23 February 2022

ASX ANNOUNCEMENT

APA Group (ASX: APA)

FINANCIAL RESULTS PRESENTATION

APA Group provides the attached financial results presentation for the half year ended 31 December 2021.

Authorised for release by Amanda Cheney
Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, $21 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation’s gas usage and connect Victoria with South Australia and New South Wales with Queensland through our investments in electricity transmission assets. We are also one of the largest owners and operators of renewable power generation assets in Australia, with wind and solar projects across the country. APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group. For more information visit APA’s website, apa.com.au.
Results for the half year ended 31 December 2021

23 February 2022
This presentation has been prepared by Australian Pipeline Limited (ACN 091 344 704) as responsible entity of the Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441) (APA Group).

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All references to dollars, cents or ‘$’ in this presentation are to Australian currency, unless otherwise stated.

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Non-IFRS financial measures: APA Group results are reported under International Financial Reporting Standards (IFRS).

However, investors should be aware that this presentation includes certain financial measures that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the APA Group. These non-IFRS financial measures include FCF, EBIT, EBITDA and other “normalised” measures. Such non-IFRS information is unaudited, however the numbers have been extracted from the audited financial statements.

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Acknowledgement: Certain icons used in the presentation were designed by Freepik, Iconsgrok26, Nikita Golubev, Eucalypt and Srip from Flaticon.
In the spirit of reconciliation APA acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to their elders past and present, and extend that respect to all Aboriginal and Torres Strait Islander Peoples today.
Our people are the keys to our success
APA is a leading energy infrastructure business

Creating value for our Securityholders and the Community

• Developing and operating critical energy infrastructure
  – Australia’s largest gas pipeline owner and operator
  – Connecting regions with electricity transmission
  – Powering industry and communities with gas and renewable energy
• Earnings stability from highly contracted and regulated operations
• Maintaining investment discipline and a competitive cost of capital
• Paying $2.8 billion in distributions to our securityholders in the last 5 years

Diverse energy infrastructure portfolio

Gas infrastructure

| Transmission (1) | >15,000 km transmission pipelines |
| Storage | 12,000 tonnes LNG 18 PJ gas |
| Processing (1) | 90 TJ/day processing plants |
| Distribution (2) | >29,500 km gas mains and pipelines 1.4 million gas customers |

Power Generation

| Renewable energy (1) | 342 MW Wind 237 MW Solar |
| Gas fired (1) | 440 MW |

Electricity transmission

| 243 km high voltage lines (1) |

(1) Includes 100% of assets operated and/or under construction by APA Group, which form part of Energy Investments segment, including SEA Gas and EII (partially owned)
(2) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia
Relentless focus on operational reliability, health, safety and wellbeing

Notes:
(1) As at 1H22. (2) TRIFR reduction from 1H22 period versus the previous corresponding period of 1H21. TRIFR is measured as the number of lost time and medically treated injuries sustained per million hours worked. Data includes both employees and contractors. (3) The FY21 Actual TRIFR rate has been amended from 6.3 to 5.7 in response to receipt of additional contractor hours post the FY21 result.
Solid 1H22 financial results

- **Solid financial performance** reflecting recent investments, improving conditions for gas infrastructure and the broader economic recovery
  - Revenue up 4.3% with positive contributions from every operating segment\(^{(1)}\)
  - Underlying EBITDA up 4.5\(^{(1)}\)
  - FCF up 22.6% driven by higher EBITDA, lower interest costs and lower tax paid

- **Distribution growth** reflects strong cash conversion, benefits from the March 2021 debt refinancing activities and a positive outlook
  - 1H22 distribution of 25.0 cps, 4.2% increase on 1H21
  - FY22 distribution guidance of 53.0 cps retained, 3.9% increase on FY21
  - Favourably exposed to rising inflation with almost 100% of contracted revenues linked to inflation indices

Notes:
(1) Revenue excluding pass-through and underlying EBITDA excludes significant items; 1H22 Profit after tax including significant items was $155.6 million; 1H21 loss $15.5m
**Strong progress on the execution of APA's strategy**

### Gas, electricity and renewables infrastructure investments
- $150m investment in Mica Creek Solar Farm
- Kurri Kurri Lateral subject to FID
- East Coast Grid expansion
- Strategic investment in Basslink senior secured debt (100%)
- Organic growth pipeline now in excess of $1.4b for FY22 to FY24

### Respond to the changing needs of our customers and communities
- Stakeholder engagement on Victorian Transmission System and Roma Brisbane Pipeline
- Collaboration with Boonthamurra People of southwest Queensland
- Gruyere battery energy storage system complete; commissioning of 13MWp solar expected Q3 FY22

### Next generation energy technologies (Pathfinder Program)
- Parmelia Gas Pipeline Hydrogen Project phase 2
- Proposal for a hydrogen feasibility study in the Victorian Transmission System
- Feasibility study for Central Queensland Hydrogen Project
- Mid-West Blue Hydrogen and Carbon Capture and Storage feasibility study

### Disciplined investments and maintaining a strong balance sheet
- $1.8b of liquidity from cash and undrawn debt facilities\(^{(1)}\)
- Significant credit metric headroom to fund growth and / or support potential future capital management initiatives
- Average debt tenor at 7.4 years with average cost of debt at 4.6\(^{(1)}\)
- FY22 distribution guidance of 53c, up 3.9% maintained

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Notes:
(1) As at 31 December 2021

For personal use only
Gas will play a critical role in Australia's energy system as an essential companion to renewables and a critical industrial energy source

- In Australia, gas accounts for:
  - 27% of primary energy consumption
  - 21% of electricity generation
  - 7% of the electricity generation in the NEM

- Gas is critical for:
  - firming of renewable energy
  - to support industry, including high heat and hard to abate sectors

