

First-Quarter 2022

Financial & Operational Supplement

APA
Corporation



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 first 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.

1Q 2022 Key Metrics



1Q 2022	
Reported Production	404 Mboe/d
Adjusted Production⁽¹⁾	322 Mboe/d
Cost Incurred in Oil and Gas Property	\$439 Million
Upstream Capital Investment⁽²⁾	\$361 Million
Net Cash Provided by Operating Activities	\$891 Million
Adjusted EBITDAX⁽²⁾	\$1,707 Million
Free Cash Flow⁽²⁾	\$675 Million
Diluted Earnings Per Share	\$5.43
Adjusted Earnings Per Share⁽²⁾	\$1.92

(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.

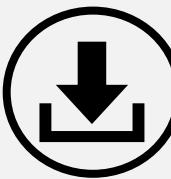
Recent Highlights

Generated **\$675 Million** of Free Cash Flow⁽¹⁾ in 1Q'22



1Q'22 Upstream Capital Investment⁽¹⁾ of **\$361 Million**

Completed **\$1.1 Billion** Tender of Near-Term Maturities in March



APA Net Debt^(1,2) Reduction of **\$2.3 Billion** ($\downarrow 29\%$) since YE'20

Returned **\$304 Million** to Shareholders Through Dividends & Share Repurchases in 1Q'22



Returned **101% (\$1.2 Billion)** of Free Cash Flow Since Shareholder Return Framework Announcement in 4Q'21

Flow Test Evaluation Ongoing at Krabdagu Discovery on Block 58 Suriname



Drilling Rasper Exploration Prospect on Block 53 Suriname

Closed Delaware Basin Minerals Divestiture & Sale of KNTK Shares



Received **~\$1 Billion** of Proceeds

(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).

APA Corporation Strategy



Foundation For Long-Term Success

- 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



Disciplined Financial Approach

- 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



Leveraging Diversified Portfolio

- 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

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⁾



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



Long-term Goal

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

Deliver projects that eliminate at least 1 million tonnes of CO₂ emissions annually by year-end 2024

