| Lease operating expenses | 361 | 359 | 682 | 703 |
| Gathering, processing, and transmission | 78 | 94 | 156 | 175 |
| Purchased oil and gas costs | 131 | 528 | 347 | 879 |
| Taxes other than income | 50 | 78 | 102 | 148 |
| Exploration | 43 | 56 | 95 | 98 |
| General and administrative | 72 | 89 | 137 | 245 |
| Transaction, reorganization, and separation | 2 | 3 | 6 | 17 |
| Depreciation, depletion, and amortization: | | | | |
| Oil and gas property and equipment | 354 | 269 | 679 | 547 |
| Other assets | 13 | 9 | 20 | 22 |
| Asset retirement obligation accretion | 29 | 29 | 57 | 58 |
| Impairments | 46 | - | 46 | - |
| Financing costs, net | 82 | 76 | 154 | 228 |
| | <u>1,261</u> | <u>1,590</u> | <u>2,481</u> | <u>3,120</u> |
| NET INCOME BEFORE INCOME TAXES | 700 | 1,462 | 1,510 | 3,760 |
| Current income tax provision | 254 | 415 | 600 | 807 |
| Deferred income tax provision (benefit) | (16) | (20) | 122 | (60) |
| | <u>462</u> | <u>1,067</u> | <u>788</u> | <u>3,013</u> |
| NET INCOME INCLUDING NONCONTROLLING INTERESTS | 462 | 1,067 | 788 | 3,013 |
| Net income attributable to noncontrolling interest - Egypt | 81 | 141 | 165 | 260 |
| Net income attributable to noncontrolling interest - Altus | - | - | - | 14 |
| Net loss attributable to Altus Preferred Unit limited partners | - | - | - | (70) |
| | <u>462</u> | <u>1,067</u> | <u>788</u> | <u>3,013</u> |
| NET INCOME ATTRIBUTABLE TO COMMON STOCK | <u>\$ 381</u> | <u>\$ 926</u> | <u>\$ 623</u> | <u>\$ 2,809</u> |
| NET INCOME PER COMMON SHARE: | | | | |
| Basic | \$ 1.24 | \$ 2.72 | \$ 2.01 | \$ 8.18 |
| Diluted | \$ 1.23 | \$ 2.71 | \$ 2.01 | \$ 8.15 |
| WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: | | | | |
| Basic | 308 | 341 | 310 | 344 |
| Diluted | 309 | 342 | 310 | 344 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.25 | \$ 0.125 | \$ 0.50 | 0.25 |