- Natural gas is the most efficient and cleanest firming energy source

Notes:
(1) National Electricity Market (East Coast Australia) 2021 OpenNEM data
(2) National Greenhouse and Energy Reporting data, Clean Energy Regulator (2020)
Removing coal power generation from South Australia increased gas as a proportion of the state’s energy mix to 35%

• Five years after South Australia removed coal from its energy system, gas continues to play a vital role to support renewables and has grown from 31% to 35% of the energy mix\(^{(1)}\)

• When renewable power generation supply is low, gas provides the necessary firming to keep the state’s lights on

• With no coal power generation, South Australia relies on 35% gas power generation. Australia’s NEM relies on 65% of coal power generation and 7% of gas power generation

• The recent European experience, where energy prices have more than doubled, demonstrates the risks associated with not having enough gas in the energy mix\(^{(2)}\)

Notes:
(1) OpenNEM Data
(2) Source: [https://www.iss.europa.eu/content/europes-energy-crisis-conundrum](https://www.iss.europa.eu/content/europes-energy-crisis-conundrum)
APA continues to make progress with our organic growth pipeline across all energy markets

**East Coast Grid Expansion**
- Increasing winter peak capacity up to 25% through two-staged expansion
- Capital investment of ~$270m

**Northern Goldfields Interconnect**
- A new 580km pipeline that increases capacity to the Goldfields region
- Capital investment of ~$460m

**Kurri Kurri Lateral Pipeline**
- Proposed development of gas pipeline to the Hunter Power Project with the ability to deliver blended hydrogen to the receipt station
- Capital investment of ~$250m

**Gruyere Hybrid Energy Microgrid**
- Combined gas, renewable energy and battery storage energy solution
- Capital investment ~$40m

**Mica Creek Solar Farm**
- 88MW solar farm backed by gas power generation; biggest off-grid solar in Australia
- Capital investment ~$150m
APA is executing its strategy to grow its electricity footprint with a strategic investment to acquire 100% of Basslink senior secured debt

**Acquisition of 100% of Basslink senior secured debt**
Debt acquired at a discount to face value. APA intends to work constructively with the receivers and managers, and Hydro Tasmania and the State of Tasmania, to put Basslink on a stable footing and ultimately convert it into a regulated asset

**Attractive electricity transmission asset**
Aligns with APA’s strategic focus on contracted and regulated energy infrastructure and our support for renewable energy generation

**Platform for further growth**
Through its involvement in Basslink, APA will be well placed to support and potentially participate in adjacent energy opportunities

Notes:
(1) As at 23 February 2022, APA has rights to acquire 82% of Basslink senior secured debt, subject to satisfaction of conditions precedent; taking total to 100%. See announcement lodged with the ASX on 21 February 2022
APA is also playing a critical role in Australia's energy transition via its investment in future energy technologies

Parmaelia Gas Pipeline Hydrogen Project
- Proposed 100% hydrogen conversion of a section of existing pipeline in Western Australia
- Phase 2 underway - lab testing of the pipeline materials in gaseous hydrogen conditions

Victorian Transmission System
- Proposal to develop Australia's first blueprint for state-wide hydrogen blending
- Hydrogen safety proposal to test network under access arrangement

Central Queensland Hydrogen Project
- Feasibility study into the development of a large scale renewable hydrogen project in Central Queensland with exports to Japan

Mid-West Blue H2 & CCS Project
- Feasibility study to identify opportunities to commercialise and distribute low-cost blue hydrogen
- Potential use of the Cliff Head oil project to store carbon dioxide

Net Zero 2050
- Progressing our ambition to achieve Net Zero operational emissions (Scope 1 and 2) by 2050 with interim targets to be released during 2022
- Joined as Founding Members of Materials & Embodied Carbon Leaders' Alliance to be a part of an industry-wide and cross-sector conversation seeking to stimulate demand for low-carbon materials, including steel and concrete.
- Joined CEO Climate Leaders Coalition
# Progressing our Sustainability Roadmap to 2024

## BUILD

**Priority issues to be built into strengths**
- Climate Change Transition & Risk
- Community & Social Performance
- First Nations People

## ACCELERATE

**Fundamental issues which require strengthening**
- Environmental and heritage management

## MAINTAIN & EVOLVE

**Existing plans & processes to evolve via ESG lens**
- Safety, Health & Wellbeing
- Diversity & Inclusion
- People & Culture
- Governance & Risk Management

### PROGRESS IN 1H22

- Net Zero & Climate Transformation Program underway
- Joined the CEO Climate Leaders’ Coalition and the UN Global Compact
- Supporting people in vulnerable circumstances through the Uniting Energy Support Program
- Social impact studies underway for Kurri Kurri and Central Queensland hydrogen project
- Strategy to define our approach and outcomes for Community and Social Performance underway
- A new Indigenous Land Use Agreement (ILUA) in place for the development of a compressor site on the South West Queensland Pipeline, to underpin the expansion of the East Coast Grid
- Participating in the Global Compact Network Australia Sustainable Development Goal (SDG) Ambition Accelerator
- New Perth office certified with a 5 star NABERS energy rating
- Heritage e-learning package rolled out to boost awareness and capability in built heritage, cultural heritage and natural heritage
- COVID Response Manager appointed ensuring agility in our health and wellbeing response
- Enhanced parental leave policy established
- Culture Survey puts APA in the top quartile of global businesses for employee engagement
- Ongoing enhancement of modern slavery risk management activities
- Appointment of Responsible Sourcing Manager

### Notes:

1. These beneficial changes were developed following a benchmarking review against our industry peers and other leading businesses.
2. The 2021 Culture Survey benchmarked APA against other global businesses on: Engagement Capital; Engagement; Discretionary effort; Intent to Stay; and Employee Inclusion.
Financial performance