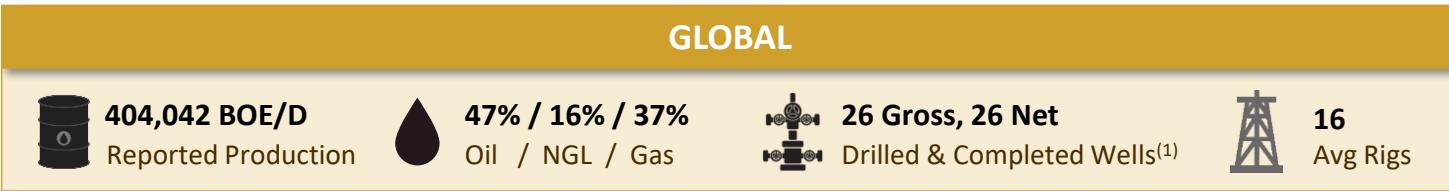


First in Peer Group to link Emissions Goal to Long-Term Incentive Compensation



1Q Asset Update

1Q 2022 Global Portfolio



UNITED STATES



210,953 BOE/D
Reported Production

33% / 29% / 38%
Oil / NGL / Gas

7 Gross, 7 Net
Drilled & Completed Wells⁽¹⁾

3
Avg Rigs



INTERNATIONAL

 **193,089 BOE/D**
Reported Production

 **62% / 1% / 37%**
Oil / NGL / Gas

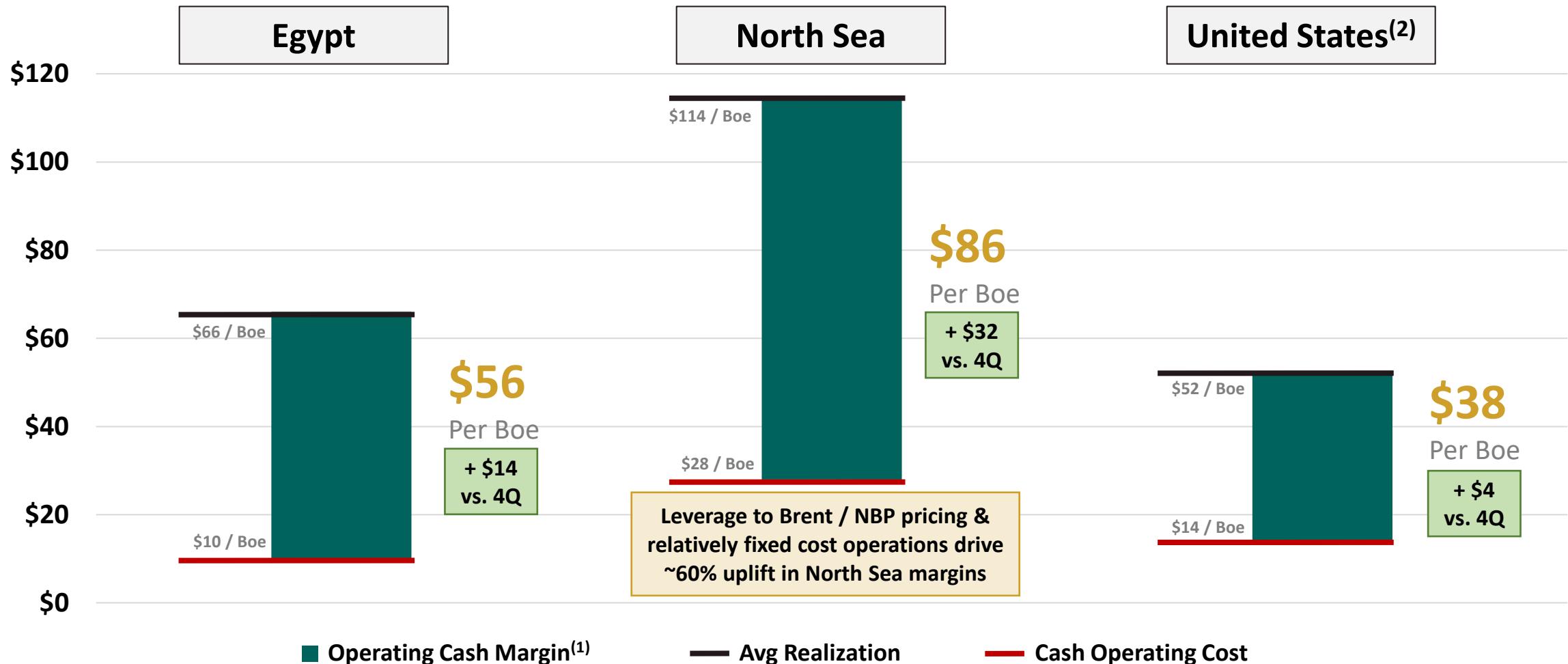
 **19 Gross, 19 Net**
Drilled & Completed Wells⁽¹⁾

 **13**
Avg Rigs⁽²⁾

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

(2) Includes one rig average in Suriname.

1Q 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.

(2) Excludes Altus Midstream (ALTM).

U.S. Update

ASSET HIGHLIGHTS

- **Southern Midland Basin:** Averaged 2 rigs & placed 4 gross wells on production in 1Q'22
 - Anticipate placing 6 wells on production in late 2Q'22
- **Delaware Basin:** Wells connected in 2021 continue to exceed performance expectations; no new wells placed online during the first quarter
 - 4th U.S. rig arrived at DXL field in early April, drilling 6 wells expected online in 3Q'22
 - Rig will move to Alpine High during the summer
 - Drilling in proximity to Willow 101AH, which has produced ~9 BCF to date (initial flowback in Jan'21)
- **Austin Chalk:** Averaged 1 rig & placed first 3-well pad on production in Brazos County in late 1Q'22 (pad in early flowback)
 - Anticipate placing next 3-well pad on production in 2Q'22

