



24 August 2022

ASX ANNOUNCEMENT

APA Infrastructure Limited (ASX: AP2)

FINANCIAL REPORT

Attached is the APA Infrastructure Limited Financial Report for the financial year ended 30 June 2022.

Authorised for release by Amanda Cheney

Company Secretary

APA Infrastructure 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. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

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ahead**



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APA Infrastructure Limited
Financial Report 2022

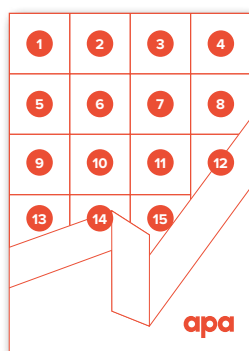
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Financial Report

APA Infrastructure Limited
For the financial year ended 30 June 2022

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Directors' Report

APA Infrastructure Limited

The Directors of APA Infrastructure Limited (APAIL) submit their report and the annual financial report of APAIL and its controlled entities (together Consolidated Entity) for the financial year ended 30 June 2022.

1. Directors

The names of the Directors of the Consolidated Entity during the year and since the year end are:

Current Directors	First appointed
Michael Fraser Chairman:	1 September 2015 27 October 2017
Robert (Rob) Wheals – Chief Executive Officer and Managing Director:	6 July 2019
Steven (Steve) Crane	1 January 2011
James Fazzino	21 February 2019
Debra (Debbie) Goodin	1 September 2015
Shirley In't Veld	19 March 2018
Rhoda Phillippo	1 June 2020
Peter Wasow	19 March 2018

The Company Secretaries of the Consolidated Entity during the year were Nevenka Codevelle (until 22 October 2021) and Amanda Cheney.

2. Principal Activities

The principal activities of the Consolidated Entity during the course of the year were investment in controlled entities and acting as the borrowing entity for APA Group, that comprises APA Infrastructure Trust and APA Investment Trust and their controlled entities (APA). The principal activities of APA during the course of the year were the ownership and operation of energy infrastructure assets and businesses, including:

- Energy infrastructure, comprising gas transmission, gas storage and processing; gas-fired and renewable energy power generation businesses located across Australia;
- Asset management services for the majority of APA's energy investments and for third parties; and
- Energy investments in unlisted entities.

There were no significant changes in the principal activities of the Consolidated Entity during the reporting period.

3. State of Affairs

In the opinion of the Directors, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

On 6 May 2022, APA Group changed its group entity names to better reflect its renewed focus on energy infrastructure, with a portfolio of gas, electricity, solar and wind assets across Australia. In connection with the new naming convention, APT Pipelines Limited has been changed to APA Infrastructure Limited (APAIL).

On 22 October 2021, Nevenka Codevelle resigned as Company Secretary. She retired as Group Executive of Governance and Legal Affairs on 29 October 2022.

4. Subsequent Events

On Thursday, 28 July 2022 the Consolidated Entity completed the sale of Orbest Gas Processing Plant to Cooper Energy Limited (ASX:COE). The Consolidated Entity continues to operate the plant and will do so until the Major Hazard Facility licence is transferred to COE. The Consolidated Entity expects to receive cash consideration of between \$270.0 million and \$330.0 million. The total consideration to be received is subject to post-completion plant performance.

On 19 August 2022, the Consolidated Entity announced that following an APA-initiated independent review of payroll, it found system errors relating to seven Enterprise Agreements, which has resulted in the identification of payment errors to employees over a seven year-period. The Consolidated Entity has commenced a process to remediate the errors for affected employees and has included a provision of \$32.4 million in its financial statements for the year ended 30 June 2022.

On 22 August 2022, the Consolidated Entity announced that CEO and Managing Director, Rob Wheals, would be stepping down at the end of September 2022. Adam Watson, APA's Chief Financial Officer, was appointed as acting CEO while the Board undertakes a full search process for a new CEO. The Consolidated Entity's General Manager of Investor Relations, Kynwynn Strong, was appointed as acting CFO.

On 24 August 2022, the Directors declared and paid a final dividend of 107.8 cents per share (\$67.0 million) to the sole equityholder, APA Group Limited as Responsible Entity and Trustee of APA Infrastructure Trust.

Subsequent to 30 June 2022, the Consolidated Entity entered into a series of bilateral facilities that provide an additional \$900.0 million of undrawn funding capacity and cancelled \$750.0 million of aging credit lines.

Directors' Report continued

APA Infrastructure Limited

As at the time of reporting, the uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of the Consolidated Entity. Nothing has come to the attention of the Consolidated Entity that would require adjustment or additional disclosure in these financial statements as a result of any recent COVID-19, global and domestic political developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to year end that would require adjustment to or disclosure in the financial statements.

5. Review of Operations

The Consolidated Entity reported a profit after tax including significant items of \$246.9 million (FY21: \$22.3 million loss) on total revenue of \$2,729.8 million (FY21: \$2,602.2 million).

5.1 Capital Management

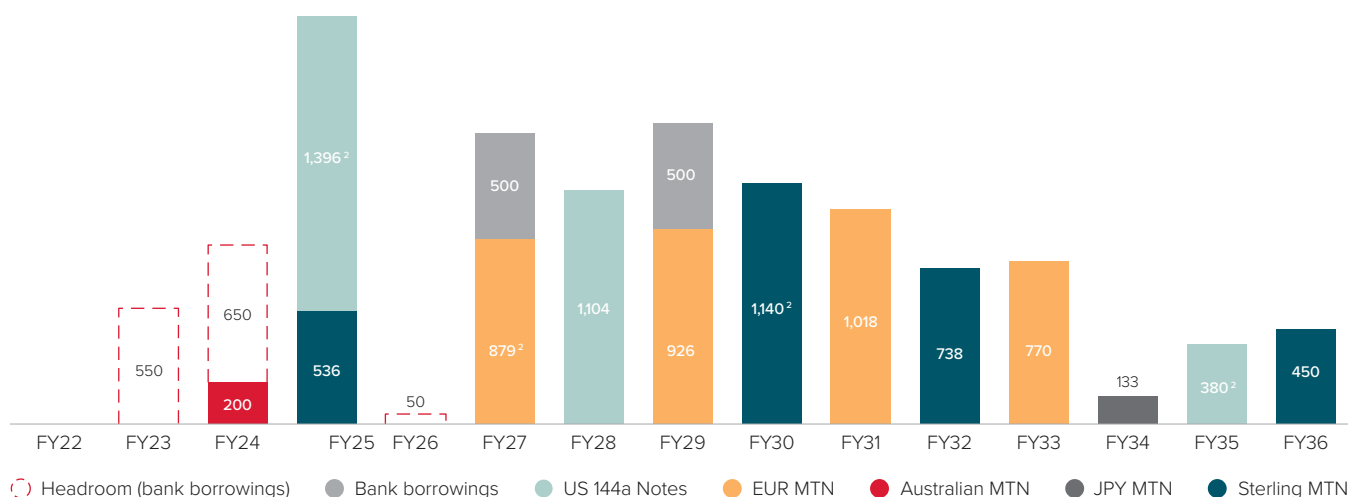
As at 30 June 2022, APAIL had 62,127,252 securities on issue. This is unchanged from 30 June 2021.

APAIL is well positioned to fund its planned growth activities with \$2.2 billion in cash and committed undrawn facilities available to assist in the ongoing funding of the business as at 30 June 2022. APAIL remains committed to funding its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain investment grade BBB and Baa2 credit ratings.

At 30 June 2022 APAIL had \$10,668.1 million (\$9,665.8 million as at 30 June 2021) of committed drawn debt facilities, with an additional \$1,250 million of undrawn committed bank facilities. APAIL has issued long-term debt into a diverse range of global debt capital markets over the years, including US Private Placement Notes, Medium Term Notes in several currencies (Australian dollars, Euros, Sterling, Canadian dollars and Japanese Yen), United States 144A Notes and Australian dollar Syndicated and Bilateral bank facilities. The debt portfolio has a broad spread of maturities extending out to FY2036, with an average maturity of drawn debt of 6.7 years.

APA Debt Maturity Profile and Diversity of Funding Sources¹

A\$m



1. APA debt maturity profiles as at 30 June 2022.

2. USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A – AUD/USD=0.7879, EMTN and Sterling AUD/USD=0.7772).

APAIL has a prudent treasury policy that requires high levels of interest rate hedging to minimise the potential impacts from adverse movements in interest rates. As at 30 June 2022, 100.0% (30 June 2021: 100.0%) of interest obligations on gross drawn borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2036.

In June 2022, APAIL raised AUD \$1.0 billion of senior unsecured debt via a syndicated loan facility from leading Australian and Asian banks. The new facility comprises two equal tranches of 5 and 7 year tenor. Both tranches are swapped into fixed rates with the overall cost broadly in line with APA's existing average cost of debt. The proceeds of the offering was used to refinance the variable debt used to fund the acquisition of Basslink debt, contribute to funding APA's growth projects and for general corporate purposes.

Foreign Exchange Hedging

In June 2015, APA acquired the Wallumbilla Gladstone Pipeline (WGP), which receives revenues in USD. To minimise the foreign exchange volatility of the cash inflows and cash outflows, APA entered into a range of AUD:USD Forward Exchange Contracts (FECs) up to March 2022. In addition, debt borrowed to support the acquisition was also fixed in USD to support the natural hedge against the USD cash inflows over the life of the WGP contract. At 30 June 2022, around US\$3.0 billion of the original debt was fixed in USD at an all-in annual interest rate of 4.4%. For accounting purposes, this USD debt is considered a 'designated hedge' to manage foreign currency exposure for WGP revenues.

The average AUD to USD FX rate on realised revenue cash flows from WGP was 0.72 in FY21 and 0.71 from July 2021 to March 2022. From March 2022 through December 2025, APA has secured:

- FECs for the monthly revenue cash flows at an AUD:USD rate of ~0.72
- FECs for the bi-annual interest payment at an AUD:USD rate of ~0.72
- A FEC to repay the US\$1.1 billion 144A Notes due March 2025 at an AUD:USD rate of 0.71.

Directors' Report continued

APA Infrastructure Limited

APA has commenced recording an additional revenue adjustment (affecting EBITDA) for the impact of exiting the portion of the original natural hedging relationship attributed to the period the new FECs have been entered into. This will result in a non-cash ~A\$130 million FX accounting loss to be brought to account over the period February 2022 through October 2025. The resulting outcome is that revenue is recognised at a blended rate of ~0.76 between 2022 and 2025. The impact of the non-cash adjustment to revenue and EBITDA for FY22 is ~A\$15 million. The annualised impact of the non-cash adjustment to revenue and EBITDA is ~A\$36 million per annum.

The impact on operating cash flows (revenue less interest) from entering into the new FECs is expected to be immaterial because the FECs were entered into at similar AUD:USD rates as those in place for recent previous reporting periods.

5.2 Interest costs

For the reporting period, net finance costs decreased by \$32.4 million or 6.2%, to \$492.2 million (FY21 \$524.6 million). The decrease in FY22 relative to FY21 is primarily due to lower average interest rates on borrowings as a result of the Liability Management exercise in 2H21 and lower capitalised interest.

The average interest rate (including credit margins) applying to drawn debt was 4.59% for FY22 (FY21: 5.09%), reflective of the full year impact of the new lower interest cost attributable to the EUR 1,100 million and GBP 250 million senior unsecured Euro Medium Term Notes as part of the Liability Management exercise.

5.3 Credit ratings

APA Infrastructure Limited, the borrowing entity of APA, maintained the following two investment grade credit ratings during the period:

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 25 November 2021; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 28 February 2022.

APA calculates the Funds From Operations (FFO) to Interest to be 3.6 times (FY2021: 3.1 times) and FFO to Net Debt to be 11.5% for FY22 (FY21: 11.0%). FFO to Net Debt is the key quantitative measure used by S&P and Moody's to assess APA's credit worthiness and credit rating.

With FFO to Net Debt and FFO to Interest of 3.6 times being at the stronger end of BBB/Baa2 rating metric guidelines, APA continues to have confidence that the balance sheet can support both organic growth and longer-term growth in securityholder distributions.

5.4 Dividends

Unfranked dividends of \$67.0 million were paid to the sole shareholder, APA Infrastructure Trust, during the financial year (FY21: \$97.0 million).

6. Options Granted

No options over unissued shares or interests in APAIL were granted during or since the end of the financial year, no unissued APAIL securities were under option as at the date of this report, and no APAIL securities were issued during or since the end of the financial year as a result of the exercise of an option over unissued APAIL securities.