Adam Watson
Chief Financial Officer
1H22 solid financial performance

$1.1 billion 
up 4.3%
Revenue(1)

$859.8 million 
up 4.5%
Underlying EBITDA(1)

$515.1 million 
up 22.6%
Free Cash Flow

$155.6 million 
Profit after tax(2)

25.0 cents 
up 4.2%
Distribution Per Security

$1.8 billion 
Cash and undrawn debt facilities(3)

Notes:
(1) Revenue excluding pass-through, underlying EBITDA excludes significant items
(2) 1H22 profit after tax $155.6 million; 1H21 loss $15.5m post significant items
(3) As at 31 Dec 2021
### Key Drivers

- Favourable tariff escalation given exposure to Australian and US inflation indices
- Operating revenue growth across all segments, with particularly strong growth from the Victorian Transmission System and Diamantina Power Station
- Higher earnings from customer contribution works in Asset Management

### Operational Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>1H21 Revenue ex passthrough</th>
<th>1H22 Revenue ex passthrough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff Escalation</td>
<td>$13.6m</td>
<td>$9.5m</td>
</tr>
<tr>
<td>FX rate</td>
<td>$5.6m</td>
<td>$0.0m</td>
</tr>
<tr>
<td>Operational Revenue</td>
<td>$19.5m</td>
<td>$2.2m</td>
</tr>
<tr>
<td>Asset Mgt</td>
<td>$0.0m</td>
<td>$2.2m</td>
</tr>
<tr>
<td>Energy Investments</td>
<td>$2.2m</td>
<td>$11.7m</td>
</tr>
<tr>
<td>Other income</td>
<td>$1,071.8m</td>
<td>$1,117.7m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,117.7m</strong></td>
<td><strong>$1,117.7m</strong></td>
</tr>
</tbody>
</table>
Key Drivers

- Ongoing discipline in management of Operations & Maintenance
- Higher bidding costs associated with corporate development activities
- Higher insurance premiums, and enhancements across technology, sustainability and leadership capability

Notes
1. Excluding cloud SaaS costs following the IFRIC Agenda Decision published in April 2021
1H22 Free Cash Flow and Distributions - solid earnings growth and benefits stemming from recent capital management initiatives

Key Drivers
- Lower tax payments and interest paid as a result of the March 2021 $2.2b debt refinance
- Favourable working capital management including construction capital contribution received
- Lower Stay-In-Business (SIB) capex following completion of the Diamantina Power Station overhaul in 1H21

Distribution target
- Payout ratio of 60-70% of Free Cash Flow(1)
- Fully funds maintenance capex
- Supports appropriate level of funding for organic growth capex

FY22 distributions
- 1H22 interim distribution of 25.0 cps, up 4.2%
- Payout ratio of 57.3%
- FY22 total distributions guidance of 53.0 cps, up 3.9%

Notes:
(1) Free Cash Flow is Operating Cash Flow less SIB capex (SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs)
**Growing organic growth pipeline, now in excess of $1.4 billion\(^{(1)}\)**

<table>
<thead>
<tr>
<th>Select major growth projects</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Goldfields Interconnect</td>
<td></td>
<td></td>
<td>~$250m</td>
</tr>
<tr>
<td>Gruyere Hybrid Energy Microgrid</td>
<td>$40m</td>
<td></td>
<td>$460m</td>
</tr>
<tr>
<td>Western Outer Ring Main</td>
<td></td>
<td></td>
<td>$167m</td>
</tr>
<tr>
<td>ECG Expansion stage 1 &amp; 2(^{(2)})</td>
<td></td>
<td></td>
<td>$270m</td>
</tr>
<tr>
<td>Mica Creek Solar Farm</td>
<td></td>
<td></td>
<td>$150m</td>
</tr>
<tr>
<td>Kurri Kurri Pipeline(^{(3)})</td>
<td></td>
<td></td>
<td>~$250m</td>
</tr>
</tbody>
</table>

**Notes:**

(1) As at 23 February 2022
(2) East Coast Grid expansion stage 2, are subject to customer demand and final investment decision
(3) $250m is a high level APA estimate only
Capital strategy complements strong investment fundamentals

- Stable business operations and solid cash flow conversion
- Strong distributions (60% to 70% of free cash flow on a full year basis)
- Enhanced investor engagement and communication
- High level of liquidity reflects prudent treasury policy and supports growth funding
- Low cost of capital and strong support for APA credit
- Strong balance sheet enhanced by liability management exercise in March 2021

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APA is positively leveraged to rising inflation

Notes:
(1) Contracts within Australia that contain inflation linked escalations typically apply a formula based on either quarterly, bi annual or annual Australian Consumer Price Index (CPI). The Wallumbilla Gladstone Pipeline contract escalates annually, on 1 January each year, based on November US inflation. For the CY22 the increase due to US inflation will be 7.5%.
(2) As at 31 December 2021
(3) For 1H22 excluding passthrough revenue and significant items

With the majority of our revenues linked to inflation and our drawn debt fully hedged, our high operating margins means the majority of the revenue benefit flows through to free cash flow.
Capital management delivering a strong balance sheet to support growth

$1.8b of liquidity

BBB / Baa2 ratings with Stable outlooks

No material debt refinancing obligations until FY25

Average cost of debt 4.6% (1H21 5.2%) and average maturity 7 years (1H21 6 years)

Drawn debt is 100% hedged

FFO : Debt of 11.5% providing headroom to fund growth and support capital management

Notes: All figures at 31 December 2021 unless otherwise specified
1. We are in the process of amending our constitution to facilitate buy backs. Any assessment regarding the implementation of a buyback will be done with reference to our ability to create securityholder value
### FY22 Financial outlook