1Q 2022 ASSET STATS



210,953 BOE/D

Reported Production



33% / 29% / 38%

Oil / NGL / Gas



7 Gross, 7 Net

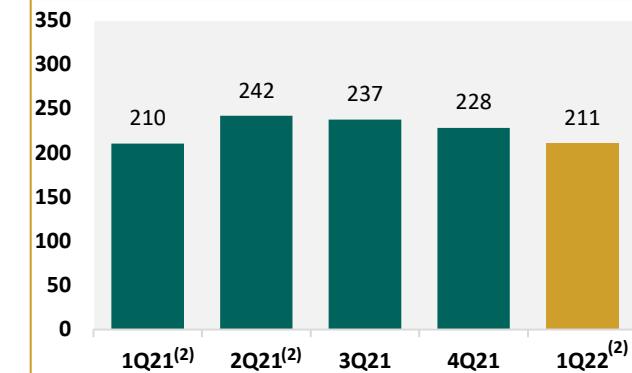
Drilled & Completed Wells⁽¹⁾



3

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

- Adjusted production uplift of 13% following PSC modernization
- Gross production flat with 4Q'21
 - Deferred a number of high-rate, up-hole recompletions into 2Q'22 as current zones continued to sustain economic production rates
 - Gross oil production returned to growth trajectory in April (145 Mbo/d exit rate)
- Drilling success rate of 79% (15 of 19 wells) in 1Q'22
 - Ptah West discovery encountered 64 feet of net pay & commenced production at 4,250 BOPD
 - Hazem NW discovery encountered 116 feet of net pay; testing underway
 - WKAL-R4 producing 3,500 BOPD & previously reported WKAL-R3 outperforming expectations producing 2,100 BOPD
- On track to meet goal of 40% reduction in upstream flaring in Egypt by YE'22
 - Compression added at Biruni Early Production Facility in March, reducing flared gas & increasing sales volume
 - Ptah Power project at Kalabsha Facility entered service in March, sourcing flared gas to generate power for Ptah wells - abating \$15+ million per year in diesel consumption

1Q 2022 ASSET STATS



149,938 BOE/D

Reported Production



57% / 0% / 43%

Oil / NGL / Gas



19 Gross, 19 Net

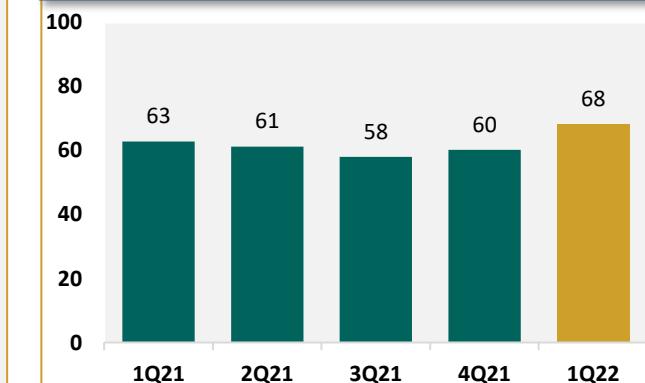
Drilled & Completed Wells⁽¹⁾



11

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.

North Sea Update

ASSET HIGHLIGHTS

- Benefited from a ~\$84 million uplift in revenue as a result of exposure to NBP pricing in 1Q'22 versus 2018-2020 historical realized pricing average
- 1Q'22 production volume adversely impacted by unplanned maintenance downtime at Forties Echo platform
 - Platform volume (~2 mbo/d) to remain offline through 2Q'22 for additional maintenance
- *Ocean Patriot* rig expected back online this month to drill Garten-3 well following completion of repairs to its anchor system
- Exit rate in 4Q'22 expected to exceed 50 Mboe/d