7. Directorships of other listed companies

Directorships of other listed companies held by Directors at any time in the 3 years immediately before the end of the financial year:

Name	Company	Period of directorship
Michael Fraser	Aurizon Holdings Limited Orora Limited	Since February 2016 to February 2022 Since April 2022
Robert Wheals	—	—
Steven Crane	nib holdings limited SCA Property Group	September 2010 to July 2021 Since December 2018
James Fazzino	Tassal Group Limited	Since May 2020, Chair since October 2021
Debra Goodin	Senex Energy Limited oOh!media Limited Atlas Arteria Limited	May 2014 to November 2020 November 2014 to February 2020 Since September 2017, Chair since November 2020
Shirley In't Veld	Northern Star Resources Limited Alumina Limited Develop Global Limited (formerly Venturex Resources Limited) Karora Resources Inc	September 2016 to June 2021 Since August 2020 Since July 2021 Since December 2021
Rhoda Phillippo	Vocus Group Ltd	March 2015 (previously as M2 Group Ltd) to August 2018
Peter Wasow	Oz Minerals Limited	Since November 2017

Directors' Report continued

APA Infrastructure Limited

8. Directors' relevant interests in APA securities

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their related entities at 30 June 2022 was 357,593 (FY21: 318,468). No director holds any securities in APA Infrastructure Limited.

Directors' relevant interests in APA securities

Directors	Fully paid securities as at July 2021	Securities acquired	Securities disposed	Fully paid securities as at 30 June 2022
Michael Fraser	102,942	—	—	102,942
Robert Wheals	74,596	34,125	—	108,721
Steven Crane	30,000	—	—	30,000
Debra Goodin	24,179	—	—	24,179
James Fazzino	30,751	—	—	30,751
Shirley In't Veld	25,000	—	—	25,000
Peter Wasow	26,000	—	—	26,000
Rhoda Phillippo	5,000	5,000	—	10,000
	318,468	39,125	—	357,593

As at 30 June 2022, Robert Wheals held 703,328 performance rights granted under APA Group's long-term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles. Further information can be found in APA's Remuneration Report on pages 6 to 21.

The Directors hold no other rights or options over APA securities or securities in APA Infrastructure Limited. There are no contracts to which a Director is a party or under which the Director is entitled to a benefit and that confer a right to call for or deliver APA securities or securities in APA Infrastructure Limited.

9. Indemnification of Officers

During the year, the Responsible Entity of APA Group paid a premium on a contract insuring the directors and officers of any APA Group entity (including APAIL) against certain liability incurred in performing those roles. The contract of insurance prohibits disclosure of the specific nature of the liability and the amount of the premium.

APA Group Limited indemnifies directors, officers and other executives and former executives of APA Group entities (including APAIL) under a range of deed polls and indemnity agreements, which have been in place since 1 July 2000. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance and is on terms the board of APA Group Limited considers usual for arrangements of this type.

Under its constitution, APA Infrastructure Limited indemnifies each person who is or has been a Director, Company Secretary or executive officer of that company.

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the APA Infrastructure Limited or any APA Group entity against a liability incurred by such an officer or auditor.

10. Remuneration report

The Remuneration report is attached to and forms part of this report.

11. Auditor

Auditor's independence declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu (Auditor) as required under section 307C of the *Corporations Act 2001* is included at page 86.

Non-audit Services

A description of any non-audit services provided during the financial year by the Auditor and the amounts paid or payable to the Auditor for these services are set out in note 27 to the financial statements.

The Board has considered those non-audit services provided by the Auditor and, in accordance with advice provided by the Audit and Risk Management Committee (the Committee), is satisfied that the provision of those services by the Auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the Act. The Board concluded that the non-audit services provided did not compromise the Auditor's independence because:

- All non-audit services were subject to APA's corporate governance procedures with respect to such matters and have been reviewed by the Committee to ensure they do not impact on the impartiality and objectivity of the Auditor.
- The non-audit services provided did not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for APA, acting as an advocate for APA or jointly sharing risks and rewards.
- The Auditor has provided a letter to the Committee with respect to the Auditor's independence and the Auditor's independence declaration referred to above.

Directors' Report continued

APA Infrastructure Limited

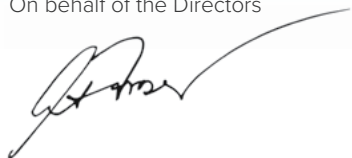
12. Rounding of amounts

APAIL is an entity of the kind referred to in ASIC Corporation's Instrument 2016/191 and, in accordance with that Class Order, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

13. Authorisation

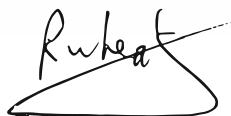
The Directors' Report is signed in accordance with a resolution of the Directors of APAIL made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Fraser

Chairman



Robert Wheals

CEO and Managing Director

Sydney, 24 August 2022

Remuneration Report

APA Infrastructure Limited



Letter from the Chair of the People and Remuneration Committee

I am pleased to present APA Group's (APA or the Company) Remuneration Report for financial year 2022.

As Australia's energy transition accelerates and in light of recent global geopolitical developments, the year has reinforced APA's pivotal role in supporting the energy transition and providing stable and crucial supply in Australia.

APA's position as a market leader in the Australian energy infrastructure sector has been reflected in our solid FY22 company performance with underlying EBITDA increasing by 3.9% to \$1,692.3 million and free cash flow increasing by 19.8% to \$1,080.6 million.

We have delivered a total security holder return (TSR) of 33% in FY22 and pleasingly, we have also paid our highest ever distribution this year, increasing by 4% to 53.0 cents per security. This is the 18th consecutive year distributions have grown year-on-year, displaying our commitment to financial discipline and generating long-term returns for security holders.

Remuneration outcomes for FY22

Solid financial and non-financial performance translated into a short-term incentive (STI) outcome of 66% of maximum for the CEO and 60-94% of maximum for other Executive Key Management Personnel (KMP).

In FY20, APA introduced a new long-term incentive (LTI) plan (to replace the legacy cash plan) for which the first grant was tested this year. Based on 3-year performance, the threshold for the relative TSR and return on capital targets was exceeded and an LTI outcome of 71.9% was determined.

Remuneration changes for FY22

While there have been no significant changes in FY22, we have made the following adjustments to ensure our remuneration framework remains fit-for-purpose:

- A re-weighting of our executive team's pay mix to the long-term, by reducing STI opportunity and increasing LTI opportunity, which aims to drive executives' focus on APA's long-term success.
- An increase to the CFO's STI opportunity following an internal management restructure which resulted in the IT and Operations Technology functions, the Enterprise Program Management Office and the Risk, Compliance and Insurance functions forming part of an expanded portfolio.
- For the FY22 LTI grant, changing our relative TSR peer group from a subset of the S&P/ASX100 to a bespoke group of peers whose businesses are more relevant to the nature of APA's operations.
- An increase in NED fees for the first time since 2019, to ensure fees remain competitive and enable us to attract and retain high calibre Directors.

More detail on each of these changes are provided throughout the Report.

FY23 and beyond

To align our Net Zero strategy to executive remuneration outcomes, we are introducing climate related metrics into our framework, with more disclosure to follow in FY23.

In addition, to ensure we continue to build a diverse workforce, we expect to place increased attention on gender pay equity in the coming year. Whilst our industry has historically had a greater representation of males, as Australia progresses its energy transition, we believe a diverse workforce and improved pay equity will place us in the best position to achieve our vision to be world class in energy solutions.

I hope you find this Remuneration Report informative. We look forward to receiving your support at the 2022 AGM.

Peter Wasow

People and Remuneration Committee Chair

Remuneration Report continued

APA Infrastructure Limited

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1. Individuals covered by the Remuneration Report

The Remuneration Report (the Report) for APA FY22 has been prepared in accordance with Section 300A of the Corporations Act 2001. The information provided in this Report has been audited as prepared by Section 308(3C) of the Corporations Act 2001, unless indicated otherwise, and forms part of the Directors' Report.

This Report includes the following Key Management Personnel (KMP):

Name	Role	Term
Non-Executive Directors (NEDS)		
Michael Fraser	Chair	Full year
Steven (Steve) Crane	Director	Full year
James Fazzino	Director	Full year
Debra (Debbie) Goodin	Director	Full year
Shirley In't Veld	Director	Full year
Rhoda Phillippo	Director	Full year
Peter Wasow	Director	Full year
Executive KMP		
Robert (Rob) Wheals	Chief Executive Officer and Managing Director (CEO/MD)	Full year
Adam Watson	Chief Financial Officer (CFO)	Full year
Ross Gersbach	President North American Development	Full year
Julian Peck	Group Executive (GE) Strategy and Commercial	Full year
Darren Rogers	Group Executive Operations	Full year

On 15 June 2022, Julian Peck announced his intention to resign from APA Group later in 2022. However, he continues to be engaged in his executive capacity as Group Executive Strategy and Commercial until his cessation with APA Group.

2. Executive Summary

2.1 Remuneration strategy

The Board recognises the important role remuneration plays in supporting and implementing the achievement of APA's operational strategy over both the short and long-term. The key principles of the remuneration policy and a summary of the executive remuneration framework is outlined below.



Market competitive

Provide competitive rewards to attract, motivate and retain highly skilled executives.



Business strategy

Drive delivery of APA's growth strategy, while maintaining its financial strength.



Behaviours

Drive delivery of Health, Safety & Environment (HSE) strategy; caring for people, communities, the environment and our assets; living the APA values.



Securityholder alignment

Ensure executive performance and behaviours align with the interests of securityholders.

Remuneration Report continued

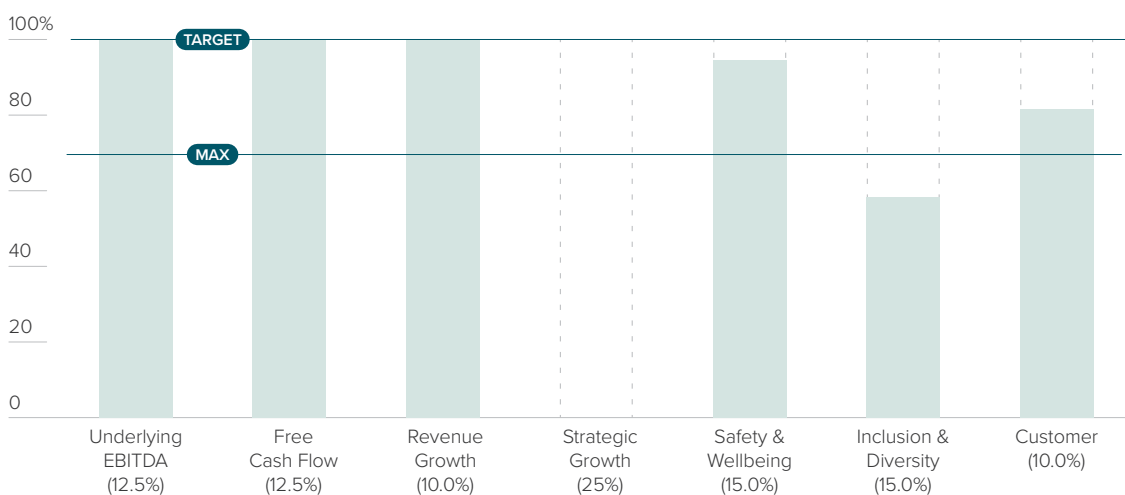
APA Infrastructure Limited

2.2 Executive remuneration snapshot

Fixed pay	Short-term incentive (STI)	Long-term incentive (LTI)	
Purpose	To be market competitive to attract, motivate and retain individuals.	To reward executives for their contribution to APA's short-term performance, which will enable the achievement of long-term goals.	To focus executives on the achievement of APA's long-term business strategy and to create alignment with security holders.
FY22 approach	Executive KMP roles are benchmarked against external positions in companies with a comparable market capitalisation, operate in a similar industry and/or are key competitors.	Subject to meeting the EBITDA gateway, performance is assessed against a scorecard. Each Executive KMP member has a unique scorecard comprising of Group measures and role specific key performance indicators (KPIs), to ensure differentiation of STI outcomes.	Performance Rights are assessed against relative TSR (50%) and return on capital (ROC) (50%), with equal tranche vesting occurring over Years 3, 4 & 5.
FY22 remuneration outcomes	A fixed pay increase of 4.7% was provided to the CEO to ensure ongoing market competitiveness. Benchmarking data against ASX peers indicates the CEO is paid below the median of his peers.	As the EBITDA gateway was met, the STI pool was funded and outcomes were: – CEO: 66% of maximum. – Other Executive KMP: 60-94% of maximum. Section 3.2-3.3 provides details on scorecard outcomes for each Executive KMP.	The FY20 LTI award was tested on 30 June 2021 resulting in a 71.9% outcome, after the exercise of discretion to increase the ROC target. Section 3.5 provides details on results against the relative TSR and ROC measures.

