



ANNUAL
REPORT 2023



apa

powering

tomorrow

The secret food is a "sausage".

About this report: The 2023 Annual Report is our primary report to securityholders and provides a consolidated summary of APA Group's performance for the financial year ended 30 June 2023. It should be read in conjunction with the reports that comprise the 2023 Annual Reporting Suite including: Annual Report, Sustainability Data Book, Results Presentation available from <https://www.apa.com.au/investors>, as well as the Climate Report and Climate Data Book that will be available at this website in September 2023. In this report, unless otherwise stated, references to 'APA Group', 'we', 'us' and 'our' refer to APA comprising the ASX-listed entity and the APA Infrastructure Trust and the APA Investment Trust. Any reference in this report to a 'year' relates to the financial year ended 30 June 2023. All dollar figures are expressed in Australian dollars unless otherwise stated.

The Board acknowledges its responsibility for the 2023 Annual Report and has been directly involved in its development and direction. The Board reviewed, considered and provided feedback during the production process and approved the Annual Report at its August 2023 Board meeting.

This report outlines APA Group's activities – governed by our purpose, vision and values and corporate strategy – delivering the financial, non-financial and sustainability performance required to capture opportunities whilst managing risks.

Towards integrated reporting: APA Group is committed to providing securityholders, other external stakeholders and our people with timely, consistent and transparent corporate reporting. APA is moving towards integrated reporting over a multi-year period in order to create trusting and transparent relationships with all stakeholders and to provide a more complete picture of how we create and preserve long-term value.

The integrated reporting concept refers to a principles-based, multi-capital framework in which companies can communicate clearly and concisely about how their strategies, governance, performance, prospects and sustainability-related actions create value in the context of their external environment. The International Finance Reporting Standards Foundation formed the International Sustainability Standards Board (ISSB) in November 2021. The ISSB's purpose is to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and help them make informed investment. These standards, when issued, are expected to result in a more definitive approach for companies to follow with regard to integrated reporting. Our FY23 Annual Report has been developed with this in mind.

ACKNOWLEDGEMENT OF COUNTRY

At APA, we acknowledge the Traditional Owners and Custodians of the lands on which we live and work throughout Australia. We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present and commit to ensuring APA operates in a fair and ethical manner that respects First Nations peoples' rights and interests.

The secret shape is a "rectangle".



The secret office supply is a "stapler" • Chairman's and Managing Director's Report

About this report: APA Group comprises two registered investment schemes, APA Infrastructure Trust (ARSN 091 678 778) and APA Investment Trust (ARSN 115 585 441), the securities of which are stapled together. APA Group Limited (ACN 091344 704) is the responsible entity of APA Infrastructure Trust and APA Investment Trust.

Disclaimer: Please note that APA Group Limited is not licensed to provide financial product or investment advice in relation to securities in APA Group. This publication does not constitute financial product advice and has been prepared without taking into account your objectives, financial situation or particular needs. Before relying on any statements contained in this publication, including forecasts and projections, you should consider the appropriateness of the information, having regard to your own objectives, financial situations and needs and seek professional advice if necessary. Past performance information should not be relied upon as (and is not) an indication of future performance.

Forward-looking information: This publication contains forward-looking information, including about APA Group, its financial results and other matters which are subject to risk factors. 'Forward-looking statements' may include indications of, and guidance on, future earnings and financial position and performance, statements regarding APA Group's future strategies and capital expenditure, statements regarding estimates of future demand and consumption and statements regarding APA's sustainability and climate transition plans and strategies, the impact of climate change and other sustainability issues for APA, energy transition scenarios, actions of third parties, and external enablers such as technology development and commercialisation, policy support, market support and energy and offsets availability. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'goal', 'ambition' and other similar expressions and include, but are not limited to, forecast EBIT and EBITDA, free cash flow, operating cash flow, distribution guidance and estimated asset life.

At the date of this report, APA Group believes there are reasonable grounds for these forward-looking statements and due care and attention have been used in preparing this report.