1Q 2022 ASSET STATS



43,151 BOE/D

Reported Production



82% / 3% / 15%

Oil / NGL / Gas



0 Gross, 0 Net

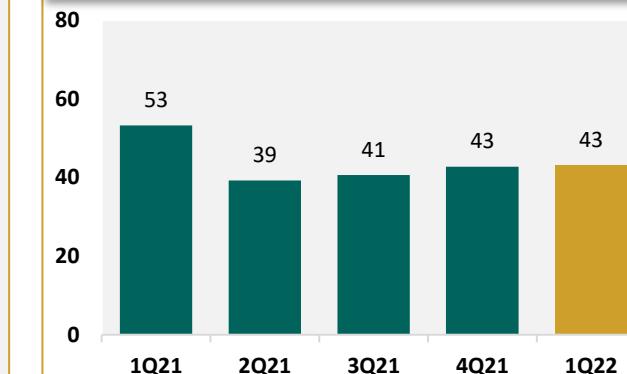
Drilled & Completed Wells⁽¹⁾



1

Avg Rigs

NET PRODUCTION MBOE/D



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

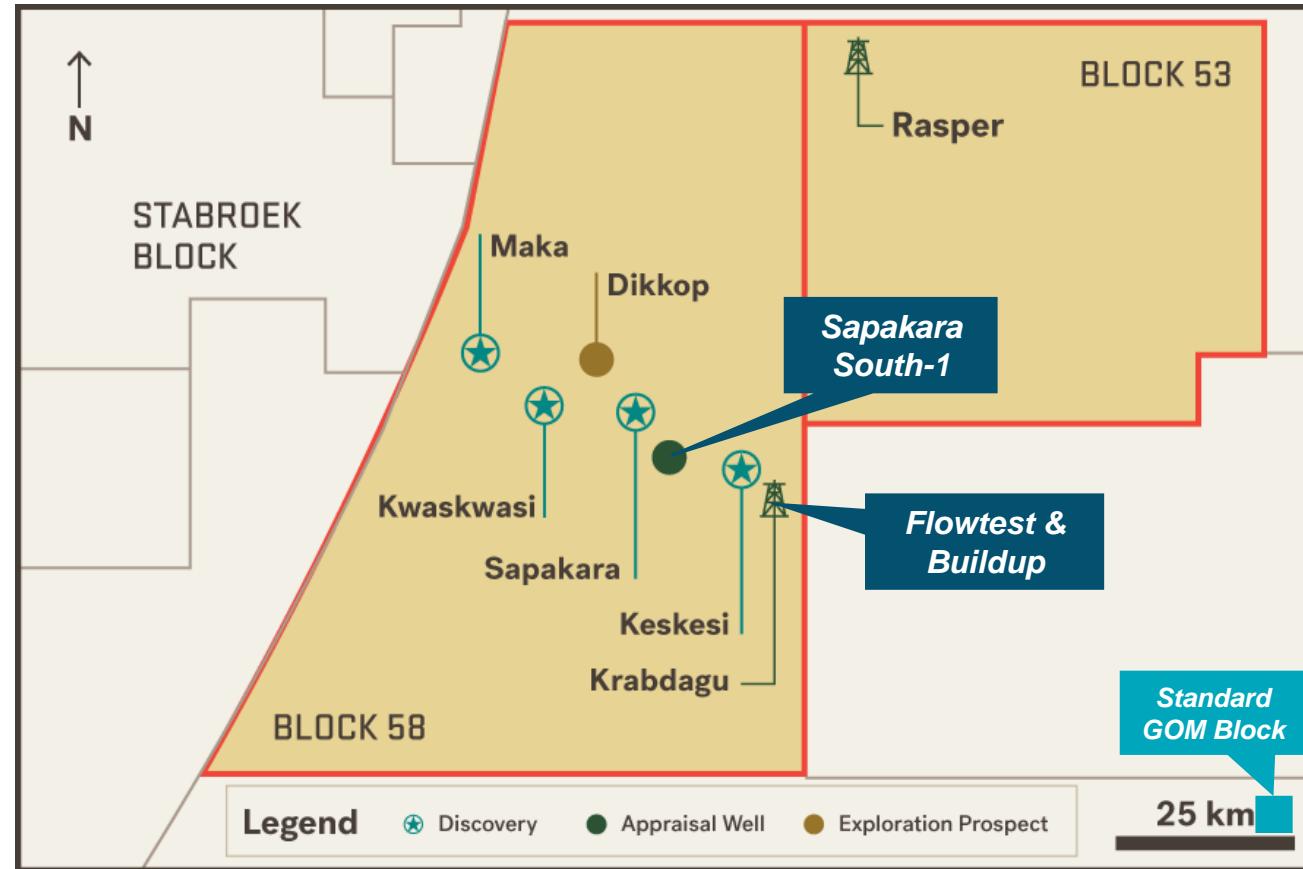
Suriname Update

Block 58 (APA 50% WI)

- Five exploration discoveries since Jan. 2020
- Recent discovery at **Krabdagu-1** exploration well
 - Flow testing complete; in pressure build-up stage of both tested zones
- *Maersk Valiant* to spud **Dikkop** exploration prospect following operations at Krabdagu

Block 53 (APA 45% WI)

- Commenced drilling **Rasper** exploration prospect in late March 2022
 - *Noble Gerry De Souza* drillship to remain in country following drilling operations at Rasper



Guidance

	2Q 2022	FY 2022	Commentary
Production (Mboe/d)			
United States.....	206	210	FY unchanged
Egypt (Reported).....	154	154	FY reduced for higher oil price PSC effects, slightly lower gross oil outlook from timing delays
North Sea.....	38	44	FY reduced 1 mboe/d for unplanned downtime in 1H'22
Total Reported Production.....	398	408	
Less: Egypt Tax Barrels.....	50	50	
Less: Egypt Noncontrolling Interest.....	35	35	
Total Adjusted Production.....	313	323	
Total Adjusted Oil Production (Mbo/d).....	140	149	
Upstream Capital Investment (\$ in millions) ⁽¹⁾	\$440	\$1,725	FY updated for incremental Suriname activity, U.S. activity mix & non-operated spend