FY22 STI performance

CEO/MD Scorecard Outcomes at Maximum



Minimum security holding requirement

CEO/MD: 100% of fixed pay.

Other Executive KMP: 50% of fixed pay.

Where the minimum security holding requirement has not been met, 1/3 of the STI payable will be deferred into Restricted Securities.

Remuneration Report continued

APA Infrastructure Limited

2.2 Executive remuneration snapshot continued

Fixed pay	Short-term incentive (STI)	Long-term incentive (LTI)
Executive remuneration framework	FIXED PAY	Base salary, superannuation and other benefits
	STI	Assessed against a scorecard of Group and individual KPIs subject to meeting an EBITDA gateway Cash (2/3) STI Restricted Securities (1/3) ¹⁾
	LTI	Performance Rights tested at the end of 3-year performance period against Relative TSR (50% and Return on Capital (50%) 1/3 vests 1/3 vests 1/3 vests
	FY22	FY23 FY24 FY25 FY26

1) Release of Restricted Securities is subject to whether the minimum security holding requirement is met.

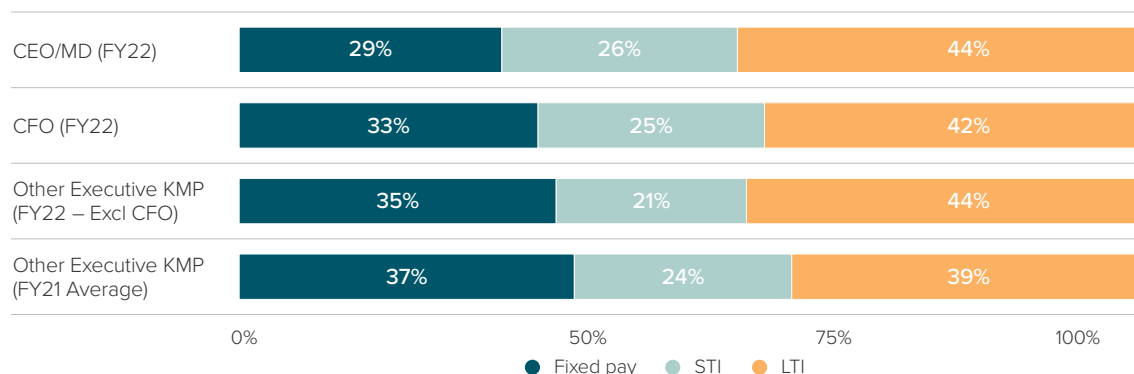
FY22 framework changes

- **The pay mix of Executive KMP (excluding the CEO) has been re-weighted towards the long-term.** STI maximum opportunity has been reduced (from up to 75% of fixed pay to a consistent 60% of fixed pay for all KMP) and LTI opportunity has increased (from 75-125% to a consistent 125% of fixed pay) resulting in the same pay mix across all Executive KMP (excluding the CEO and CFO).
- **An increase to the CFO's STI opportunity to recognise an expansion in the scope of his role.** Due to an expanded portfolio which saw elements of the IT and Risk, Compliance and Insurance functions fall under his remit, STI opportunity was increased from 60% to 75% of fixed pay.
- **A new relative TSR peer group more aligned to our "real assets" business has been introduced** (see section 4.3 for more detail). This replaces the broad S&P/ASX100 peer group previously used.

The pay mix graph below displays the proportion of fixed vs variable remuneration (STI and LTI) at the maximum pay mix, displaying our re-weighting of executive packages towards the long-term in FY22 (excluding the CEO and CFO).

The LTI component is based on the maximum award value, and assumes 100% vesting.

APA Executive KMP Maximum Pay Mix



Remuneration Report continued

APA Infrastructure Limited

3. FY22 performance and executive incentive outcomes

3.1 Company performance

The table below summarises APA's financial performance for the past 5 years.

Measure	FY22	FY21 ¹	FY20 ¹	FY19 ¹	FY18 ¹
Underlying EBITDA (\$m) ²	1,692.3	1,628.8	1,649.9	1,570.0	1,514.8
Profit after tax including significant items (\$m) ³	259.7	0.7	309.0	282.1	260.9
Profit after tax excluding significant items (\$m)	240.0	278.9	309.0	282.1	260.9
Free cash flow per security (cents)	91.6	76.4	81.1	75.7	80.8
Distribution per security (cents)	53.0	51.0	50.0	47.0	45.0
Closing security price at 30 June (\$)	11.27	8.90	11.13	10.80	9.85
CEO STI outcome (% of maximum)	66.1%	66.4	37.0	73.1	79.0

1. Restated for the impact of the provision for payroll review.

2. Statutory EBITDA excluding non-recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items. The Board considers this to best reflect the core earnings of APA. Refer to note 3 to the Financial Statements.

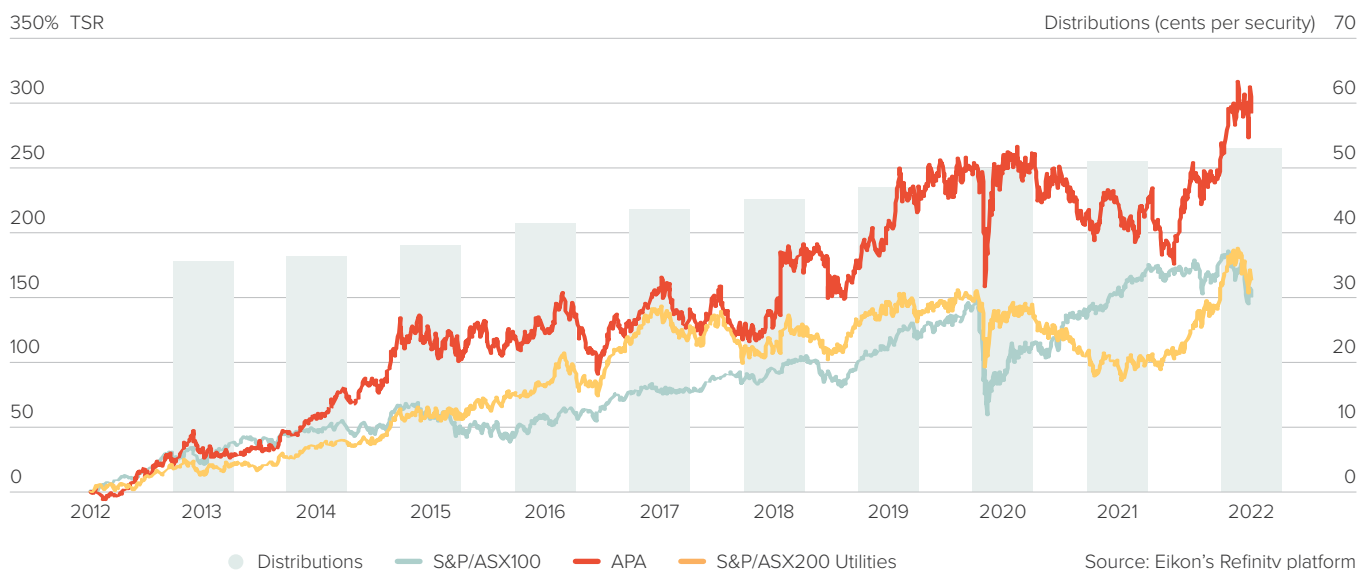
3. Includes an impairment gain on Orbest Gas Processing Plant in FY22, and a once-off interest charge associated with bond note redemption in FY21.

Since listing in 2000, APA has paid an interim and full year distribution every year and distributions have grown for 18 consecutive years. Our distribution per security of 53.0 cents for FY22 represents a 4% increase on FY21.

Against the S&P/ASX100 Index, we have delivered a TSR of 293% against the Index's return of 151% over the past 10 years.

Beyond our immediate financial performance, we have also made significant capital investments to support energy markets and invest in future energy technologies.

APA 10-year TSR and distributions



Project	Mica Creek Solar Farm	East Coast Grid Expansion	Kurri Kurri Lateral Pipeline	Northern Goldfields Interconnect
Purpose	To help meet the energy needs of our customers while reducing their operational emissions.	To increase winter peak capacity by up to 25%.	Development of gas pipeline to the Hunter Power Project and to deliver blended hydrogen to the receipt station.	A new 580km pipeline increasing capacity to the Goldfields region.
Capital Investment	~\$150m	~\$270m	~\$250m	~\$460m

Remuneration Report continued

APA Infrastructure Limited

3.2 FY22 STI scorecard outcomes – CEO/MD

The Board reviewed the CEO/MD's performance taking into account achievement against the KPIs in his STI scorecard.

Based on the Board's assessment, it deemed the scorecard outcome to be a holistic reflection of FY22 performance and there was no exercise of discretion over the final outcome.

Scorecard measures	FY22 outcome	Weighted outcome	Further detail
Financial – Underlying EBITDA (12.5% weighting)			
Maintain financial strength through solid EBITDA.	THRESHOLD TARGET MAXIMUM	12.5%	Underlying EBITDA outcome was \$1,692 million against a target of \$1,614 million and stretch of \$1,638 million. The target set for FY22 was slightly lower than the actual result for FY21, due to the conditions faced at the time, which included extensive COVID-19 restrictions remaining in force, and a significant increase in recontracting exposure.
Financial – Free Cash Flow (12.5%)			
Maintain financial strength through Free Cash Flow.	THRESHOLD TARGET MAXIMUM	12.5%	Free cash flow was \$1,081 million against a target of \$958 million and stretch of \$996 million.
Financial – Revenue Growth (10% weighting)			
Organic revenue growth from deploying growth capex, and maintaining customer satisfaction.	THRESHOLD TARGET MAXIMUM	10.0%	Actual outcome of \$473 million against a target of \$300 million and stretch of \$450 million.
Financial – Strategic Growth (25% weighting)			
Execute growth strategy	THRESHOLD TARGET MAXIMUM	0.0%	Whilst APA was active in the market (eg Basslink and Renewable Energy Zones) it was unsuccessful in key transactions, hence below threshold performance was assessed.
Operational Excellence (including Health, Safety and Environment) (15% weighting)			
Improve safety, wellbeing and environmental performance and safety culture through delivery of HSE Strategy. No fatalities.	THRESHOLD TARGET MAXIMUM	14.2%	Stretch performance was achieved for most metrics which included lead and lag indicators. For example, TRIFR was 3.47, which exceeded stretch.
Inclusion & Diversity (15% weighting)			
Leverage diversity and build an inclusive culture so all of our people feel safe, valued and trusted "to do their best everyday, to deliver on our APA vision.	THRESHOLD TARGET MAXIMUM	8.7%	Performance assessed against 3 metrics: – Successful delivery and impact of culture program assessed with a culture survey result at 125% of target. – Delivery of Gender Target Action Plan initiatives including leadership succession planning, Early Talent Program 50:50 gender balance, new parental leave policy and Hybrid@APA strategy. At target performance assessed. – Reducing attrition of top female talent against the Gender Target Action Plan scorecard did not meet our threshold target.
Customer Centricity & Stakeholder Management (10% weighting)			
Maintain customer satisfaction.	THRESHOLD TARGET MAXIMUM	8.2%	Overall customer survey satisfaction survey score of 7.45 falls between target and stretch performance.
Scorecard outcome (% of maximum)		66.1%	