<table>
<thead>
<tr>
<th>Distribution reconfirmed</th>
<th>FY22 distribution per security 53.0 cps reconfirmed, a 3.9% increase on FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><img src="image1.png" alt="Graph" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary of rising inflation</th>
<th>Rising inflation having a favourable impact on earnings, with almost all revenue inflation linked</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td><img src="image2.png" alt="Graph" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wallumbilla Gas Pipeline</th>
<th>Wallumbilla Gas Pipeline FX enters next phase of hedge relationship in March 2022(^{(1)}); cash flow impact immaterial</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td><img src="image3.png" alt="Pipe" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing to create long term value</th>
<th>Ongoing investment in business development and systems and processes including cloud / SaaS based technology solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td><img src="image4.png" alt="People" /></td>
</tr>
</tbody>
</table>

Notes:
(1) This is expected to result in a net reduction in revenue (and EBITDA) for H22 of ~$14 million (non-cash). The annualised impact to revenue (and EBITDA) from FY23 onwards is expected to ~$36 million (non-cash). The impact on operating cash flows is expected to be immaterial. The next phase of the hedge relationship concludes in late CY25.
Summary and Outlook

Rob Wheals
CEO and Managing Director
Strong business fundamentals, delivering on strategy and attractive growth opportunities to create securityholder value

Leading energy infrastructure company

- Solid 1H22 financial performance
- Improved safety performance
- Maintained strong operational reliability
- FY22 DPS 53.0 cps reconfirmed, +3.9% on FY21
- Strong balance sheet with headroom to fund growth / support capital management
- Beneficiary of rising inflation
- Diversified revenue sources across a range of markets and services

Delivering on our strategy

- Organic pipeline in excess of $1.4billion
- Development of Mica Creek Solar Farm
- Progressing Kurri Kurri Lateral Pipeline
- Acquiring 100% interest in Basslink senior secured debt
- Pathfinder Program to deliver new energy infrastructure solutions
- Progressing Net Zero 2050 ambitions with interim targets communicated in 2022

Attractive growth opportunities

- Further investment in gas infrastructure to complement renewables as coal is withdrawn
- Gas is essential to support high heat and hard to abate industrial users
- Ongoing investment in electricity infrastructure
- Participation in Renewable Energy Zones

We have the strategy and capability to deliver our vision to be world class in energy solutions
Supplementary information
APA overview
Existing APA operational footprint diversified across a range of energy infrastructure assets

**Assets**
- Gas pipelines, processing & storage
- Gas-fired generation
- Renewables generation
- Electricity transmission

**Customers**
- Servicing ~80 wholesale and
- >1.4 million network customers

**Operations**
- >1,200 employee spread across more than 50 locations in Operations & Maintenance, Engineering, Health, Safety & Environment and Networks operations

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Note: Gruyere Hybrid Energy Microgrid is under construction
Low risk business model

- Solid risk management processes in place
- Continue to manage counterparty risks by:
  - Diversification of customers and industry exposures
  - Assessment of counterparty creditworthiness
  - Entering into stable contracted revenue to support major capital spend

Energy Infrastructure revenue by

Revenue type
- ~87% Take or pay/regulated
- 75.3%

Customer credit rating
- ~84% Investment Grade
- 41.1%

Customer industry
- Diverse Source of revenue
- 48.4%
**Group structure**

- APA Group is listed as a stapled structure on the Australian Securities Exchange (ASX:APA)
- APA is comprised of two registered managed investment schemes:
  - Australian Pipeline Trust (ARSN 091 678 778)
  - APT Investment Trust (ARSN 115 585 441) is a pass-through trust
- Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of APT and APTIT
- The units of APT and APTIT are stapled and must trade and otherwise be dealt with together
- APT Pipelines Limited (ABN 89 009 666 700), a company wholly owned by APT, is APA’s borrowing entity and the owner of the majority of APA’s operating assets and investments

**Financial reporting segments within APT:**

- Energy Infrastructure: APA’s wholly or majority owned energy infrastructure assets
- Asset Management: provision of asset management and operating services for the majority of APA’s investments
- Energy Investments: interests in energy infrastructure investments

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**Tax Structure**

- **APT**: 30% tax
- **APTIT**: 0% tax

Note: *Percent of net tangible asset*
Financial Metrics
## 1H22 financial summary