Upstream Lease Operating Expense (\$ in millions).....	\$370	\$1,420	FY unchanged
DD&A (\$ in millions).....	\$300	\$1,275	FY reduced by \$25 MM
General & Administrative Expense (\$ in millions).....	\$135	\$500	FY increase of \$85 MM includes higher expected LTI payment accrual
Gathering, Processing & Transmission Expense (\$ in millions).....	\$90	\$350	FY updated for higher gas price tied to U.S. POP contracts
Net Gain (Loss) on Oil and Gas Purchases and Sales (\$ in millions).....	\$0	\$30	FY updated for basis differentials; excludes cash impact of basis hedges
North Sea Current Tax Expense (\$ in millions).....	\$80	\$400	FY updated for price & production outlook

Note: Guidance reflects 4/8/2022 strip pricing assumptions.

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

Appendix

Cash Return Summary

	4Q 2021	1Q 2022	Since Inception (Oct'21)
Shares Repurchased (MM)	31.2	7.2	38.4
Average Stock Price	\$27.13	\$36.07	\$28.83
Share Repurchases (\$MM)	\$847	\$261	\$1,108
Dividends (\$MM)	\$24	\$43	\$67
Total Cash Return to Shareholders	\$871	\$304	\$1,175
Free Cash Flow (\$MM)	\$485	\$675	\$1,160
Shareholder Return % of Free Cash Flow	180%	45%	101%
APA Upstream Total Debt Change (\$MM)	+\$102	(\$964)	(\$862)

**APA Repurchased >10% of Outstanding Shares & Eliminated \$862 Million in
Upstream Debt Since Inception of Capital Return Framework**