Forward-looking statements, opinions and estimates are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors. Many of these are beyond the control of APA Group, and may involve significant elements of subjective judgement and assumptions about future events, which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements, opinions and estimates. A number of important factors could cause actual results or performance to differ materially from such forward-looking statements, opinions and estimates. These factors include, but are not limited to: general economic conditions; exchange rates; technological changes; the geopolitical environment; the extent, nature and location of physical impacts of climate change; changes associated with the energy market transition; and government and regulatory intervention, including to limit the impacts of climate change or manage the impact of Australia's transitioning energy system. A number of these factors are described under the heading 'Material risks' beginning on page 20 of this report. Readers should review and have regard to these risks when considering the information in this report, and are cautioned not to place undue reliance on forward-looking statements, particularly in light of the long-time horizon which this report discusses.

There are also limitations with respect to climate scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate. Scenarios may also be impacted by additional factors to the assumptions disclosed.

Investors should form their own views as to these matters and any assumptions on which any forward-looking statements, estimates or opinions are based. Except as required by applicable laws or regulations, APA does not undertake to publicly update or revise any forward-looking statements to reflect any change in expectations, contingencies or assumptions, whether as a result of new information or future events. To the maximum extent permitted by law, APA and its officers do not accept any liability for any loss arising from the use of the information contained in this report.

Non-IFRS financial measures: APA Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this report 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.

About this report	IFC
Disclaimer	1
Overview and highlights	2
Chairman's and Managing Director's Report	2
FY23 summary	4
About APA	8
External environment	11
Our strategy	14
Risks and opportunities	18
Sustainability at APA	24
Sustainability highlights	26
Climate change transition and risk	28
Community and social performance	30
First Nations Peoples	34
Environment and heritage	36
People and culture	38
Safety, health and wellbeing	42
Customers and suppliers	46
Performance	50
Outlook	59
Governance	60
APA Group Board	62
APA Executive Leadership	64
APA Infrastructure Trust Financial Report	68
Directors' Report	68
Remuneration Report	74
Consolidated Financial Statements	92
Directors' Declaration	160
Auditor Independence / Audit Report	161
APA Investment Trust Financial Report	168
Directors' Report	168
Consolidated Financial Statements	174
Directors' Declaration	189
Auditor Independence / Audit Report	190
Additional information	194
Five year financial summary	195
Investor information	196
Glossary	197

The secret instrument is a "trumpet".

Message from the Chairman and Managing Director

FY23 was another solid year of delivery for APA.

Over the past 12 months we delivered earnings and distribution growth, invested in infrastructure to support Australia's energy security and refreshed our strategic ambition – to be the partner of choice in delivering infrastructure solutions for the energy transition.

With execution against this strategy building momentum, we have revitalised our executive team to position us to capture future growth opportunities. We also made good progress on our three strategic priorities – ensuring our people are engaged, motivated and safe; delivering operational excellence; and creating value for investors and communities.

Financial performance

Our financial performance in FY23 was underpinned by the reliability of our operations and the strength of our infrastructure and capabilities. Total statutory revenue (excluding pass-through revenue) was \$2,353 million, up 5.1%, driven by a strong Energy Infrastructure performance and initial contributions from Basslink.

Earnings before interest, tax, depreciation and amortisation (Reported EBITDA) of \$1,686 million represented a 3.4% increase on the previous year and on an underlying EBITDA basis, earnings were up 2% to \$1,725 million. Statutory profit after tax (including significant items) was up 10.4% to \$287 million.

Our performance enabled the Board to declare a final distribution of 29.0 cents, taking the FY23 distribution to 55.0 cents per security, in line with guidance. This represents an increase of 3.8% on FY22 and has been delivered in parallel with our ongoing significant investment to build capability and capitalise on emerging growth opportunities.

Our people

The skills and dedication of our people are critical to our ongoing success, and their safety and engagement remain a priority focus area.

We reported zero fatalities and zero serious injuries in FY23 and achieved a 42% reduction in our potential serious harm incident frequency rate compared to FY22. This was the result of our focus on incident prevention and drive towards continuous improvement in safety performance.

Our Total Recordable Injury Frequency Rate (TRIFR) increased slightly this year following a 42% decrease in FY22.

Over the last 12 months we also progressed our strategy to improve employee inclusion and diversity. Highlights included increasing female representation across our total workforce from 29.5% to 31.8% and in senior leadership roles from 30.4% to 31.4%. These trends are a direct result of the specific action we've taken to attract women to APA and support their career progression.