<table>
<thead>
<tr>
<th>Results $ million</th>
<th>1H22</th>
<th>1H21(1)</th>
<th>Change</th>
<th>Key Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(2)</td>
<td>1,117.7</td>
<td>1,071.8</td>
<td>4.3%</td>
<td>Positive contribution across all segments including Victorian Transmission System, Diamantina Power Station and Asset Management</td>
</tr>
<tr>
<td>Underlying EBITDA(3)</td>
<td>859.8</td>
<td>822.8</td>
<td>4.5%</td>
<td>Positive contribution across all operating segments partly offset by increased investments in capability and strategic projects</td>
</tr>
<tr>
<td>Fair value and other adjustments</td>
<td>5.5</td>
<td>11.9</td>
<td>(53.4%)</td>
<td>Includes Darling Downs Solar Farm fair value adjustment and IT Cloud (SaaS) costs</td>
</tr>
<tr>
<td>Total reported EBITDA(3)</td>
<td>865.3</td>
<td>834.7</td>
<td>3.7%</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(371.2)</td>
<td>(330.9)</td>
<td>12.2%</td>
<td>Larger depreciable asset base and changes to useful life for certain assets</td>
</tr>
<tr>
<td>Total reported EBIT(3)</td>
<td>494.1</td>
<td>503.8</td>
<td>(1.9%)</td>
<td></td>
</tr>
<tr>
<td>Net interest expense</td>
<td>(239.2)</td>
<td>(246.9)</td>
<td>(3.1%)</td>
<td>Lower average interest costs due to liability management exercise completed March 2021</td>
</tr>
<tr>
<td>Profit before tax excluding significant items</td>
<td>254.9</td>
<td>256.9</td>
<td>(0.8%)</td>
<td></td>
</tr>
<tr>
<td>Income tax expense(3)</td>
<td>(99.3)</td>
<td>(97.9)</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>Profit after tax excluding significant items</td>
<td>155.6</td>
<td>159.0</td>
<td>(2.2%)</td>
<td></td>
</tr>
<tr>
<td>Significant items after tax(4)</td>
<td>-</td>
<td>(174.5)</td>
<td>(100%)</td>
<td>Orbost impairment in 1H21</td>
</tr>
<tr>
<td>Profit after tax including significant items</td>
<td>155.6</td>
<td>(15.5)</td>
<td>1,104.8%</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow(5)</td>
<td>515.1</td>
<td>420.0</td>
<td>22.6%</td>
<td>Higher EBITDA, lower interest costs and lower tax payments</td>
</tr>
<tr>
<td>Distribution per security (cents)</td>
<td>25.0</td>
<td>24.0</td>
<td>4.2%</td>
<td>Payout ratio 57.3% of FCF</td>
</tr>
</tbody>
</table>

---

1) 1H21 is restated as a result of a change in the APA Group’s accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements
2) Excludes pass-through revenue on which no margin is earned
3) Excluding significant items
4) $249.3m non-cash pre-tax impairment in relation to Orbost Gas Processing plant
5) Free Cash Flow is Operating Cash Flow less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs
## Underlying EBITDA by segment

<table>
<thead>
<tr>
<th></th>
<th>$ million</th>
<th>1H22</th>
<th>1H21(1)</th>
<th>Change</th>
<th>Key drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast</td>
<td></td>
<td>341.9</td>
<td>326.8</td>
<td>4.6%</td>
<td>Increased contribution from Orbost and higher gas volumes in Victoria</td>
</tr>
<tr>
<td>West Coast</td>
<td></td>
<td>137.1</td>
<td>135.8</td>
<td>1.0%</td>
<td>Contributions from newly commissioned laterals</td>
</tr>
<tr>
<td>Wallumbilla Gladstone Pipeline</td>
<td></td>
<td>278.8</td>
<td>270.0</td>
<td>3.3%</td>
<td>US CPI tariff impact and favourable foreign exchange hedge rates</td>
</tr>
<tr>
<td>Power Generation</td>
<td></td>
<td>99.8</td>
<td>86.2</td>
<td>15.8%</td>
<td>Higher generation at Diamantina Power Station and improved returns from Badgingarra renewables site</td>
</tr>
<tr>
<td>Energy Infrastructure total</td>
<td></td>
<td>857.6</td>
<td>818.8</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>Asset Management</td>
<td></td>
<td>41.7</td>
<td>31.0</td>
<td>34.5%</td>
<td>Customer contribution projects from NSW, VIC, NT and WA</td>
</tr>
<tr>
<td>Energy Investments</td>
<td></td>
<td>16.2</td>
<td>16.2</td>
<td>(0.0%)</td>
<td></td>
</tr>
<tr>
<td>Corporate costs</td>
<td></td>
<td>(55.6)</td>
<td>(43.1)</td>
<td>29.0%</td>
<td>Investment in capability and strategic growth</td>
</tr>
<tr>
<td><strong>Total underlying EBITDA</strong></td>
<td></td>
<td><strong>859.8</strong></td>
<td><strong>822.8</strong></td>
<td></td>
<td><strong>4.5%</strong></td>
</tr>
</tbody>
</table>
1H22 underlying EBITDA up 4.5% to $860 million

Key Drivers

- Favourable tariff escalation given exposure to Australian and US inflation indices
- Operating revenue growth across all segments, with particularly strong growth from the Victorian Transmission System and Diamantina Power Station
- Asset Management benefited from third-party projects in NSW, Victoria, Northern Territory and Western Australia
- Ongoing discipline in management of Operations & Maintenance
- Higher bidding costs associated with corporate development activities
- Higher insurance premiums, and enhancements across technology, sustainability and leadership capability
## 1H22 capital expenditure

<table>
<thead>
<tr>
<th></th>
<th>1H22</th>
<th>1H21(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Capex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulated</td>
<td>34.7</td>
<td>21.3</td>
</tr>
<tr>
<td>Non-Regulated</td>
<td></td>
<td></td>
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<tr>
<td>East Coast Gas</td>
<td>57.5</td>
<td>58.1</td>
</tr>
<tr>
<td>West Coast Gas</td>
<td>76.3</td>
<td>33.7</td>
</tr>
<tr>
<td>Power Generation</td>
<td>27.0</td>
<td>31.9</td>
</tr>
<tr>
<td>Other</td>
<td>23.2</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Total growth capex</strong></td>
<td>69.7</td>
<td>83.1</td>
</tr>
<tr>
<td>Stay-In-Business (SIB) capex</td>
<td>69.7</td>
<td>83.1</td>
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<tr>
<td>IT capex</td>
<td>18.1</td>
<td>10.2</td>
</tr>
<tr>
<td>Corporate Real Estate</td>
<td>7.9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital expenditure</strong></td>
<td>314.4</td>
<td>247.5</td>
</tr>
<tr>
<td>Payment for Financial Assets</td>
<td>88.8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital &amp; investment expenditure</strong></td>
<td>403.3</td>
<td>247.5</td>
</tr>
</tbody>
</table>