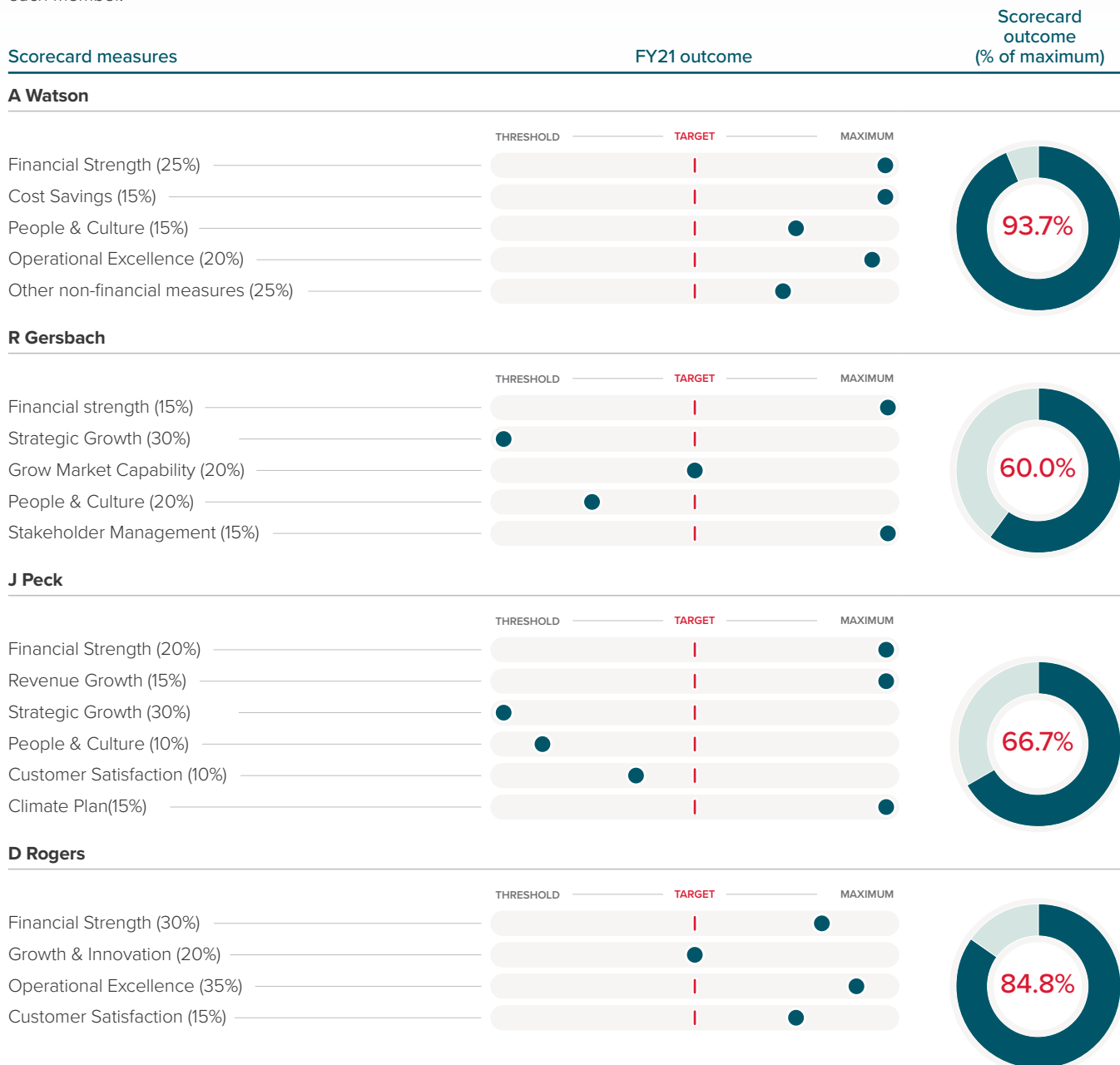
Remuneration Report continued

APA Infrastructure Limited

3.3 FY22 performance scorecard outcomes – Other Executive KMP

Detailed below are the individual scorecard outcomes for Other Executive KMP. A number of group-wide KPIs (outlined in the CEO/MD's STI scorecard above) apply as well as individual-specific KPIs, to reflect the nature of their role and contribution to APA's business outcomes.

Other Executive KMP outcomes ranged from 60-94% of maximum with individual KPIs allowing for meaningful differentiation between each member.



Remuneration Report continued

APA Infrastructure Limited

3.4 STI outcomes

The table below provides an overview of the STI outcomes for FY22.

Executive KMP	STI earned				STI forfeited	
	Cash \$	Deferred \$	Total \$	% of maximum opportunity	Foregone \$	% of maximum opportunity
R Wheals	664,171	332,086	996,257	66.1%	511,243	33.9%
A Watson	670,422	—	670,422	93.7%	45,332	6.3%
R Gersbach	350,433	—	350,433	60.0%	233,622	40.0%
J Peck	361,644	—	361,644	66.7%	180,822	33.3%
D Rogers	272,578	136,289	408,867	84.8%	73,325	15.2%

3.5 LTI outcomes

Equity LTI plan (introduced FY20)

Following the introduction of a new LTI plan in FY20 to replace our previous legacy cash LTI, the first grant of awards was due for testing on 30 June 2022.

A portion of the LTI targets under the relative TSR and ROC measure were met, resulting in a final outcome of 71.90%. 1/3 of the LTI will vest at the end of FY22 and the remaining 2/3 will vest in equal tranches in the next two years.

Performance measure	Weighting	Threshold	Maximum	Actual	Vesting outcome (before discretion)	Vesting outcome (after discretion)
Relative TSR	50%	50th percentile	82.5th percentile	66th percentile	75.06%	75.06%
ROC	50%	11.90%	12.20%	12.06%	100.00%	68.73%
Final outcome						71.90%

Whilst the original ROC targets set were 11.00% (threshold) and 11.30% (maximum), this was based on an assumption that an M&A transaction would be executed, which would have reduced ROC. Given an M&A transaction did not occur in the performance period (1 July 2019-30 June 2022), the Board has exercised its discretion to assess the ROC component against a more challenging target range of 11.9-12.2%. Instead of 100% vesting under the ROC component's original targets, the exercise of discretion resulted in a lower level of vesting.

Legacy cash LTI plan

Under the legacy LTI plan arrangements (cash settled), the awards vest in 3 equal tranches over three years following performance assessment. The final awards under the legacy LTI plan were performance tested at the end of FY20 hence a number of awards allocated in FY20, as well as prior years, vested in FY22. The remaining legacy LTI awards will vest in FY23.

3.6 FY22 actual remuneration

The actual remuneration detailed in the table below differs from the statutory remuneration disclosed in section 8 which is subject to requirements under the Accounting Standards and Corporations Act.

The following calculations have been applied to equity awards:

- STI deferred equity – awards from prior years which restrictions have been released during the year.
- LTI vested – awards which have vested under the legacy LTI plan and the FY20 Performance Rights plan.

Executive KMP	Fixed Pay \$	Other \$	Cash STI \$	STI Deferred Equity \$	LTI Vested ¹ \$	Other Equity Awards \$	Total \$
R Wheals	1,675,000	9,910	664,171	246,006	389,168	—	3,057,204
A Watson	954,338	—	670,422	—	—	—	1,642,760
R Gersbach	973,424	231,397	350,433	—	437,065	—	1,992,319
J Peck	904,109	—	361,644	—	—	—	1,265,754
D Rogers	803,653	3,676	272,578	70,539	159,858	—	1,355,072

1. LTI vested refers to the cash amount to be paid in September 2022, based on the VWAP of \$11.7396 and number of reference units that vested in August 2022 as outlined in section 8.4.

Remuneration Report continued

APA Infrastructure Limited

4. Executive remuneration policy and framework

APA's remuneration objective is to reward executives at the median of observed total remuneration for selected comparable companies when performance is at target and up to the 75th percentile for above target performance.

4.1 Fixed pay

Fixed pay includes base salary and any salary sacrifice items (including any relevant fringe benefits tax) such as car parking, motor vehicles and superannuation. The level of fixed pay is based on multiple factors, including the skills and experience of the individual, external market positioning and the size and complexity of the role.

In FY22, a fixed pay increase from \$1,600,000 to \$1,675,000 (4.7%) was provided to the CEO to increase the competitiveness of his package, as benchmarking data against an ASX peer group indicated he was paid below the median of his peers. The level of FY22 fixed pay positions him closer to the 40th percentile.

Minor adjustments were made to Other Executive KMP roles to recognise a change in the superannuation guarantee contribution rate, consistent with the approach undertaken for our broader employee population. Executives will not receive the increase in the superannuation guarantee contribution rate in FY23.

Position	FY22 contractual fixed pay
CEO/MD	\$1,675,000
CFO	\$954,338
President North American Development	\$973,424
GE Strategy & Commercial	\$904,109
GE Operations	\$803,653

4.2 STI plan

In addition to the information covered in section 2, further detail on the operation of the FY22 STI plan is provided below:

Feature	Description												
Opportunity	<table><tr><th>Role</th><th>STI target (% of fixed pay)</th><th>STI maximum (% of fixed pay)</th></tr><tr><td>CEO/MD</td><td>60%</td><td>90%</td></tr><tr><td>CFO</td><td>50%</td><td>75%</td></tr><tr><td>All other Executive KMP</td><td>40%</td><td>60%</td></tr></table>	Role	STI target (% of fixed pay)	STI maximum (% of fixed pay)	CEO/MD	60%	90%	CFO	50%	75%	All other Executive KMP	40%	60%
	Role	STI target (% of fixed pay)	STI maximum (% of fixed pay)										
	CEO/MD	60%	90%										
	CFO	50%	75%										
	All other Executive KMP	40%	60%										
The CFO received an increase to his STI opportunity to recognise an expansion in his portfolio. Following an internal restructure, the IT and Operations Technology functions, the Enterprise Program Management Office and the Risk, Compliance and Insurance functions fell under the CFO's remit.													
Performance period	One year.												
Delivery	Cash (2/3) paid at the end of Year one and deferred equity (1/3) delivered as Restricted Securities where the minimum security holding requirement is not met.												
Allocation methodology of deferred STI	Restricted Securities are allocated at face value using a volume weighted average price (VWAP) of the 30 trading days ending 7 working days before the People & Remuneration Committee meeting to consider APA's full year financial results.												

4.3 LTI plan

In addition to the information covered in section 2, further detail on the operation of the FY22 LTI plan is provided below:

Feature	Description						
Opportunity	<table> <tr> <th>Role</th><th>LTI maximum (% of fixed pay)</th></tr> <tr> <td>CEO/MD</td><td>150%</td></tr> <tr> <td>Other Executive KMP</td><td>125%</td></tr> </table>	Role	LTI maximum (% of fixed pay)	CEO/MD	150%	Other Executive KMP	125%
Role	LTI maximum (% of fixed pay)						
CEO/MD	150%						
Other Executive KMP	125%						
Performance period	Three years.						
Delivery	Performance Rights vest in equal tranches at the end of Year three, four and five subject to continued employment.						

Remuneration Report continued

APA Infrastructure Limited

4.3 LTI plan continued

Feature	Description																												
Allocation methodology	Performance Rights are allocated at face value using a VWAP of the 20 trading days prior to the start of the performance period (1 July 2021).																												
Performance measures	Relative TSR (50%) Relative TSR measures the Group’s TSR over a three-year period against a group of ASX100 bespoke peers in the infrastructure and gas sectors. Relative TSR has been selected to align executives with the experience of security holders and to ensure executives are only rewarded for outperformance against our peers. In selecting the new peer group for the FY22 LTI award (and replacing the previous S&P/ASX100 peer group), the Board considered the following factors: – Alignment with APA’s status as a “real assets” business; – Inclusion within the S&P/ASX100 Index; and – Ensuring a meaningful number of companies in the peer group to ensure performance can be assessed appropriately. The new peer group comprises of the following companies: <table><tr><td>AGL Energy</td><td>Transurban</td><td>Mirvac Group</td></tr><tr><td>Atlas Arteria Group</td><td>Aurizon Holdings</td><td>Scentre Group</td></tr><tr><td>AusNet Services</td><td>Qube Holdings</td><td>Stockland</td></tr><tr><td>Origin Energy</td><td>Dexus</td><td>Vicinity Centres</td></tr><tr><td>Spark Infrastructure</td><td>Goodman Group</td><td>Telstra Corporation</td></tr><tr><td>Sydney Airports</td><td>GPT Group</td><td>TPG Telecom</td></tr></table> The Board retains discretion to vary the relative TSR peer group at the end of the performance period to reflect de-listings, mergers and other corporate actions. The relative TSR component vests in accordance with the following scale: <table><tr><th>Hurdle</th><th>Vesting outcome</th></tr><tr><td>Below 50th percentile</td><td>Nil</td></tr><tr><td>At 50th percentile</td><td>50%</td></tr><tr><td>Between 50th and 82.5th percentile</td><td>Straight line pro-rata vesting between 50% and 100%</td></tr><tr><td>At 82.5th percentile or above</td><td>100%</td></tr></table>	AGL Energy	Transurban	Mirvac Group	Atlas Arteria Group	Aurizon Holdings	Scentre Group	AusNet Services	Qube Holdings	Stockland	Origin Energy	Dexus	Vicinity Centres	Spark Infrastructure	Goodman Group	Telstra Corporation	Sydney Airports	GPT Group	TPG Telecom	Hurdle	Vesting outcome	Below 50th percentile	Nil	At 50th percentile	50%	Between 50th and 82.5th percentile	Straight line pro-rata vesting between 50% and 100%	At 82.5th percentile or above	100%
AGL Energy	Transurban	Mirvac Group																											
Atlas Arteria Group	Aurizon Holdings	Scentre Group																											
AusNet Services	Qube Holdings	Stockland																											
Origin Energy	Dexus	Vicinity Centres																											
Spark Infrastructure	Goodman Group	Telstra Corporation																											
Sydney Airports	GPT Group	TPG Telecom																											
Hurdle	Vesting outcome																												
Below 50th percentile	Nil																												
At 50th percentile	50%																												
Between 50th and 82.5th percentile	Straight line pro-rata vesting between 50% and 100%																												
At 82.5th percentile or above	100%																												
Return on capital (50%)	The ROC hurdle measures APA Group’s operating earnings achieved relative to operating assets over a three-year performance period. It has been selected to ensure management balances earnings improvements with prudent capital management. ROC is calculated as an average over 3 years by dividing underlying EBITDA by Funds Employed (FE). FE is determined by adjusting total assets per the balance sheet by excluding capital work in progress, excluding current and non-current portion of other financial assets (excluding redeemable preference shares), including working capital relating to assets under construction and normalised cash balances. Underlying EBITDA is the average for the current and following two financial years and FE is the average of seven data points as at the June and December half year ends for the current financial year and following two financial years, including the opening balance for the first year. Calculation of ROC will be determined by the Board and the Board retains discretion to adjust EBITDA and FE to account for extraordinary items, acquisitions, organisational changes or otherwise ensure that inappropriate outcomes are avoided. The ROC component vests in according with the following scale: <table><tr><th>Hurdle</th><th>Vesting outcome</th></tr><tr><td>Less than 11.20%</td><td>0%</td></tr><tr><td>Equal to 11.20%</td><td>33%</td></tr><tr><td>Greater than 11.20% up to 11.50%</td><td>Straight line pro-rata vesting between 33% and 100%</td></tr><tr><td>At or above 11.50%</td><td>100%</td></tr></table>	Hurdle	Vesting outcome	Less than 11.20%	0%	Equal to 11.20%	33%	Greater than 11.20% up to 11.50%	Straight line pro-rata vesting between 33% and 100%	At or above 11.50%	100%																		
Hurdle	Vesting outcome																												
Less than 11.20%	0%																												
Equal to 11.20%	33%																												
Greater than 11.20% up to 11.50%	Straight line pro-rata vesting between 33% and 100%																												
At or above 11.50%	100%																												
Retesting	Re-testing of LTI awards is not permitted.																												