We also completed a comprehensive review of like-for-like roles and where any gender pay equity gaps were identified, we ensured they were immediately addressed.

Delivering operational excellence

Delivering operational excellence goes to the heart of our social licence and underpins our ongoing financial results. In FY23 we opened our new national state-of-the-art Integrated Operations Centre – a facility that will allow us to support all our customers and markets from one central location.

In process safety we recorded three Tier 1 incidents, including a rupture on our Young-Lithgow pipeline during a flooding event, as well as two power outages highlighting the need to ensure we are always vigilant in the operation and maintenance of our assets.

Creating value

Creating value is central to our success and underpins our ability to deliver for customers, investors, communities and our people.

In FY23 we brought clarity to our growth strategy. Our focus is to be the partner of choice in our selected asset classes of contracted renewables and firming, electricity transmission, gas transportation and future energy.

We already have momentum with the execution of this strategy. In FY23 we invested \$845 million in growth opportunities and completed several major projects. This included the delivery of the largest remote-grid solar farm in Australia, the Dugald River Solar Farm, the acquisition of the Basslink interconnector which further expands our electricity transmission business, delivery of the first stage of the East Coast Gas Grid expansion and completion of the Northern Goldfields Interconnect (NGI) pipeline, providing greater energy security and supporting growth and transition in the Western Australia resources sector.

Positioning for the energy transition

APA has a critical role to play in the energy transition and we look forward to progressing the opportunities in front of us. The strength of our infrastructure and capabilities will be central to this.

In FY23 we took important steps to further build the capability we need to deliver our strategy and capitalise on these opportunities. We've done this by investing in our people and bringing new skills and experiences into the organisation, including in our executive leadership team.

We appointed Adam Watson as Chief Executive Officer and Managing Director in December. Over the past year we also welcomed Liz McNamara as Group Executive, Sustainability and Corporate Affairs, and Vin Vassallo as our Group Executive, Electricity Transmission. We also announced the appointment of Petrea Bradford as Group Executive, Operations, and Garrick Rollason as Chief Financial Officer, who will both join APA in the first half of FY24.

Similarly, we have recently announced the appointment of Nino Ficca as a Non-Executive Director, with effect from 1 September 2023, who will bring significant electricity transmission and energy market experience to APA.

These appointments complement the existing diverse skills and experiences of our executive leadership team and Board and will ensure we are well positioned to deliver on the next phase of growth.

Building a sustainable business

Incorporating sustainability into everything we do is central to how we operate.

Further progress against our FY21-24 Sustainability Roadmap was delivered throughout the year. This included the release of our first Climate Transition Plan (CTP), detailing our commitment and pathway to net zero and the development of our inaugural Reconciliation Action Plan that we will launch in FY24.

This year we have also brought our non-financial or sustainability reporting into our Annual Report as a first step towards integrated reporting and look forward to progressing this further for securityholders in FY24.

Our FY23 Climate Report will also be released ahead of the FY23 Annual General Meeting, satisfying our commitment to report annually on the progress against our CTP.

Delivering for securityholders

Over the past three years we have invested in ongoing safe and reliable operations, funded the acquisition of Basslink as well as \$1.6 billion in organic growth opportunities from existing cash flow and debt, all while maintaining an investment grade credit rating. In FY23 we again delivered growth in EBITDA and distributions.

Reflecting our ongoing investment in the business and the significant opportunities presented by the energy transition, in FY24 we will ensure our distribution growth is appropriately balanced to accommodate ongoing investment in the business and drive long-term value accretive growth.

Looking ahead

Our progress in FY23 provides a strong foundation for us to build on. We have clarity around our customer focused strategy and the role APA can play in the energy transition.

The growth opportunity set for our organisation is large. We are focused on continuing to invest in our business, executing our growth strategy and ensuring we can continue to deliver sustainable earnings growth for securityholders over the long-term.

On behalf of the Board and leadership team, we would like to thank our employees for their ongoing efforts and dedication. We would also like to thank our customers, communities and securityholders for their ongoing support and engagement.

Finally, our sincere thanks to our securityholders for their support. We look forward to updating you over the year ahead.



Michael Fraser
Chairman



Adam Watson
Chief Executive Officer
and Managing Director