### Key drivers:

**Major growth capex projects:**

- East Coast Expansion – Stage 1
- Orbost Phase 2b upgrades
- Kurri Kurri Lateral
- Northern Goldfields Interconnect
- Gruyere Hybrid Energy Microgrid
- Mica Creek Solar Farm – Stage 1
- Basslink Senior Secured Debt acquired (face value $99m)\(^2\)

**Major stay-in-business Capex:**

- Diamantina Power Station
- Moomba Sydney gas pipeline

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**Notes:**

1) 1H21 is restated as a result of a change in the APA Group's accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements
2) Basslink ASX Announcement on 22 November 2021
## Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>1H22</th>
<th>1H21</th>
<th>FY21</th>
<th>FY20(1)</th>
<th>FY19(1)</th>
<th>FY18(1)</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,384.4</td>
<td>1,295.0</td>
<td>2,605.3</td>
<td>2,590.6</td>
<td>2,452.2</td>
<td>2,386.7</td>
<td>2,326.4</td>
</tr>
<tr>
<td>Revenue excluding pass-through(2)</td>
<td>$1,117.7</td>
<td>1,071.8</td>
<td>2,144.5</td>
<td>2,129.5</td>
<td>2,031.0</td>
<td>1,941.4</td>
<td>1,888.3</td>
</tr>
<tr>
<td>Underlying EBITDA(3)</td>
<td>$859.8</td>
<td>822.8</td>
<td>1,633.0</td>
<td>1,653.9</td>
<td>1,573.8</td>
<td>1,518.5</td>
<td>1,470.1</td>
</tr>
<tr>
<td>Total reported EBITDA(3)</td>
<td>$865.3</td>
<td>834.7</td>
<td>1,643.0</td>
<td>1,656.0</td>
<td>1,569.0</td>
<td>1,518.0</td>
<td>1,470.1</td>
</tr>
<tr>
<td>Depreciation and amortisation expenses</td>
<td>$(371.2)</td>
<td>(330.9)</td>
<td>(674.4)</td>
<td>(650.8)</td>
<td>(611.3)</td>
<td>(578.9)</td>
<td>(570.0)</td>
</tr>
<tr>
<td>Reported EBIT(3)</td>
<td>$494.1</td>
<td>503.8</td>
<td>968.7</td>
<td>1,005.2</td>
<td>957.7</td>
<td>939.1</td>
<td>900.1</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>$(239.2)</td>
<td>(246.9)</td>
<td>(504.8)</td>
<td>(507.8)</td>
<td>(497.4)</td>
<td>(509.7)</td>
<td>(513.8)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$(99.3)</td>
<td>(23.2)</td>
<td>(62.9)</td>
<td>(185.6)</td>
<td>(175.6)</td>
<td>(164.9)</td>
<td>(149.5)</td>
</tr>
<tr>
<td>Profit/(loss) after tax including significant item</td>
<td>$(155.6)</td>
<td>(15.5)</td>
<td>3.7</td>
<td>311.8</td>
<td>284.7</td>
<td>264.5</td>
<td>236.8</td>
</tr>
<tr>
<td>Significant items – after income tax</td>
<td>-</td>
<td>(174.5)</td>
<td>(278.1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit after tax excluding significant item</td>
<td>$155.6</td>
<td>159.0</td>
<td>281.8</td>
<td>311.8</td>
<td>284.7</td>
<td>264.5</td>
<td>236.8</td>
</tr>
</tbody>
</table>

## Financial Position

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$14,665.9</td>
<td>15,199.7</td>
<td>15,994.3</td>
<td>15,429.2</td>
<td>15,226.7</td>
<td>15,045.9</td>
<td>15,038.9</td>
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<tr>
<td>Total drawn debt(4)</td>
<td>$9,667.0</td>
<td>9,684.4</td>
<td>9,665.7</td>
<td>9,983.6</td>
<td>9,352.1</td>
<td>8,810.4</td>
<td>9,249.7</td>
</tr>
<tr>
<td>Total equity</td>
<td>$2,815.8</td>
<td>3,269.7</td>
<td>2,969.2</td>
<td>3,214.9</td>
<td>3,596.1</td>
<td>4,126.5</td>
<td>3,978.2</td>
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</tbody>
</table>

## Cash Flow

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<thead>
<tr>
<th></th>
<th>$m</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow(5)</td>
<td>515.1</td>
<td>420.0</td>
<td>901.9</td>
<td>956.6</td>
<td>893.7</td>
<td>919.0</td>
<td>905.1</td>
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<tr>
<td>Operating cash flow(6)</td>
<td>602.9</td>
<td>513.3</td>
<td>1,051.0</td>
<td>1,087.5</td>
<td>1,007.3</td>
<td>1,031.3</td>
<td>973.9</td>
</tr>
</tbody>
</table>

## Key Financial Ratios

<p>| | | | | | | | |</p>
<table>
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<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings/(loss) per security including significant items(7)</td>
<td>cents</td>
<td>13.2</td>
<td>(1.3)</td>
<td>0.3</td>
<td>26.4</td>
<td>24.1</td>
<td>23.3</td>
</tr>
<tr>
<td>Free cash flow per security(7)</td>
<td>cents</td>
<td>43.7</td>
<td>35.6</td>
<td>76.4</td>
<td>81.1</td>
<td>75.7</td>
<td>80.8</td>
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<tr>
<td>Distribution per security</td>
<td>cents</td>
<td>25.0</td>
<td>24.0</td>
<td>51.0</td>
<td>50.0</td>
<td>47.0</td>
<td>45.0</td>
</tr>
<tr>
<td>Funds From Operations to Net Debt</td>
<td>%</td>
<td>11.5</td>
<td>11.8</td>
<td>11.3</td>
<td>12.1</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Funds From Operations to Interest</td>
<td>Times</td>
<td>3.3</td>
<td>3.2</td>
<td>3.1</td>
<td>3.3</td>
<td>3.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

| Weighted average number of securities(7) | M     | 1,179.9    | 1,179.9    | 1,179.9    | 1,179.9    | 1,136.9    | 1,118.5    |