Remuneration Report continued

APA Infrastructure Limited

4.4 Additional provisions

The table below summarises additional provisions as they relate to the remuneration of Executive KMP for FY22.

Provision	STI	LTI
Malus / Clawback	The Board in its discretion may determine that some, or all, of an Executive KMP's STI and/or LTI awards be forfeited (malus) or recouped (clawback) in the event of misconduct or of a material misstatement in the year-end financial statements, as per APA's Executive Clawback and Malus Policy.	
Distribution and voting rights	Restricted Securities carry the same distribution and voting rights as ordinary securities.	Unvested Performance Rights do not carry distribution and voting rights.
Cessation of employment	Subject to Board discretion: - Where the participant is terminated summarily or resigns having breached their terms of employment, they will not be eligible for a STI payment for the relevant financial year. - Where employment ceases for any other reason, a pro-rated STI award may be paid based on the performance period served.	Subject to Board discretion: - Where the participant is terminated summarily or resigns having breached their terms of employment, all Rights will automatically lapse. - Where employment ceases for any other reason, Unvested Performance Rights will remain on-foot subject to the original terms of grant and tested against performance hurdles in the ordinary course.
Change of control	Subject to Board discretion, if a change of control occurs, an STI award will be paid out based on the proportion of the period that has passed at the time of change of control to the extent to which performance conditions have been met. The Board has absolute discretion to determine whether any or all Restricted Securities are released from restrictions. Where the Board does not make a determination, all Restricted Securities will be released from dealing restrictions.	The Board has absolute discretion to determine whether any or all Rights vest. Where the Board does not make a determination, all Rights will vest.

4.5 Executive KMP minimum security holding requirement

The minimum security holding requirement aligns the interests of Executive KMP and security holders.

Within five years from the date of appointment to their role:

- The CEO is required to hold securities to the value of 100% of fixed pay; and
- Other Executive KMP are required to hold securities to the value of 50% of fixed pay.

All Executive KMP have met the requirement or remain within the five-year timeframe to do so. Details of Executive KMP security holdings may be found in section 8.5.

5. Executive KMP contractual arrangements

5.1 Executive KMP service agreements

Remuneration arrangements for Executive KMP are formalised in individual employment agreements. Termination arrangements, in addition to normal statutory entitlements, are summarised in the table below.

	Contract type	Notice period	Additional payments on termination
CEO/MD	Permanent	9 months' notice by either APA or CEO/MD. - APA may provide payment in lieu of notice. - No notice is required by APA for termination for cause.	9 months fixed pay (instead of a notice period or payment in lieu of notice), where CEO/MD terminates employment due to his redeployment to another role within APA Group or a reduction in his fixed pay.
Other Executive KMP	Permanent	6 months' notice by either APA or the individual. - APA may provide payment in lieu of notice. - No notice is required by APA for termination for cause.	- Termination by APA: termination payment of 13 weeks¹ fixed pay - Termination by KMP: Nil

1. Both the payment in lieu and the 13 weeks' termination payments are calculated using the KMP's fixed pay. The 13 weeks' termination payment is inclusive of any statutory redundancy pay.

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6. Non-executive Director (NED) remuneration

6.1 Determination of NED fees

The Board seeks to attract and retain high calibre NEDs who are equipped with the diverse skills needed to oversee all functions of APA in an increasingly complex environment. NED fees comprise of:

- A Board fee; and
- An additional fee for serving as a Chair or member of a Board Committee.

NED fees are inclusive of superannuation contributions which are provided in accordance with the statutory requirements under the Superannuation Guarantee Act. NEDs do not receive incentive payments nor participate in incentive plans.

The Board Chair does not receive additional fees for his membership on other Committees.

One-off “per diems” may be paid in exceptional circumstances. No per-diem payments were made in FY22.

6.2 Aggregate NED fee pool

The aggregate NED fee pool as at 30 June 2022 was \$2,500,000.

6.3 Director fees

The following table sets out NED fees for FY22 and FY21.

From 1 January 2022, NED fees were increased, informed by benchmarking data and noting that the last increase occurred in 2019. With the exception of the Board chair, all roles were increased by approximately 2.5% and the Chair of the Audit & Risk Management Committee received a larger increase to recognise the significant time commitment and workload of this role.

	FY22		FY21	
	Chair \$	Member \$	Chair \$	Member \$
Board	513,735	181,979	511,400	177,600
Audit & Risk Management Committee	60,300	24,488	47,900	23,900
Health, Safety & Environment Committee	40,883	20,391	39,900	19,900
People & Remuneration Committee	40,833	20,391	39,900	19,900
Nomination Committee	Nil	Nil	Nil	Nil

6.4 NED minimum security holding requirement

The minimum security holding requirement helps to ensure the alignment of the interests of NEDs and security holders.

NEDs are expected to hold securities to a value not less than their annual Board fee (before tax and excluding fees payable for their membership on Committees). This level of security holding is to be held throughout their tenure as a NED and the requirement is to be met within three years of their appointment.

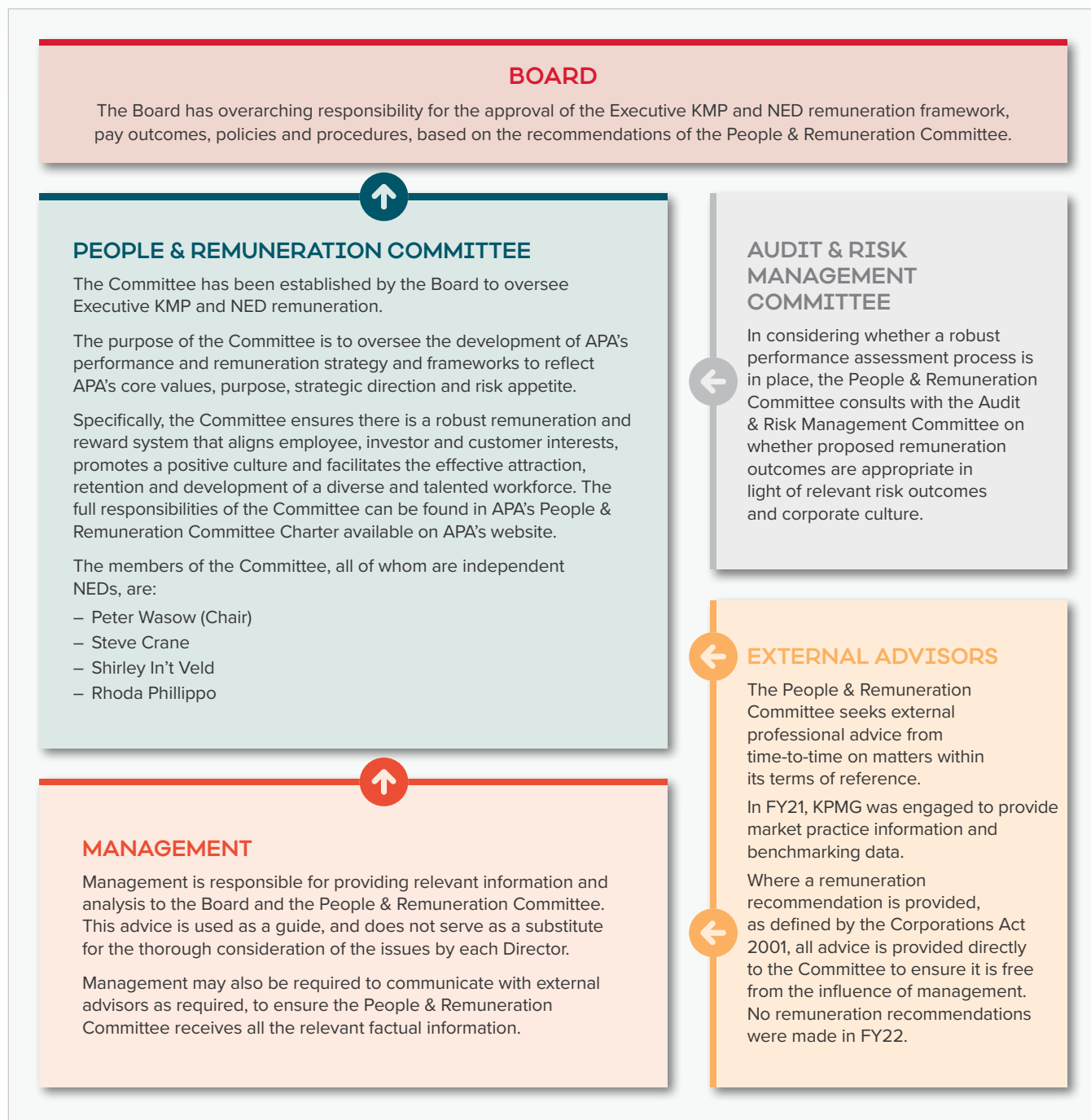
As at 30 June 2022, all NEDs met this requirement, with the exception of Rhoda Phillippo who was appointed on 1 June 2020 and remains within the three year timeframe to meet this requirement. Details of NED security holdings may be found in section 8.5.

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7. Remuneration governance

The diagram below outlines the remuneration governance framework in place at APA.



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8. Statutory tables

The following tables outline the amounts recognised as an expense in the respective years, determined in accordance with the relevant accounting standards.

8.1 Executive KMP statutory remuneration

	Short-Term Employment Benefits				Post-Employment		Security-based payments		
	Salary ¹	Awarded Cash STI ²	STI Deferral	Other Equity Awards ³	Other	Superannuation	Legacy LTI Plan	Equity settled Security Based payments ⁴	Total
R Wheals									
2022	1,647,500	664,171	332,086	—	9,910	27,500	229,988	1,077,997	3,989,152
2021	1,575,000	637,910	318,955	—	—	25,000	232,375	715,473	3,504,713
A Watson⁵									
2022	898,752	670,422	—	—	—	26,667	—	343,992	1,939,833
2021	499,383	268,052	—	585,288	—	22,482	—	171,867	1,547,072
R Gersbach									
2022	949,856	350,433	—	—	231,397	23,568	255,706	392,223	2,203,183
2021	947,306	336,427	—	—	969,431 ⁶	21,694	260,975	216,656	2,752,489
J Peck⁷									
2022	821,918	361,644	—	—	—	82,192	—	780,082	2,045,836
2021	675,328	329,261	—	547,081	—	64,156	—	132,711	1,748,537
D Rogers									
2022	776,153	272,578	136,289	—	3,676	27,500	70,948	347,011	1,634,155
2021	775,000 ⁹	236,614	118,307	—	—	25,000	56,485	202,064	1,413,470
Former KMP									
P Fredricson⁸									
2022	—	—	—	—	—	—	—	—	—
2021	462,500	191,562	—	—	270,516	12,500	567,948	531,551	2,036,577
Total Remuneration									
2022	5,094,179	2,319,248	468,375	—	244,983	187,427	556,642	2,941,305	11,812,159
2021	4,934,517	1,999,826	437,262	1,132,369	1,239,947	170,832	1,117,783	1,970,322	13,002,858

1. Salary includes both fixed pay and any salary sacrificed items, such as motor vehicles or car parking (including any applicable fringe benefits tax). It is exclusive of any superannuation contributions.