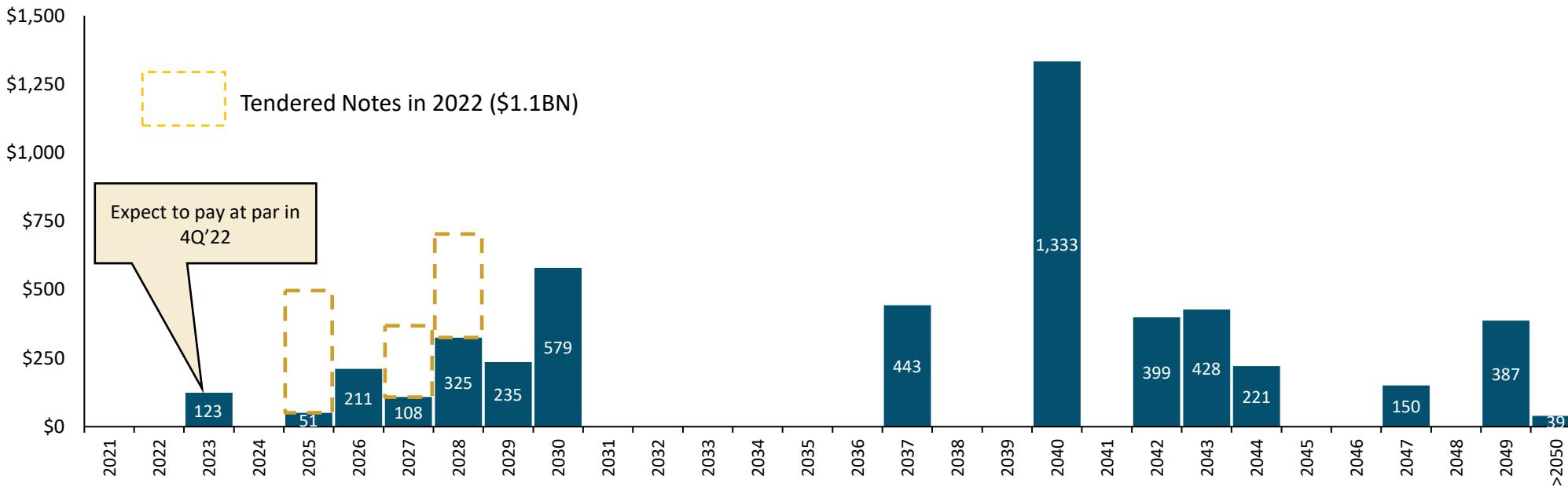
APA Debt Maturity Profile

As of March 31, 2022

	<u>YE 2021</u>	<u>March 2022</u>
Notes & Debentures ⁽¹⁾	\$6,344MM	\$5,032MM
Avg. Coupon	5.075%	5.255%
Avg. Maturity	13.8 Years	15.9 Years

Significant Balance Sheet De-Leveraging Actions

- \$213 million (April '22 notes) called at par in January
- Completed \$1.1 billion tender for near-term maturities in March
- De-consolidated ~\$1.4 billion of ALTM debt and preferred
- 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.

New APA Credit Facilities

	US\$1.8 Billion Revolving Credit Facility	£1.5 Billion Letter of Credit Facility
Facility Type	Senior Unsecured	Senior Unsecured
Maturity	April 2027	April 2027
Letter of Credit Sublimit	Up to US\$750 million ⁽¹⁾	N/A
Financial Covenant ⁽²⁾	Adj Debt/Cap < 60%	Adj Debt/Cap < 60%
Accordion Option	US\$500 million	N/A
Extension Options	Two 1-year options (APA's option)	Two 1-year options (APA's option)