APA CORPORATION
PRODUCTION INFORMATION

| | For the Quarter Ended | | | % Change | | For the Six Months Ended | |
|---|-----------------------|-------------------|------------------|-----------------|-----------------|--------------------------|------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2022 | 2Q23 to 1Q23 | 2Q23 to 2Q22 | June 30, 2023 | June 30, 2022 |
| OIL VOLUME - Barrels per day | | | | | | | |
| United States | 75,993 | 71,888 | 64,759 | 6% | 17% | 73,952 | 67,184 |
| Egypt ^(1, 2) | 87,790 | 87,795 | 85,502 | 0% | 3% | 87,792 | 85,261 |
| North Sea | 35,048 | 37,502 | 32,493 | -7% | 8% | 36,268 | 33,860 |
| International ⁽¹⁾ | 122,838 | 125,297 | 117,995 | -2% | 4% | 124,060 | 119,121 |
| Total ⁽¹⁾ | 198,831 | 197,185 | 182,754 | 1% | 9% | 198,012 | 186,305 |
| NATURAL GAS VOLUME - Mcf per day | | | | | | | |
| United States | 450,200 | 441,527 | 457,459 | 2% | -2% | 445,887 | 467,493 |
| Egypt ^(1, 2) | 337,413 | 356,350 | 346,424 | -5% | -3% | 346,829 | 366,390 |
| North Sea | 37,194 | 40,360 | 42,802 | -8% | -13% | 38,769 | 40,645 |
| International ⁽¹⁾ | 374,607 | 396,710 | 389,226 | -6% | -4% | 385,598 | 407,035 |
| Total ⁽¹⁾ | 824,807 | 838,237 | 846,685 | -2% | -3% | 831,485 | 874,528 |
| NGL VOLUME - Barrels per day | | | | | | | |
| United States | 61,760 | 56,103 | 59,267 | 10% | 4% | 58,947 | 60,482 |
| Egypt ^(1, 2) | - | - | 297 | - | NM | - | 394 |
| North Sea | 872 | 1,255 | 1,195 | -31% | -27% | 1,062 | 1,345 |
| International ⁽¹⁾ | 872 | 1,255 | 1,492 | -31% | -42% | 1,062 | 1,739 |
| Total ⁽¹⁾ | 62,632 | 57,358 | 60,759 | 9% | 3% | 60,009 | 62,221 |
| BOE per day | | | | | | | |
| United States | 212,786 | 201,580 | 200,269 | 6% | 6% | 207,213 | 205,582 |
| Egypt ^(1, 2) | 144,026 | 147,186 | 143,536 | -2% | 0% | 145,597 | 146,720 |
| North Sea | 42,118 | 45,483 | 40,822 | -7% | 3% | 43,792 | 41,979 |
| International ⁽¹⁾ | 186,144 | 192,669 | 184,358 | -3% | 1% | 189,389 | 188,699 |
| Total ⁽¹⁾ | 398,930 | 394,249 | 384,627 | 1% | 4% | 396,602 | 394,281 |
| Total excluding noncontrolling interests | 350,864 | 345,138 | 336,756 | 2% | 4% | 348,016 | 345,375 |
| ⁽¹⁾ Includes net production volumes attributed to our noncontrolling partner in Egypt below: | | | | | | | |
| Oil (b/d) | 29,298 | 29,294 | 28,516 | | | 29,296 | 28,423 |
| Gas (Mcf/d) | 112,609 | 118,903 | 115,534 | | | 115,738 | 122,112 |
| NGL (b/d) | - | - | 99 | | | - | 131 |
| BOE per day | 48,066 | 49,111 | 47,871 | -2% | 0% | 48,586 | 48,906 |
| ⁽²⁾ Egypt Gross Production | | | | | | | |
| Oil (b/d) | 140,652 | 140,764 | 141,432 | | | 140,708 | 137,934 |
| Gas (Mcf/d) | 517,291 | 545,049 | 555,694 | | | 531,093 | 576,637 |
| NGL (b/d) | - | - | 464 | | | - | 599 |
| BOE per day | 226,867 | 231,606 | 234,512 | -2% | -3% | 229,224 | 234,639 |

NM - not meaningful

APA CORPORATION
ADJUSTED PRODUCTION INFORMATION

Adjusted production excludes certain items that management believes affect the comparability of operating results for the periods presented. Adjusted production excludes production attributable to 1) noncontrolling interest in Egypt and 2) Egypt tax barrels. Management uses adjusted production to evaluate the company's operational trends and performance and believes it is useful to investors and other third parties.