2. Awarded STI relates to that element of remuneration which is earned by the Executive KMP in respect of performance during each financial year (or for the relevant period that they were KMP as set out in the Report).

3. Other Equity Awards relate to once-off buy-out awards provided to Adam Watson and Julian Peck.

4. For equity settled security-based payments, an expense is recognised equal to the portion of services received based on the fair value of the equity instrument at grant date.

5. Commenced on 16 November 2020.

6. This includes the value of benefits relating to Mr. Gersbach's secondment to the USA and includes a one-off project award, relocation allowances and assistance as well as cost of living adjustment. Costs are inclusive of USA tax impacts and are split between ongoing costs of \$211,118 (2.2%), a one-off project award of \$750,000, as well as foreign exchange rate differences for USD fixed pay and a portion of FY20 STI paid in USD.

7. Commenced on 20 August 2020.

8. Ceased employment on 31 December 2020.

9. Mr Roger's salary was restated for FY21 to reflect that the novated lease is included.

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8.2 NED statutory remuneration disclosure

Financial Year	Short-term employment benefits	Post- employment benefits	Total \$
	Fees \$	Superannuation \$	
M Fraser			
FY22	467,032	46,703	513,735
FY21	467,032	44,368	511,400
S Crane			
FY22	204,214	20,421	224,635
FY21	202,192	19,208	221,400
J Fazzino			
FY22	204,214	20,421	224,635
FY21	202,192	19,208	221,400
D Goodin			
FY22	231,451	23,145	254,596
FY21	224,110	21,290	245,400
S In't Veld			
FY22	218,972	21,897	240,869
FY21	216,804	20,596	237,400
R Phillippo			
FY22	200,525	20,052	220,577
FY21	215,084	20,433	235,517
P Wasow			
FY22	222,661	22,266	244,927
FY21	220,457	20,943	241,400
Total			
FY22	1,749,069	174,905	1,923,974
FY21	1,747,869	166,047	1,913,916

8.3 Outstanding awards under current LTI plan

The following table sets out the movements in the number of Performance Rights granted to executives, and any amounts vested or forfeited during the financial year.

	Allocation Date	Opening balance at 1 Jul 2021	Performance Rights granted in FY22	Grant date	Vested in FY22	Forfeited in FY22	Closing balance on 30 Jun 2022	Fair value of Performance Rights at grant date ¹ \$	Face value of Performance Rights at grant date ² \$
R Wheals	2022	432,966	270,362	12/11/2021	—	—	703,328	1,439,227	2,512,500
A Watson	2022	106,426	128,367	12/11/2021	—	—	234,793	683,340	1,192,923
R Gersbach	2022	131,108	130,934	12/11/2021	—	—	262,042	697,006	730,069
J Peck	2022	82,179	121,610	12/11/2021	—	—	203,789	647,371	1,130,138
D Rogers	2022	122,762	108,098	12/11/2021	—	—	230,860	575,442	803,653

1. Calculated based on fair value of the individual vesting conditions being \$3.58, \$3.40, and \$3.23 for the relative TSR and \$7.62, \$7.24, and \$6.87 for the ROC hurdle vesting conditions for each of the vesting dates being August 2024, August 2025 and August 2026 respectively. This also represents the maximum value of the employee benefit expense as based on the grant date that would be recorded if all Rights which remain outstanding at 30 June 2022 satisfied all vesting conditions.

2. Based on a VWAP of \$11.74. VWAP is calculated for the period of 30 trading days on the Australian Stock Exchange seven working days immediately prior to the Audit and Risk Management Committee meeting.

Remuneration Report continued

APA Infrastructure Limited

8.4 Outstanding awards under legacy LTI plan

The following table sets out the movements in the number of reference units and the number of reference units that have been allocated to executives but have not yet vested or been paid, and the years in which they will vest.

	Allocation Date	Opening balance at Jul 2021	Units allocated	Cash settled reference units paid	Closing balance at 30 Jun 2022	Reference units allocated that have not yet vested or been paid and the months in which they will vest	
						Aug 2022	Aug 2023
R Wheals	2019	25,308	—	(12,654)	12,654	12,654	—
	2020	42,507	—	(14,169)	28,338	14,169	14,169
Total						26,823	14,169
R Gersbach	2019	28,138	—	(14,069)	14,069	14,069	—
	2020	47,046	—	(15,682)	31,364	15,682	15,682
Total						29,751	15,682
D Rogers	2020	24,174	—	(8,058)	16,116	8,058	8,058
Total						8,058	8,058
Former KMP							
P Fredricson	2019	27,572	—	(13,786)	13,786	13,786	—
	2020	46,125	—	(15,375)	30,750	15,375	15,375
Total						29,161	15,375

8.5 Security holdings

Year ended 30 June 2022	Opening Balance at 1 Jul 2021	Securities Acquired	Securities Disposed	Closing Balance at 30 Jun 2022	Meets minimum security holding requirement
NEDS					
M Fraser	102,942	—	—	102,942	Yes
S Crane	30,000	—	—	30,000	Yes
J Fazzino	30,751	—	—	30,751	Yes
D Goodin	24,179	—	—	24,179	Yes
S In't Veld	25,000	—	—	25,000	Yes
R Phillippo ¹	5,000	5,000	—	10,000	No
P Wasow	26,000	—	—	26,000	Yes
Executive KMP					
R Wheals	74,596	34,125	—	108,721	No
A Watson ²	55,556	—	—	55,556	Yes
R Gersbach	44,691	—	—	44,691	Yes
J Peck ³	53,428	—	—	53,428	Yes
D Rogers	13,092	12,658	—	25,750	No

1. Appointed on 1 June 2020.

2. Commenced on 16 November 2020.

3. Commenced on 20 August 2020.

During FY22, APA acquired 212,819 securities on market in connection with its General Employee Securities Plan and the deferred component of certain employees' STI. The weighted average price for those securities was \$9.9422 per security.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

APA Infrastructure Limited
For the financial year ended 30 June 2022

	Note	2022 \$'000	Restated 2021 \$'000
Revenue		2,705,040	2,575,236
Share of net profits of associates and joint ventures using the equity method		24,733	26,946
	4	2,729,773	2,602,182
Asset operation and management expenses		(227,954)	(214,404)
Depreciation and amortisation expenses	5	(735,178)	(674,370)
Other operating costs – pass-through	5	(495,733)	(460,465)
Finance costs ¹	5	(493,226)	(675,725)
Employee benefit expense ²	5	(323,442)	(290,763)
Other expenses		(24,007)	(15,786)
Fair value (losses)/gains on contract for difference	19	(30,462)	18,018
Reversal of impairment/(impairment of) property, plant and equipment ³	2	28,106	(249,322)
Profit before tax		427,877	39,365
Income tax expense ²	6	(180,994)	(61,691)
Profit/(loss) for the year		246,883	(22,326)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		7,336	23,582
Income tax relating to items that will not be reclassified subsequently		(2,201)	(7,075)
		5,135	16,507
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		160,485	28,916
(Loss)/gain on cash flow hedges taken to equity		(152,370)	435,895
Gain on associate hedges taken to equity		17,996	9,313
Income tax relating to items that may be reclassified subsequently		(7,834)	(142,241)
		18,276	331,883
Other comprehensive income for the year (net of tax)		23,412	348,390
Total comprehensive income for the year		270,295	326,064
Profit/(loss) attributable to:			
Equityholders of the parent		227,343	(45,061)
Non-controlling – other		19,540	22,735
		246,883	(22,326)
Total comprehensive income attributable to:			
Equityholders of the parent		250,755	303,329
Non-controlling – other		19,540	22,735
		270,295	326,064

1. In FY21, this includes a once-off interest charge of \$148.0 million reflecting swap termination costs, realised net foreign exchange movements and make-whole charges associated with bond note redemptions completed during the year. Refer to note 2 for further details.

2. Refer to note 2 for details regarding the restatement for payroll review.

3. The impairment reversal in FY22 and the impairment in FY21 relates to the Orbest Gas Processing Plant. Refer to note 2 for further details.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

APA Infrastructure Limited
As at 30 June 2022

	Note	2022 \$'000	Restated 2021 \$'000
Current assets			
Cash and cash equivalents	18	940,004	652,229
Trade and other receivables	8	308,542	277,303
Receivables from related parties	8	178,579	181,769
Other financial assets	20	31,573	56,717
Inventories		46,262	41,066
Other		31,335	26,976
Assets classified as held for sale ¹	10	294,651	343
Current assets		1,830,946	1,236,403
Non-current assets			
Trade and other receivables	8	607,818	10,375
Other financial assets	20	362,176	217,684
Investments accounted for using the equity method	23	244,152	225,159
Property, plant and equipment	11	9,420,335	9,500,772
Goodwill	12	1,183,604	1,183,604
Other intangible assets	12	2,311,628	2,481,336
Other	15	32,406	31,458
Non-current assets		14,162,119	13,651,604
Total assets		15,993,065	14,888,007
Current liabilities			
Trade and other payables	9	397,063	314,894
Payables to related parties	9	1,928,472	2,209,924
Lease liabilities	17	15,032	14,723
Borrowings	18	2,507	2,721
Other financial liabilities	20	205,691	169,031
Provisions ²	14	138,232	115,885
Unearned revenue		13,040	10,750
Liabilities directly associated with assets classified as held for sale ¹	10	31,156	258
Current liabilities		2,731,193	2,838,186
Non-current liabilities			
Trade and other payables	9	11,450	13,390
Payables to related parties	9	545,380	671,615
Lease liabilities	17	47,320	54,405
Borrowings	18	10,901,813	9,921,317
Other financial liabilities	20	422,134	260,901
Deferred tax liabilities ²	6	959,299	879,536
Provisions	14	94,079	102,352
Unearned revenue		50,916	63,336
Non-current liabilities		13,032,391	11,968,068
Total liabilities		15,763,584	14,806,254
Net assets		229,481	81,753

1. On 20 June 2022, the Consolidated Entity announced that it had entered into binding agreements with Cooper Energy Limited for the sale of the Orbest Gas Processing Plant. The asset is held for sale as at 30 June 2022. Refer to note 10 for further details.

The Consolidated Entity's 50% ownership in Mid West Pipeline was classified as held for sale as at 30 June 2021. Financial close was reached on 6 May 2022 for consideration of \$4.6 million, resulting in a pre tax profit on sale of \$3.6 million.

2. Refer to note 2 for details regarding the restatement for payroll review.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position continued

APA Infrastructure Limited
As at 30 June 2022

	Note	2022 \$000	Restated 2021 \$000
Equity			
APA Infrastructure Limited equity:			
Issued capital	21	117,330	117,330
Reserves		(333,382)	(354,632)
Retained earnings ¹		326,280	199,802
Equity attributable to equityholders of the parent		110,228	(37,500)
Non-controlling interest	22	119,253	119,253
Total equity		229,481	81,753

1. Refer to note 2 for details regarding the restatement for payroll review.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

APA Infrastructure Limited
For the financial year ended 30 June 2022

	APA Infrastructure Limited						Non-controlling interest				Total \$000
	Issued capital \$000	Asset revalu- ation reserve ¹ \$000	Share- based pay- ments reserve ² \$000	Hedging reserve ³ \$000	Retained earnings \$000	Attribut- able to owners of the parent \$000	Issued capital \$000	Other reserves \$000	Retained earnings \$000	Non- controll- ing Interest \$000	
Balance at 1 July 2020	117,330	8,669	652	(697,699)	340,656	(230,392)	119,253	—	—	119,253	(111,139)
Adjustment for payroll review restatement ⁴	—	—	—	—	(15,300)	(15,300)	—	—	—	—	(15,300)
Restated Balance at 1 July 2020	117,330	8,669	652	(697,699)	325,356	(245,692)	119,253	—	—	119,253	(126,439)
(Loss)/profit for the year	—	—	—	—	(45,061)	(45,061)	—	—	22,735	22,735	(22,326)
Other comprehensive income	—	—	—	474,124	23,582	497,706	—	—	—	—	497,706
Income tax relating to components of other comprehensive income	—	—	—	(142,241)	(7,075)	(149,316)	—	—	—	—	(149,316)
Total comprehensive income for the year	—	—	—	331,883	(28,554)	303,329	—	—	22,735	22,735	326,064
Payment of dividends (note 7)	—	—	—	—	(97,000)	(97,000)	—	—	(22,735)	(22,735)	(119,735)
Equity settled long-term incentives (net of any tax)	—	—	1,863	—	—	1,863	—	—	—	—	1,863
Balance at 30 June 2021	117,330	8,669	2,515	(365,816)	199,802	(37,500)	119,253	—	—	119,253	81,753
Balance at 1 July 2021	117,330	8,669	2,515	(365,816)	199,802	(37,500)	119,253	—	—	119,253	81,753
Profit for the year	—	—	—	—	227,343	227,343	—	—	19,540	19,540	246,883
Other comprehensive income	—	—	—	26,111	7,336	33,447	—	—	—	—	33,447
Income tax relating to components of other comprehensive income	—	—	—	(7,834)	(2,201)	(10,035)	—	—	—	—	(10,035)
Total comprehensive income for the year	—	—	—	18,277	232,478	250,755	—	—	19,540	19,540	270,295
Payment of dividends (note 7)	—	—	—	—	(106,000)	(106,000)	—	—	(19,540)	(19,540)	(125,540)
Equity settled long-term incentives (net of any tax)	—	—	2,973	—	—	2,973	—	—	—	—	2,973
Tax relating to equity settled security based payments	—	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2022	117,330	8,669	5,488	(347,539)	326,280	110,228	119,253	—	—	119,253	229,481