---

(1) Restated as a result of change in the APA Group’s accounting policy following the IFRIC Agenda Decision published in April 2021 related to accounting for SaaS arrangements.
(2) Pass-through revenue is revenue on which no margin is earned.
(3) Excludes significant items.
(4) APA’s liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.
(5) Free cash flow is operating cash flow less SIB capex (SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs).
(6) Operating cash flow = net cash from operations after interest and tax payments.
(7) On 23 March 2018, APA Group issued 65,586,479 new ordinary securities, resulting in total securities on issue of 1,179,893,848. The weighted average numbers of securities from FY2016 to FY2018 have been adjusted to account for that rights issue.
## Historical underlying EBITDA by asset – Energy Infrastructure

<table>
<thead>
<tr>
<th>$ millions</th>
<th>1H22</th>
<th>1H21</th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>East Coast Grid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wallumbilla Gladstone Pipeline</td>
<td>278.8</td>
<td>270.0</td>
<td>549.7</td>
<td>538.9</td>
<td>542.4</td>
<td>515.9</td>
<td>488.0</td>
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<tr>
<td>South West Queensland Pipeline</td>
<td>120.9</td>
<td>118.0</td>
<td>232.8</td>
<td>254.4</td>
<td>250.0</td>
<td>244.3</td>
<td>242.4</td>
</tr>
<tr>
<td>Moomba Sydney Pipeline (1)</td>
<td>76.5</td>
<td>83.6</td>
<td>151.5</td>
<td>160.8</td>
<td>149.4</td>
<td>147.1</td>
<td>149.5</td>
</tr>
<tr>
<td>Victorian Systems</td>
<td>84.1</td>
<td>58.4</td>
<td>113.4</td>
<td>101.9</td>
<td>114.0</td>
<td>124.6</td>
<td>123.0</td>
</tr>
<tr>
<td>Roma Brisbane Pipeline</td>
<td>22.7</td>
<td>27.1</td>
<td>51.5</td>
<td>56.9</td>
<td>58.4</td>
<td>60.9</td>
<td>58.6</td>
</tr>
<tr>
<td>Carpentaria Gas Pipeline</td>
<td>14.0</td>
<td>15.2</td>
<td>29.0</td>
<td>29.5</td>
<td>36.8</td>
<td>39.0</td>
<td>35.6</td>
</tr>
<tr>
<td>Other Qld assets</td>
<td>13.7</td>
<td>11.9</td>
<td>24.2</td>
<td>23.1</td>
<td>20.7</td>
<td>14.0</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>East Coast Grid Total</strong></td>
<td>610.8</td>
<td>584.1</td>
<td>1,152.0</td>
<td>1,165.5</td>
<td>1,171.5</td>
<td>1,145.7</td>
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<td><strong>Northern Territory</strong></td>
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</tr>
<tr>
<td>Amadeus Gas Pipeline</td>
<td>8.7</td>
<td>11.4</td>
<td>22.7</td>
<td>19.9</td>
<td>19.2</td>
<td>22.9</td>
<td>18.8</td>
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<tr>
<td><strong>Western Australia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goldfields Gas Pipeline</td>
<td>77.6</td>
<td>76.1</td>
<td>155.1</td>
<td>149.9</td>
<td>150.6</td>
<td>127.7</td>
<td>111.5</td>
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<tr>
<td>Eastern Goldfields Pipeline</td>
<td>26.6</td>
<td>26.6</td>
<td>50.7</td>
<td>51.0</td>
<td>45.6</td>
<td>37.7</td>
<td>36.3</td>
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<tr>
<td>Mondarra Gas Storage and Processing Facility</td>
<td>18.3</td>
<td>18.6</td>
<td>36.9</td>
<td>36.1</td>
<td>33.8</td>
<td>32.8</td>
<td>33.6</td>
</tr>
<tr>
<td>Pilbara Pipeline System</td>
<td>13.3</td>
<td>12.9</td>
<td>25.7</td>
<td>27.6</td>
<td>28.2</td>
<td>27.8</td>
<td>27.5</td>
</tr>
<tr>
<td>Other WA assets</td>
<td>1.2</td>
<td>1.7</td>
<td>2.4</td>
<td>7.0</td>
<td>3.6</td>
<td>4.0</td>
<td>3.4</td>
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<td><strong>South Australia</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>SESA Pipeline and other SA assets</td>
<td>1.2</td>
<td>1.2</td>
<td>2.4</td>
<td>2.3</td>
<td>2.1</td>
<td>2.6</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Power Generation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diamantina Power Station</td>
<td>58.5</td>
<td>45.6</td>
<td>94.3</td>
<td>89.4</td>
<td>90.9</td>
<td>88.3</td>
<td>87.4</td>
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<tr>
<td>Badgingarra Wind and Solar Farms</td>
<td>18.5</td>
<td>16.2</td>
<td>32.1</td>
<td>33.5</td>
<td>14.7</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Emu Downs Wind and Solar Farms</td>
<td>13.0</td>
<td>12.9</td>
<td>26.7</td>
<td>24.8</td>
<td>23.2</td>
<td>23.6</td>
<td>22.4</td>
</tr>
<tr>
<td>Darling Downs Solar Farm</td>
<td>5.4</td>
<td>7.7</td>
<td>13.6</td>
<td>15.7</td>
<td>11.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Gruyere Power Station</td>
<td>4.4</td>
<td>3.8</td>
<td>7.9</td>
<td>7.2</td>
<td>3.5</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>857.6</td>
<td>818.8</td>
<td>1,622.6</td>
<td>1,629.8</td>
<td>1,572.4</td>
<td>1,497.1</td>
<td>1,453.7</td>
</tr>
</tbody>
</table>