- Established a US\$1.8 billion committed credit facility for general corporate purposes maturing in April 2027
 - Unsecured facility held by 17 banks, 16 of which are 'A' rated or higher
- Established a £1.5 billion committed credit facility for general corporate purposes maturing in April 2027
 - Unsecured facility held by 16 banks, all of which are 'A' rated or higher
 - Expect to use primarily for letter of credit posting requirements related to ARO obligations in the North Sea
 - North Sea letter of credit posting requirements reduce upon obtaining investment credit rating of BBB / Baa2
- Other notable terms for both facilities:
 - No ratings triggers⁽³⁾ or collateral requirements
 - Not subject to borrowing base redetermination
 - Guaranteed by Apache Corporation until Apache's indenture debt is less than US\$1 billion
 - Replaced & refinanced Apache Corporation's US\$4.0 billion syndicated facility, commitments for which Apache has terminated

(1) US\$150 million currently committed.

(2) Adjusted debt-to-total capital ratio is calculated per the terms of the credit facility and excludes effects of non-cash write-downs, impairments, and related charges occurring after June 30, 2015.

(3) No drawdown restrictions or prepayment obligations in the event of a decline in credit ratings.

Open Commodity Derivative Positions (As of May 3, 2022)

Production Period	Trade Type	Index	Units	Daily Volume	Weighted Avg Price \$ / Unit
Natural Gas Basis Hedges					
May 2022 – December 2022	Basis Swap	IF Waha / IF HSC	MMBtu	206,367	(\$0.55)
January 2023 – December 2023	Basis Swap	IF Waha / IF HSC	MMBtu	226,068	(\$1.10)

Upstream Capital Investment

(\$ in Millions)	1Q22
United States.....	\$ 175
Egypt (Apache's interest only).....	98
North Sea.....	36
Suriname.....	52
Upstream Capital Investment Total.....	\$ 361

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

Egypt: Production Detail

	4Q 2021			1Q 2022					
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d			
Gross Production	134,801	600,919	234,954	135,132	597,812	234,767			
Reported Production	68,753	277,142	114,943	85,509	386,577	149,938			
% Gross	51%	46%	49%	63%	65%	64%			
Less: Tax Barrels	15,833	53,130	24,688	26,995	123,314	47,547			
Net Production Excluding Tax Barrels	52,920	224,012	90,255	58,514	263,263	102,391			
% Gross	39%	37%	38%	43%	44%	44%			
Less: Noncontrolling Interest	17,640	74,671	30,085	19,505	87,754	34,130			
Adjusted Production	35,280	149,341	60,170	39,009	175,509	68,261			
% Gross	26%	25%	26%	29%	29%	29%			
MBOE/D	2020			2021					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Gross Production	295	281	269	245	237	233	229	235	235
Reported Production	117	127	128	116	119	114	111	115	150
Adjusted Production	72	86	76	70	63	61	58	60	68
Brent Oil Benchmark Pricing	\$50	\$33	\$43	\$45	\$61	\$69	\$73	\$80	\$98

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, 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)
 - 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 March 31, 2022				For the Quarter Ended March 31, 2021			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income including noncontrolling interests (GAAP)	\$ 2,298	\$ (352)	\$ 1,946	\$ 5.61	\$ 620	\$ (170)	\$ 450	\$ 1.19
Income attributable to noncontrolling interests	227	(94)	133	0.38	78	(35)	43	0.12
Income (loss) attributable to Altus preferred unit limited partner	(70)	-	(70)	(0.20)	19	-	19	0.05
Net income attributable to common stock	2,141	(258)	1,883	5.43	523	(135)	388	1.02
Adjustments:								
Asset and unproved leasehold impairments	4	(1)	3	0.01	18	(4)	14	0.04
Noncontrolling interest & tax barrel impact on Egypt adjustments	-	-	-	-	(1)	-	(1)	-
Valuation allowance and other tax adjustments	-	(187)	(187)	(0.54)	-	(43)	(43)	(0.12)
Loss on extinguishment of debt	67	(14)	53	0.15	-	-	-	-
Unrealized derivative instrument loss and related Altus Preferred impacts	(15)	(5)	(20)	(0.06)	(14)	3	(11)	(0.03)
Kinetik equity investment mark-to-market gain	(24)	-	(24)	(0.07)	-	-	-	-
Transaction, reorganization & separation costs	14	(3)	11	0.03	-	-	-	-
Gain on divestitures, net	(1,176)	125	(1,051)	(3.03)	(2)	1	(1)	-
Adjusted earnings (Non-GAAP)	\$ 1,011	\$ (343)	\$ 668	\$ 1.92	\$ 524	\$ (178)	\$ 346	\$ 0.91