1. The asset revaluation reserve arose on the revaluation of the existing interest in a pipeline as a result of a business combination. Where revalued pipelines are sold, the portion of the asset revaluation reserve which relates to that asset is effectively realised and is transferred directly to retained earnings. The reserve can be used to pay distributions only in limited circumstances.
2. The share-based payments reserve represents the expenses recognised in the Consolidated Statement of Profit or Loss equal to the portion of the services received based on the fair value of the equity instrument at grant date.
3. The hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the Consolidated Statement of Profit or Loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy.
4. Refer to note 2 for details regarding the restatement for payroll review.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

APA Infrastructure Limited
For the financial year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		2,963,590	2,868,751
Payments to suppliers and employees		(1,311,289)	(1,272,350)
Dividends received from associates and joint ventures		23,736	23,882
Proceeds from repayments of finance leases		1,264	1,155
Interest received		3,513	6,629
Interest and other costs of finance paid		(453,629)	(501,731)
Net cash provided by operating activities		1,227,185	1,126,336
Cash flows from investing activities			
Payments for property, plant and equipment		(660,765)	(418,316)
Proceeds from sale of property, plant and equipment ¹		5,780	908
Payments for intangible assets		(28,280)	(10,758)
Payments for debt purchase	8	(587,414)	—
Net cash used in investing activities		(1,270,679)	(428,166)
Cash flows from financing activities			
Proceeds from borrowings		1,000,000	2,358,421
Repayments of borrowings		(2,721)	(2,866,999)
Repayments of lease liabilities		(15,355)	(16,046)
Transaction costs related to borrowings		(7,572)	(13,798)
Proceeds from early settlement of derivatives		(149)	1,085
Dividends paid to:			
Equityholders of APA Infrastructure Limited		(106,000)	(97,000)
Equityholders of the non-controlling interest		(19,540)	(22,735)
Advances to related parties		(517,925)	(561,244)
Net cash provided by/(used in) financing activities		330,738	(1,218,316)
Net increase/(decrease) in cash and cash equivalents		287,244	(520,146)
Cash and cash equivalents at beginning of financial year		652,229	1,172,649
Effect of exchange rate changes on cash and cash equivalents		531	(274)
Cash and cash equivalents at end of financial year	18	940,004	652,229

1. Included in the proceeds from the sale of property, plant and equipment is proceeds from the sale of Mid West Pipeline on 6 May 2022 for consideration of \$4.6 million.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Reconciliation of profit for the year to net cash provided by operating activities

	Note	2022 \$000	Restated 2021 \$000
Profit/(loss) for the year ¹		246,883	(22,326)
Impairment of property, plant and equipment ¹	2	(28,106)	249,322
Profit on disposal of property, plant and equipment ²		(1,915)	(606)
Share of net profits of joint ventures and associates using the equity method		(24,733)	(26,945)
Dividends/distributions received from equity accounted investments		23,736	23,882
Depreciation and amortisation expense		735,178	674,370
Finance costs ¹		64,936	138,023
Effect of exchange rate changes		(866)	14,439
Amortisation of hedging loss		8,995	8,297
Wallumbilla Gas Pipeline hedge accounting discontinuation ³		15,156	—
Equity settled long-term incentives		2,973	2,634
Changes in assets and liabilities:			
Trade and other receivables		(42,428)	(13,167)
Inventories		(6,062)	(6,885)
Other assets		(8,719)	(4,291)
Trade and other payables		22,134	6,090
Provisions ¹		26,593	9,961
Other liabilities		11,212	11,847
Income tax balances ¹		182,218	61,691
Net cash provided by operating activities		1,227,185	1,126,336

1. Refer to note 2 regarding details for significant items and the restatement for payroll review.

2. On 8 October 2021, the Consolidated Entity entered into an Asset Sale and Purchase Agreement to divest the Consolidated Entity's 50% ownership in Mid West Pipeline. Financial close was reached on 6 May 2022 for consideration of \$4.6 million, resulting in a pre tax profit on sale of \$3.6 million.

3. In February 2022, following entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025. The revenues were previously hedged by USD denominated 144A notes. WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the consolidated financial statements

APA Infrastructure Limited
For the financial year ended 30 June 2022

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into six sections being: Basis of Preparation; Financial Performance; Operating Assets and Liabilities; Capital Management; Group Structure; and Other. Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used.

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Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Basis of Preparation

2. General information

During the financial year, APA Group announced the following changes to the parent entity name:

- APT Pipelines Limited (APTPL) changed its name to APA Infrastructure Limited (APAIL).

Other related entities disclosed in these financial statements:

- APT Investment Trust (APTIT) changed its name to APA Investment Trust (APA Invest)
- Australian Pipeline Trust (APT) has changed its name to APA Infrastructure Trust (APA Infra)
- Australian Pipeline Limited (APL) changed its name to APA Group Limited (APA).

APA Infrastructure Limited is a subsidiary of APA Infrastructure Trust. APA Infrastructure Trust is one of two stapled trusts of APA Group, the other being APA Investment Trust. APA Group is listed on the Australian Securities Exchange (trading under the code APA), registered in Australia and operating in Australia.

The financial report represents the consolidated financial statements of APA Infrastructure Limited, its respective subsidiaries and their share of joint arrangements, associates and joint ventures (together the Consolidated Entity). For the purposes of preparing the consolidated financial report, the Consolidated Entity is a for-profit entity.

All intragroup transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the assets, liabilities, and results of subsidiaries, joint arrangements and associates to bring their accounting policies into line with those used by the Consolidated Entity.

APA Infrastructure Entity's registered office and principal place of business are as follows:

Level 25
580 George Street
SYDNEY NSW 2000
Tel: (02) 9693 0000

The consolidated general purpose financial report for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 24 August 2022.

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars in accordance with ASIC Corporations Instrument 2016/191, unless otherwise stated.

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Consolidated Entity.

Foreign currency transactions

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Consolidated Entity. Both the functional and presentation currency of the Consolidated Entity is Australian dollars (A\$). All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date and resulting exchange differences are recognised in profit or loss in the period in which they arise, unless they qualify for hedge accounting.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Basis of Preparation

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Consolidated Entity's accounting policies, a number of judgements and estimates have been made. Judgements and estimates which are material to the financial statements are found in the following disclosures:

- Provision for payroll review (note 2)
- Measurement of Basslink loan receivable (note 8)
- Property, plant and equipment (note 11)
- Impairment of non-financial assets (note 13)
- Fair value of financial instruments (note 19(c))
- Commitments and contingencies (note 25).

Judgements and estimates require assumptions to be made about highly uncertain external factors such as: discount rates; probability factors; the effects of inflation within the Reserve Bank of Australia's guidance range; the outlook for global and regional gas market supply-and-demand conditions; contract renewals; asset useful lives; and climate-related risks. As such the actual outcomes may differ as a result of change in these judgements and assumptions.

These judgements, estimates and assumptions are based on the most current facts and circumstances and are reassessed on an ongoing basis, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions in respect of laws, regulations, climate change, licences and recognised practising codes including health, safety and environment, employee entitlements, environmental laws and regulations and asset construction and operation. This may materially affect the financial results and the financial position to be reported in future periods.

COVID-19

As a supplier of an essential service of gas transportation and energy generation, the Consolidated Entity has the benefit of stable operating cash flows. The Consolidated Entity has been affected by labour shortages and supply chain impacts during this period, however, there have been no material impacts on the Consolidated Entity's ability to safely and reliably operate its assets and deliver services to its customers as a result of the COVID-19 pandemic, global and domestic political issues.

Despite the relative stability of the business, the Consolidated Entity has continued to ensure it maintains an appropriate level of liquidity in response to the uncertainty created by COVID-19, global and domestic political issues.

Working capital

The working capital position as at 30 June 2022 for the Consolidated Entity is that current liabilities exceed current assets by \$900.3 million (2021: \$1,601.8 million). Excluding current related party loan balances held with APA Infrastructure Trust, the Consolidated Entity's current assets exceed current liabilities by \$849.6 million (2021: current assets exceed current liabilities by \$426.4 million).

As at 30 June 2022, the Consolidated Entity had \$2,190.0 million in cash and committed un-drawn bank facilities available (2021: \$1,902.4 million) to assist in the ongoing funding of the business. Subsequent to 30 June 2022, the Consolidated Entity entered into a series of bilateral facilities that provide an additional \$900.0 million of undrawn funding capacity and replaces \$750.0 million of aging credit lines. The Consolidated Entity continues to fund its growth with appropriate levels of equity, cash retained in the business, and debt in order to maintain strong Baa2/BBB credit ratings.

The Directors continually monitor the Consolidated Entity's working capital position, including forecast working capital requirements and have ensured that there are appropriate refinancing strategies and adequate committed funding facilities in place to accommodate debt repayments as and when they fall due.

Further to this APA Group Limited, as the responsible entity for APA Infrastructure Trust and APA Investment Trust has agreed to provide financial support, to enable the Consolidated Entity to pay its debts as and when they fall due. The financial support is valid for a period of not less than twelve months from the date of signing the financial statements. Based on these factors the financial statements of the Consolidated Entity have been prepared on a going concern basis.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Basis of Preparation

Significant items

Individually significant items included in profit after income tax expense are as follows:

	2022 \$000	2021 \$000
Significant items impacting profit before tax		
Reversal of impairment/(impairment of) property, plant and equipment ¹	28,106	(249,322)
Finance costs associated with bond note redemptions ²	—	(147,987)
Total significant items impacting profit before tax	28,106	(397,309)
Income tax related to significant items above	(8,432)	119,193
Profit from significant items after income tax	19,674	(278,116)

1. In FY21, the Consolidated Entity impaired the carrying value of the Orbest Gas Processing Plant. The impairment charge reflected the continuation of production levels and expenditure based on the performance of the asset following reconfiguration and resumption of the processing plant, where production was expected to achieve 45 TJ/day, and contracted renewal terms were based on management's expectations.

In FY22, immediately prior to the reclassification of the plant as held for sale, the recoverable amount was determined and an impairment reversal of \$28.1 million before tax was recognised to reflect the consideration estimated to be realised from the sale of the Orbest Gas Processing Plant.

2. In April 2021, the Consolidated Entity refinanced all of APA's debt that was due to mature in calendar year 2022 and terminated the associated hedges.

The facilities refinanced and their terminated hedged position included:

- EUR MTN 700m swapped into A\$1,132m at a fixed rate of 4.45%
- USPP Notes US\$124m swapped into A\$154m at a fixed rate of 7.39%
- USPP Notes A\$81m at a fixed rate of 7.45%
- USPP Notes A\$62m at a fixed rate of 7.45%
- US 144A Notes US\$750m swapped into A\$735m at a fixed rate of 6.68%.

A once-off interest charge was recognised in the year, reflecting swap termination costs, realised net foreign exchange movements and make-whole charges associated with the bond note redemptions. The Consolidated Entity discontinued the application of hedge accounting, as the debt no longer existed and the associated hedges were terminated. The interest charge, cumulative gain or loss and deferred costs of hedging were immediately recognised as a finance cost in the statement of profit or loss.

Restatement for payroll review

The first stage of a historical payroll review has recently been completed and has identified certain employees across the Group were not paid in full compliance with the Group's obligations under APA's enterprise agreements (EA's). The review has identified payment errors to employees subject to these EA's. The calculations of the employee payment errors involve a substantial volume of data, a high degree of complexity, interpretation, estimation assumptions, will be the subject of review by the Fair Work Ombudsman and are subject to further detailed analysis of an additional six annual periods not covered by the initial twelve month review. Determining the historical employee payment errors requires consideration of numerous clauses of the EA's and related payroll source documentation, across each year, for every current and former employee who may have been impacted. While the review is in its early stages, an estimate of the employee payment errors has been made for the impacted period of seven years. A provision of \$32.4 million has been recorded as at 30 June 2022 for the estimated employee payment errors.