| | For the Quarter Ended | | | % Change | | For the Six Months Ended | |
|---|-----------------------|-------------------|------------------|-----------------|-----------------|--------------------------|------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2022 | 2Q23 to 1Q23 | 2Q23 to 2Q22 | June 30, 2023 | June 30, 2022 |
| OIL VOLUME - Barrels per day | | | | | | | |
| United States | 75,993 | 71,888 | 64,759 | 6% | 17% | 73,952 | 67,184 |
| Egypt | 43,085 | 42,553 | 37,934 | 1% | 14% | 42,820 | 38,357 |
| North Sea | 35,048 | 37,502 | 32,493 | -7% | 8% | 36,268 | 33,860 |
| International | 78,133 | 80,055 | 70,427 | -2% | 11% | 79,088 | 72,217 |
| Total | <u>154,126</u> | <u>151,943</u> | <u>135,186</u> | 1% | 14% | <u>153,040</u> | <u>139,401</u> |
| NATURAL GAS VOLUME - Mcf per day | | | | | | | |
| United States | 450,200 | 441,527 | 457,459 | 2% | -2% | 445,887 | 467,493 |
| Egypt | 164,096 | 171,952 | 152,775 | -5% | 7% | 168,002 | 164,079 |
| North Sea | 37,194 | 40,360 | 42,802 | -8% | -13% | 38,769 | 40,645 |
| International | 201,290 | 212,312 | 195,577 | -5% | 3% | 206,771 | 204,724 |
| Total | <u>651,490</u> | <u>653,839</u> | <u>653,036</u> | 0% | 0% | <u>652,658</u> | <u>672,217</u> |
| NGL VOLUME - Barrels per day | | | | | | | |
| United States | 61,760 | 56,103 | 59,267 | 10% | 4% | 58,947 | 60,482 |
| Egypt | - | - | 133 | - | NM | - | 179 |
| North Sea | 872 | 1,255 | 1,195 | -31% | -27% | 1,062 | 1,345 |
| International | 872 | 1,255 | 1,328 | -31% | -34% | 1,062 | 1,524 |
| Total | <u>62,632</u> | <u>57,358</u> | <u>60,595</u> | 9% | 3% | <u>60,009</u> | <u>62,006</u> |
| BOE per day | | | | | | | |
| United States | 212,786 | 201,580 | 200,269 | 6% | 6% | 207,213 | 205,582 |
| Egypt | 70,434 | 71,211 | 63,530 | -1% | 11% | 70,821 | 65,882 |
| North Sea | 42,118 | 45,483 | 40,822 | -7% | 3% | 43,792 | 41,979 |
| International | 112,552 | 116,694 | 104,352 | -4% | 8% | 114,613 | 107,861 |
| Total | <u>325,338</u> | <u>318,274</u> | <u>304,621</u> | 2% | 7% | <u>321,826</u> | <u>313,443</u> |

NM - not meaningful

APA CORPORATION
PRICE INFORMATION

| | For the Quarter Ended | | | For the Six Months Ended | |
|--|-----------------------|-------------------|------------------|--------------------------|------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| AVERAGE OIL PRICE PER BARREL | | | | | |
| United States | \$ 73.99 | \$ 75.17 | \$ 110.98 | \$ 74.56 | \$ 103.05 |
| Egypt | 77.39 | 79.58 | 115.97 | 78.48 | 109.65 |
| North Sea | 79.27 | 81.57 | 113.77 | 80.51 | 107.47 |
| International | 77.90 | 80.19 | 115.40 | 79.06 | 109.05 |
| Total | 76.38 | 78.37 | 113.79 | 77.37 | 106.87 |
| AVERAGE NATURAL GAS PRICE PER MCF | | | | | |
| United States | \$ 1.24 | \$ 2.24 | \$ 6.75 | \$ 1.73 | \$ 5.48 |
| Egypt | 2.95 | 2.89 | 2.78 | 2.92 | 2.80 |
| North Sea | 11.29 | 17.58 | 18.15 | 14.47 | 24.72 |
| International | 3.78 | 4.32 | 4.33 | 4.05 | 4.79 |
| Total | 2.39 | 3.22 | 5.65 | 2.81 | 5.16 |
| AVERAGE NGL PRICE PER BARREL | | | | | |
| United States | \$ 18.26 | \$ 23.79 | \$ 39.79 | \$ 20.88 | \$ 38.20 |
| Egypt | - | - | 75.14 | - | 76.80 |
| North Sea | 39.24 | 56.92 | 71.71 | 49.52 | 73.29 |
| International | 39.24 | 56.92 | 72.17 | 49.52 | 73.84 |
| Total | 18.69 | 24.84 | 40.97 | 21.62 | 39.63 |

APA CORPORATION
SUPPLEMENTAL FINANCIAL INFORMATION

(Unaudited)
(In millions)