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

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 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		
	March 31, 2022	December 31, 2021	March 31, 2021
Net cash provided by operating activities	\$ 891	\$ 1,085	\$ 671
Adjustments:			
Exploration expense other than dry hole expense and unproved leasehold impairments	33	16	12
Current income tax provision	392	189	149
Other adjustments to reconcile net income (loss) to net cash provided by operating activities	29	(34)	20
Changes in operating assets and liabilities	263	(95)	175
Financing costs, net	85	92	110
Transaction, reorganization & separation costs	14	14	-
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,707</u>	<u>\$ 1,267</u>	<u>\$ 1,137</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	
	March 31,	
	2022	2021
Net cash provided by operating activities	\$ 891	\$ 671
Changes in operating assets and liabilities	263	175
Cash flows from operations before changes in operating assets and liabilities	\$ 1,154	\$ 846
Adjustments to free cash flow:		
Altus Midstream cash flows from operations before changes in operating assets and liabilities	-	(39)
Upstream capital investment including noncontrolling interest - Egypt	(410)	(275)
Distributions to Sinopec noncontrolling interest	(69)	(40)
Upstream free cash flow	\$ 675	\$ 492
Cash dividends received from Altus Midstream	-	19
Free cash flow	\$ 675	\$ 511

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.

	(\$ in millions)			
	For the Quarter			
	Ended March 31, 2022			
	<u>North Sea</u>	<u>Egypt</u>	<u>U.S. and Other</u>	<u>Consolidated</u>
Net cash provided by operating activities	\$ 258	\$ 331	\$ 302	\$ 891
Changes in operating assets and liabilities	(35)	146	152	263
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 223</u>	<u>\$ 477</u>	<u>\$ 454</u>	<u>\$ 1,154</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)

	March 31, 2022			December 31, 2021		
	APA Upstream	Altus Midstream	APA Consolidated	APA Upstream	Altus Midstream	APA Consolidated
Current debt - Apache	\$ 125	\$ -	\$ 125	\$ 215	\$ -	\$ 215
Long-term debt - Apache	5,764	-	5,764	6,638	-	6,638
Long-term debt - Altus	-	-	-	-	657	657
Total debt	5,889	-	5,889	6,853	657	7,510
Cash and cash equivalents	234	-	234	170	132	302
Net debt	<u>\$ 5,655</u>	<u>\$ -</u>	<u>\$ 5,655</u>	<u>\$ 6,683</u>	<u>\$ 525</u>	<u>\$ 7,208</u>

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 March 31,	
	<u>2022</u>	<u>2021</u>
Costs incurred in oil and gas property:		
Acquisitions		
Proved	\$ 9	\$ 1
Unproved	11	2
Exploration and development	419	284
Total Costs incurred in oil and gas property	\$ 439	\$ 287
Reconciliation of Costs incurred to Upstream capital investment:		
Total Costs incurred in oil and gas property	\$ 439	\$ 287
Asset retirement obligations settled vs. incurred - oil and gas property	7	2
Capitalized interest	(3)	(2)
Exploration seismic and administration costs	(33)	(12)
Upstream capital investment including noncontrolling interest - Egypt	\$ 410	\$ 275
Less noncontrolling interest - Egypt	(49)	(31)
Total Upstream capital investment	\$ 361	\$ 212



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