Notes: EBITDA excludes significant items
(1) Includes other NSW pipelines
Debt maturity profile

APA maintains diversity of funding sources and spread of maturities

<table>
<thead>
<tr>
<th>Year</th>
<th>Obligations</th>
<th>Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>FY23</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>FY24</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>FY25</td>
<td>536</td>
<td>1) APA debt maturity profile as at 31 December 2021</td>
</tr>
<tr>
<td>FY26</td>
<td>50</td>
<td>2) AUD denominated obligations debt capital market (DCM) notes</td>
</tr>
<tr>
<td>FY27</td>
<td>893 (USD 693)</td>
<td>3) USD denominated obligations translated to AUD at the prevailing rate at inception (USD$1.10 - AUD/USD=0.7879, Euro and Sterling - AUD/USD=0.7772)</td>
</tr>
<tr>
<td>FY28</td>
<td>1,104</td>
<td></td>
</tr>
<tr>
<td>FY29</td>
<td>925</td>
<td></td>
</tr>
<tr>
<td>FY30</td>
<td>1,140 (USD 886)</td>
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</tr>
<tr>
<td>FY31</td>
<td>1,018</td>
<td></td>
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<tr>
<td>FY32</td>
<td>738</td>
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</tr>
<tr>
<td>FY33</td>
<td>770</td>
<td></td>
</tr>
<tr>
<td>FY34</td>
<td>770</td>
<td></td>
</tr>
<tr>
<td>FY35</td>
<td>450 (USD 340)</td>
<td></td>
</tr>
<tr>
<td>FY36</td>
<td>450</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1) APA debt maturity profile as at 31 December 2021
2) AUD denominated obligations debt capital market (DCM) notes
3) USD denominated obligations translated to AUD at the prevailing rate at inception (USD1.10 - AUD/USD=0.7879, Euro and Sterling - AUD/USD=0.7772)
Energy market dynamics and overview
Source: Gas Statement of Opportunities 2021, AEMO, gas production includes export LNG, Central scenario, existing, committed, and anticipated developments, 2021-40 (PJ), Figure 25 - Observed gas supply used to meet peak southern demand in 2020 and Figure 31 - Forecast gas supply relative to southern daily demand, Central scenario, 2035 (TJ/d)

Note: (1) includes demands that could be met with LNG receipts
Electricity market transition

Source: AEMO Integrated System Plan, 2020 central scenario; Australian Energy Statistic update 2021 Table O Electricity generation, by fuel type, by state

Notes: 1) Dispatchable generation includes utility-scale pumped hydro, gas-powered generation and battery storage
3) Tasmania has a renewable generation target of 200% to 2040
Regulation of Australian gas pipelines

In 1H22, 8.9% of Energy Infrastructure revenue was from full regulated assets.

Gas pipelines are regulated by the Australian Energy Regulator (AER) or, the Economic Regulation Authority of Western Australia (ERA).

Australia’s economic regulatory regime for gas pipelines is set out in the National Gas Law (NGL) and the National Gas Rules (NGR). Some of APA’s pipelines have been covered by the National Gas Access Regime since it was introduced in the 1990’s.

There are currently two frameworks under the NGR:

1) Scheme pipelines (NGR Parts 8-12) are subject to either:
   - full regulation, where the AER or ERA must approve a full access arrangement that sets out reference tariffs, terms and conditions in a negotiate-arbitrate framework. Pipeline users can opt for non-regulated services on full regulation pipelines; or
   - light regulation, where pipeline owners must publish services and prices and comply with information provision requirements to support negotiations or alternatively seek regulatory approval for a limited access arrangement. A regulatory negotiate-arbitrate mechanism is available in the case of access disputes.

2) Non-Scheme pipelines (NGR Part 23) – The Part 23 regime came into effect from August 2017 and provides for tariffs and terms to be negotiated, supported by additional information disclosure and a commercial arbitration mechanism in the event of a dispute.
Regulation of Australian gas pipelines (continued)

### Schedule of regulatory reset dates for APA

<table>
<thead>
<tr>
<th>Schedule of regulatory reset dates for APA</th>
<th>Current regulatory period</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roma Brisbane Pipeline</td>
<td></td>
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<tr>
<td>Victorian Transmission System</td>
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<tr>
<td>Goldfields Gas Pipeline</td>
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<tr>
<td>Amadeus Gas Pipeline</td>
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</tbody>
</table>

### Access arrangement
- Apply for a term, generally 5 years
- Set out the terms and conditions of third party access, including
  - At least one reference service that is commonly sought by customers – for pipelines, this is generally firm forward-haulage services
  - A reference (benchmark) tariff for the reference service

### Reference tariff
- Provides a default tariff for customers seeking the reference service but tariffs can also be negotiated for other services
- Determined with reference to regulated revenue, capacity and volume forecasts

### Regulated revenue
- Determined using the building block approach to recover efficient costs including:
  - Forecast operating and maintenance costs
  - Regulatory asset depreciation and
  - Return on value of regulated assets (regulated asset base) based on WACC determination
  - Return is now a binding (defined methodology) rate of return as at Dec 2018 for the next 4 years
  - WACC based on 60:40 debt equity split

### Regulated asset base (RAB)
- Opening RABs have been settled with the regulator; there are no reassessments for approved RABs
- RABs adjusted every access arrangement period
  - Increased by capital invested into the asset and reduced by regulatory depreciation costs
For further information

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