SUMMARY EXPLORATION EXPENSE INFORMATION

| | For the Quarter Ended | | For the Six Months Ended | |
|------------------------------------|-----------------------|--------------|--------------------------|--------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Unproved leasehold impairments | \$ 6 | \$ 2 | \$ 11 | \$ 6 |
| Dry hole expense | 23 | 36 | 53 | 41 |
| Geological and geophysical expense | 1 | 3 | 2 | 18 |
| Exploration overhead and other | 13 | 15 | 29 | 33 |
| | <u>\$ 43</u> | <u>\$ 56</u> | <u>\$ 95</u> | <u>\$ 98</u> |

SUMMARY CASH FLOW INFORMATION

| | For the Quarter Ended | | For the Six Months Ended | |
|--|-----------------------|-------------------|--------------------------|-------------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Net cash provided by operating activities | \$ 1,000 | \$ 1,535 | \$ 1,335 | \$ 2,426 |
| Additions to upstream oil and gas property | (580) | (389) | (1,129) | (767) |
| Proceeds from sale of oil and gas properties | 7 | (16) | 28 | 751 |
| Proceeds from sale of Kinetik shares | - | - | - | 224 |
| Deconsolidation of Altus cash and cash equivalents | - | - | - | (143) |
| Other, net | (10) | (45) | (14) | (49) |
| Net cash provided by (used in) investing activities | <u>\$ (583)</u> | <u>\$ (450)</u> | <u>\$ (1,115)</u> | <u>\$ 16</u> |
| Proceeds from (payments on) revolving credit facilities, net | (221) | (605) | 196 | (267) |
| Payments on Apache fixed-rate debt | - | - | (65) | (1,370) |
| Distributions to noncontrolling interest - Egypt | (83) | (90) | (100) | (159) |
| Treasury stock activity, net | (46) | (291) | (188) | (552) |
| Dividends paid to APA common stockholders | (77) | (43) | (155) | (86) |
| Other | (2) | (8) | (11) | (28) |
| Net cash used in financing activities | <u>\$ (429)</u> | <u>\$ (1,037)</u> | <u>\$ (323)</u> | <u>\$ (2,462)</u> |

SUMMARY BALANCE SHEET INFORMATION

| | June 30, 2023 | December 31, 2022 |
|--|------------------|----------------------|
| Cash and cash equivalents | \$ 142 | \$ 245 |
| Other current assets | 2,457 | 2,463 |
| Property and equipment, net | 9,368 | 9,012 |
| Decommissioning security for sold Gulf of Mexico properties | 57 | 217 |
| Other assets | 1,220 | 1,210 |
| Total assets | <u>\$ 13,244</u> | <u>\$ 13,147</u> |
| Current debt | \$ 2 | \$ 2 |
| Current liabilities | 2,628 | 2,914 |
| Long-term debt | 5,574 | 5,451 |
| Decommissioning contingency for sold Gulf of Mexico properties | 472 | 738 |
| Deferred credits and other noncurrent liabilities | 2,872 | 2,697 |
| APA shareholders' equity | 709 | 423 |
| Noncontrolling interest - Egypt | 987 | 922 |
| Total Liabilities and equity | <u>\$ 13,244</u> | <u>\$ 13,147</u> |
| Common shares outstanding at end of period | 307 | 312 |

APA CORPORATION
NON-GAAP FINANCIAL MEASURES
(In millions, except per share data)

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 property acquisitions, 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.

| | For the Quarter Ended | | For the Six Months Ended | |
|--|-----------------------|---------------|--------------------------|---------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Costs incurred in oil and gas property: | | | | |
| Asset and leasehold acquisitions | | | | |
| Proved | \$ 1 | \$ - | \$ 2 | \$ 9 |
| Unproved | 4 | 6 | 10 | 17 |
| Exploration and development | 590 | 492 | 1,156 | 911 |
| Total Costs incurred in oil and gas property | <u>\$ 595</u> | <u>\$ 498</u> | <u>\$ 1,168</u> | <u>\$ 937</u> |
| Reconciliation of Costs incurred to Upstream capital investment: | | | | |
| Total Costs incurred in oil and gas property | \$ 595 | \$ 498 | \$ 1,168 | \$ 937 |
| Property acquisitions | - | - | - | - |
| Asset retirement obligations settled vs. incurred - oil and gas property | 7 | 7 | 13 | 14 |
| Capitalized interest | (5) | (5) | (11) | (8) |
| Exploration seismic and administration costs | (14) | (18) | (31) | (51) |
| Upstream capital investment including noncontrolling interest - Egypt | <u>\$ 583</u> | <u>\$ 482</u> | <u>\$ 1,139</u> | <u>\$ 892</u> |
| Less noncontrolling interest - Egypt | (67) | (54) | (128) | (103) |
| Total Upstream capital investment | <u>\$ 516</u> | <u>\$ 428</u> | <u>\$ 1,011</u> | <u>\$ 789</u> |

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.

| | For the Quarter Ended | | For the Six Months Ended | |
|---|-----------------------|-----------------|--------------------------|-----------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Net cash provided by operating activities | \$ 1,000 | \$ 1,535 | \$ 1,335 | \$ 2,426 |
| Changes in operating assets and liabilities | (232) | (149) | 279 | 114 |
| Cash flows from operations before changes in operating assets and liabilities | <u>\$ 768</u> | <u>\$ 1,386</u> | <u>\$ 1,614</u> | <u>\$ 2,540</u> |
| Adjustments to free cash flow: | | | | |
| Upstream capital investment including noncontrolling interest - Egypt | (583) | (482) | (1,139) | (892) |
| Non oil and gas capital investment | (8) | - | (9) | - |
| Distributions to Sinopec noncontrolling interest | (83) | (90) | (100) | (159) |
| Upstream free cash flow | <u>\$ 94</u> | <u>\$ 814</u> | <u>\$ 366</u> | <u>\$ 1,489</u> |

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.

| | For the Quarter Ended | | | For the Six Months Ended | |
|---|-----------------------|-----------------|-----------------|--------------------------|-----------------|
| | June 30, | March 31, | June 30, | June 30, | |
| | 2023 | 2023 | 2022 | 2023 | 2022 |
| Net cash provided by operating activities | \$ 1,000 | \$ 335 | \$ 1,535 | \$ 1,335 | \$ 2,426 |
| Adjustments: | | | | | |
| Exploration expense other than dry hole expense and unproved leasehold impairments | 14 | 17 | 18 | 31 | 51 |
| Current income tax provision | 254 | 346 | 415 | 600 | 807 |
| Other adjustments to reconcile net income (loss) to net cash provided by operating activities | 97 | (30) | 59 | 67 | 88 |
| Changes in operating assets and liabilities | (232) | 511 | (149) | 279 | 114 |
| Financing costs, net | 82 | 81 | 76 | 163 | 161 |
| Transaction, reorganization & separation costs | 2 | 4 | 3 | 6 | 17 |
| Adjusted EBITDAX (Non-GAAP) | <u>\$ 1,217</u> | <u>\$ 1,264</u> | <u>\$ 1,957</u> | <u>\$ 2,481</u> | <u>\$ 3,664</u> |

APA CORPORATION
NON-GAAP FINANCIAL MEASURES
(In millions)

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.

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 |
|---------------------------|------------------|-------------------|----------------------|-----------------------|
| Current debt | \$ 2 | \$ 2 | \$ 2 | \$ 125 |
| Long-term debt | 5,574 | 5,796 | 5,451 | 5,404 |
| Total debt | 5,576 | 5,798 | 5,453 | 5,529 |
| Cash and cash equivalents | 142 | 154 | 245 | 268 |
| Net debt | \$ 5,434 | \$ 5,644 | \$ 5,208 | \$ 5,261 |

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.

| | For the Quarter Ended June 30, 2023 | | | | For the Quarter Ended June 30, 2022 | | | |
|--|--|---------------|--------------|----------------|--|---------------|--------------|----------------|
| | Before Tax | Tax Impact | After Tax | Diluted EPS | Before Tax | Tax Impact | After Tax | Diluted EPS |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net income including noncontrolling interests (GAAP) | 700 | (238) | 462 | 1.49 | 1,462 | (395) | 1,067 | 3.12 |
| Income attributable to noncontrolling interests | 144 | (63) | 81 | 0.26 | 251 | (110) | 141 | 0.41 |
| Net income attributable to common stock | 556 | (175) | 381 | 1.23 | 1,211 | (285) | 926 | 2.71 |
| Adjustments: * | | | | | | | | |
| Asset and unproved leasehold impairments | 52 | (37) | 15 | 0.05 | 2 | - | 2 | - |
| Valuation allowance and other tax adjustments | - | (30) | (30) | (0.10) | - | (157) | (157) | (0.46) |
| (Gain) loss on extinguishment of debt | - | - | - | - | - | - | - | - |
| Unrealized derivative instrument (gain) loss | (47) | 9 | (38) | (0.12) | 26 | (6) | 20 | 0.06 |
| Kinetik equity investment mark-to-market gain | (77) | 16 | (61) | (0.20) | (29) | - | (29) | (0.08) |
| Transaction, reorganization & separation costs | 2 | (1) | 1 | - | 3 | (1) | 2 | 0.01 |
| (Gain) loss on divestitures, net | (5) | 1 | (4) | (0.01) | 27 | (6) | 21 | 0.06 |
| Adjusted earnings (Non-GAAP) | \$ 481 | \$ (217) | \$ 264 | \$ 0.85 | \$ 1,240 | \$ (455) | \$ 785 | \$ 2.30 |
| | | | | | | | | |
| | Before Tax | Tax Impact | After Tax | Diluted EPS | Before Tax | Tax Impact | After Tax | Diluted EPS |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net income including noncontrolling interests (GAAP) | 1,510 | (722) | 788 | 2.54 | 3,760 | (747) | 3,013 | 8.75 |
| Income attributable to noncontrolling interests | 295 | (130) | 165 | 0.53 | 478 | (204) | 274 | 0.80 |
| Income (loss) attributable to Altus preferred unit limited partner | - | - | - | - | (70) | - | (70) | (0.20) |
| Net income attributable to common stock | 1,215 | (592) | 623 | 2.01 | 3,352 | (543) | 2,809 | 8.15 |
| Adjustments: * | | | | | | | | |
| Asset and unproved leasehold impairments | 57 | (40) | 17 | 0.05 | 6 | (1) | 5 | 0.02 |
| Valuation allowance and other tax adjustments ** | - | 100 | 100 | 0.32 | - | (362) | (362) | (1.05) |
| (Gain) / Loss on extinguishment of debt | (9) | 2 | (7) | (0.02) | 67 | (14) | 53 | 0.15 |
| Unrealized derivative instrument (gain) loss | (80) | 16 | (64) | (0.20) | 11 | (11) | - | - |
| Kinetik equity investment mark-to-market gain | (45) | 10 | (35) | (0.11) | (53) | - | (53) | (0.15) |
| Drilling contract termination charges | 13 | (10) | 3 | 0.01 | - | - | - | - |
| Transaction, reorganization & separation costs | 6 | (2) | 4 | 0.01 | 17 | (4) | 13 | 0.04 |
| Gain on divestitures, net | (6) | 1 | (5) | (0.02) | (1,149) | 119 | (1,030) | (2.99) |
| Adjusted Earnings (Non-GAAP) | \$ 1,151 | \$ (515) | \$ 636 | \$ 2.05 | \$ 2,251 | \$ (816) | \$ 1,435 | \$ 4.17 |

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

** Includes \$174 million related to the remeasurement of the December 31, 2022 U.K. deferred tax liability in connection with the Energy (Oil and Gas) Profits Levy Act 2022.