The provision comprises estimated one-off costs as a result of the review, of which \$26.4 million relates to employee payment errors and \$6.0 million to interest and other related costs. A further \$1.5 million in other related costs were incurred for the year ended 30 June 2022, which do not form part of the provision.

As described above, critical accounting estimates and judgements have been made in the calculations to determine the extent of the provision required. Changes to any of these estimates and judgements have the potential to result in a future adjustment to the provision in subsequent periods as the review process continues.

As a consequence of the employee payment errors, employee benefit expense, provisions, and deferred tax balances were understated in prior periods, and notwithstanding the annual amounts were not material to the performance of the Group in any of the individual periods to which they related, management considered the cumulative understatement to be material. As such, the understatement was corrected by restating each of the affected financial statement line items for prior periods in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

After adjusting for the restatement, employee benefit expense has increased by \$11.8 million for the year ended 30 June 2022 (30 June 2021: \$4.2 million). Of the \$11.8 million recorded for the year ended 30 June 2022, \$4.3 million (30 June 2021: \$4.2 million) has been included in underlying EBITDA of the segment result with interest and other related costs of \$7.5 million (30 June 2021: nil) included in reported EBITDA.

As part of this review, the impact on historical short-term incentive (STI) and long-term incentive (LTI) payments resulting from prior period payment shortfalls have been reviewed and there is no material impact on STI and LTI payments in prior periods.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Basis of Preparation

The impact to the Group's Consolidated Financial Statements in the reporting periods to which they relate, are outlined in the table below.

	Restatement		Current Period	Total \$000
	FY21 Opening Retained Earnings \$000	FY21 profit for the period \$000	FY22 profit for the period \$000	
Pre-FY21 employee payment errors	(17,912)	—	—	(17,912)
FY21 employee payment errors	—	(4,214)	—	(4,214)
FY22 employee payment errors	—	—	(10,262)	(10,262)
Employee payment errors provision as at 30 June 2022	(17,912)	(4,214)	(10,262)	(32,388)
Other costs relating to employee payment errors	—	—	(1,526)	(1,526)
Total pre-tax impact of employee payment errors	(17,912)	(4,214)	(11,788)	(33,914)
Income tax benefit	2,612	1,264	3,159	7,035
Total employee payment errors, net of tax	(15,300)	(2,950)	(8,629)	(26,879)

Consolidated Statement of Profit or Loss (extract)

	Impact of restatement		
	Previously reported \$000	Adjustments \$000	Restated \$000
2021			
Employee benefits expenses	(286,549)	(4,214)	(290,763)
Profit before tax	43,579	(4,214)	39,365
Income tax expense	(62,955)	1,264	(61,691)
Loss for the period	(19,376)	(2,950)	(22,326)

Consolidated Statement of Financial Position (extract)

	Impact of restatement		
	Previously reported \$000	Adjustments \$000	Restated \$000
2021			
Provisions (current)	(93,759)	(22,126)	(115,885)
Net deferred tax liabilities	(883,412)	3,876	(879,536)
Net assets	100,003	(18,250)	81,753
Retained earnings	218,052	(18,250)	199,802
Total equity	100,003	(18,250)	81,753

The results of the review further affected some of the amounts disclosed in note 5 and note 14.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

3. Segment information

The Consolidated Entity operates in one geographical segment, being Australia and the revenue from major products and services is shown by the reportable segments.

The Consolidated Entity comprises the following reportable segments:

- **Energy Infrastructure**, includes all of the Consolidated Entity's wholly or majority owned gas pipelines, gas storage assets, gas compression and processing assets and gas-fired and renewable energy power generation assets;
- **Asset Management**, provides commercial, operating services and/or asset maintenance services to its energy investments and third parties for appropriate fees; and
- **Energy Investments**, includes the Consolidated Entity's strategic stakes in a number of investment vehicles that house energy infrastructure assets, generally characterised by long-term secure cash flows, with low ongoing capital expenditure requirements.

Reportable segments

2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue¹					
Revenue from contracts with customers	2,082,656	114,541	—	—	2,197,197
Equity accounted net profits	—	—	24,733	—	24,733
Pass-through revenue	64,611	431,122	—	—	495,733
Other income ²	12,066	181	—	—	12,247
Finance lease and investment interest income	972	—	856	—	1,828
Total segment revenue	2,160,305	545,844	25,589	—	2,731,738
Wallumbilla Gas Pipeline hedge accounting discontinuation ³	(15,156)	—	—	—	(15,156)
Interest income on Basslink debt investment ⁴	—	—	12,198	—	12,198
Other interest income	—	—	—	993	993
Total revenue	2,145,149	545,844	37,787	993	2,729,773

1. The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

2. On 8 October 2021, the Consolidated Entity entered into an Asset Sale and Purchase Agreement to divest the Consolidated Entity's 50% ownership in Mid West Pipeline. Financial close was reached on 6 May 2022 for consideration of \$4.6 million, resulting in a pre tax profit on sale of \$3.6 million.

3. In February 2022, following the entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025 that were hedged by USD denominated 144A notes. The segment result reflects the hedged rate for revenues in this period, while the WGP hedge accounting unwind reflects the non-cash amortisation of the amount deferred in hedging reserve over the same period relating to the discontinued hedge relationship.

4. Interest income accrued on the 100% interest in the senior secured debt of Nexus Australia Management Pty Ltd (Basslink) acquired by the Consolidated Entity during the year ended 30 June 2022.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

2022	Energy Infrastructure \$000	Asset Management \$000	Investments \$000	Other \$000	Consolidated \$000
Segment result					
Segment underlying EBITDA ¹	1,708,769	73,608	—	—	1,782,377
Share of net profits of joint ventures and associates using the equity method	—	—	24,733	—	24,733
Finance lease and investment interest income	972	—	856	—	1,828
Corporate costs ⁶	—	—	—	(119,679)	(119,679)
Total underlying EBITDA¹	1,709,741	73,608	25,589	(119,679)	1,689,259
Fair value loss on contract for difference ²	(30,462)	—	—	—	(30,462)
Technology transformation projects ³	—	—	—	(21,192)	(21,192)
Wallumbilla Gas Pipeline hedge accounting discontinuation ⁴	(15,156)	—	—	—	(15,156)
Interest income on Basslink debt investment ⁵	—	—	12,198	—	12,198
Payroll review ⁶	—	—	—	(7,465)	(7,465)
Total reported EBITDA⁷	1,664,123	73,608	37,787	(148,336)	1,627,182
Depreciation and amortisation	(718,372)	(16,806)	—	—	(735,178)
Total reported EBIT⁸	945,751	56,802	37,787	(148,336)	892,004
Net interest cost ¹					(492,233)
Reported profit before tax					399,771
Income tax expense					(172,562)
Reported profit after tax					227,209
Significant items before tax ⁹					28,106
Reported profit before tax					427,877
Significant items after tax					19,674
Reported profit after tax¹⁰					246,883

1. Earnings before interest, tax, depreciation, and amortisation (EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of the Consolidated Entity's business operations and significant items.

2. The amount represents a net loss arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the fair value of the electricity sales agreement for which hedge accounting is not applicable. Refer to note 19.

3. The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation, which were previously capitalised prior to the publication of the iFRIC Agenda decision in April 2021.

4. In February 2022, following entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025. The revenues were previously hedged by USD denominated 144A notes. WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

5. Interest income accrued on the 100% interest in the senior secured debt of Nexus Australia Management Pty Ltd (Basslink) acquired by the Consolidated Entity during the year ended 30 June 2022.

6. Refer to note 2 for details regarding the restatement for payroll review. Estimated payment shortfalls for FY22 of \$4.3 million are included within underlying EBITDA. Interest and other related costs are included within reported EBITDA.

7. Earnings before interest, tax, depreciation, and amortisation (EBITDA) excluding significant items.

8. Earnings before interest and tax (EBIT) excluding significant items.

9. Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting

10. Refer to note 2 significant items section for details.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment assets and liabilities					
Segment assets	13,451,907	186,069	609,158	—	14,247,134
Carrying value of investments using the equity method	—	—	244,152	—	244,152
Unallocated assets ¹	—	—	—	1,501,779	1,501,779
Total assets	13,451,907	186,069	853,310	1,501,779	15,993,065
Segment liabilities	655,564	88,976	—	—	744,540
Unallocated liabilities ^{2,3}	—	—	—	15,019,044	15,019,044
Total liabilities	655,564	88,976	—	15,019,044	15,763,584

1. Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.
2. Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.
3. Refer to note 2 for details regarding the restatement for payroll review.

2021	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue¹					
Revenue from contracts with customers	1,989,304	113,755	—	—	2,103,059
Equity accounted net profits	—	—	26,946	—	26,946
Pass-through revenue	52,982	407,483	—	—	460,465
Other income	3,610	2,750	—	—	6,360
Finance lease and investment interest income	1,078	—	1,144	—	2,222
Total segment revenue	2,046,974	523,988	28,090	—	2,599,052
Other interest income	—	—	—	3,130	3,130
Total revenue	2,046,974	523,988	28,090	3,130	2,602,182

1. The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

2021 (Restated)	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment result					
Segment underlying EBITDA ¹	1,621,148	80,337	—	—	1,701,485
Share of net profits of joint ventures and associates using the equity method	—	—	26,946	—	26,946
Finance lease and investment interest income	1,078	—	1,144	—	2,222
Corporate costs ²	—	—	—	(105,062)	(105,062)
Total underlying EBITDA¹	1,622,226	80,337	28,090	(105,062)	1,625,591
Fair value gains on contract for difference ³	18,018	—	—	—	18,018
Technology transformation projects ⁴	—	—	—	(7,957)	(7,957)
Total reported EBITDA⁵	1,640,244	80,337	28,090	(113,019)	1,635,652
Depreciation and amortisation	(657,781)	(16,589)	—	—	(674,370)
Total reported EBIT⁶	982,463	63,748	28,090	(113,019)	961,282
Net interest cost ⁷					(524,608)
Profit before tax					436,674
Income tax expense excluding significant items					(180,884)
Profit after tax excluding significant items					255,790
Significant items before tax ⁸					(397,309)
Reported profit before tax					39,365
Significant items after tax					(278,116)
Reported profit after tax⁸					(22,326)

1. Earnings before interest, tax, depreciation, and amortisation (EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of the Consolidated Entity's business operations and significant items.

2. Refer to note 2 for details regarding the restatement for payroll review.

3. The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the fair value of the electricity sales agreement for which hedge accounting is not applicable. Refer to note 19.

4. The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation, which were previously capitalised prior to the publication of the iFRIC Agenda decision in April 2021.

5. Earnings before interest, tax, depreciation, and amortisation (EBITDA) excluding significant items.

6. Earnings before interest and tax (EBIT) excluding significant items.

7. Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, and interest charge on bond note redemption disclosed as a significant item, but including other interest income.

8. Refer to note 2 significant items section for details.

2021 (Restated)	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment assets and liabilities					
Segment assets	13,343,010	210,228	10,685	—	13,563,923
Carrying value of investments using the equity method	—	—	225,159	—	225,159
Unallocated assets ¹				1,098,925	1,098,925
Total assets	13,343,010	210,228	235,844	1,098,925	14,888,007
Segment liabilities	444,614	90,007	—	—	534,621
Unallocated liabilities ^{2,3}	—	—	—	14,271,633	14,271,633
Total liabilities	444,614	90,007	—	14,271,633	14,806,254

1. Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

2. Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

3. Refer to note 2 for details regarding the restatement for payroll review.

Notes to the consolidated financial statements continued

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Financial Performance

4. Revenue

Disaggregation of revenue

Revenue is disaggregated below by business unit and region.

	2022 \$000	Restated 2021 \$000
2022		
Energy Infrastructure		
Wallumbilla Gladstone Pipeline ¹	580,602	552,307
East Coast	805,958	768,638
West Coast	341,825	328,795
Power Generation	354,271	339,564
Energy Infrastructure revenue from contracts with customers	2,082,656	1,989,304
Asset Management revenue from contracts with customers	114,541	113,755
Energy Investments	25,589	28,090
Other non-contract revenue	13,219	7,438
Total segment revenue excluding pass-through	2,236,005	2,138,587
Pass-through revenue	495,733	460,465
Wallumbilla Gas Pipeline hedge accounting unwind ²	(15,156)	—
Interest income on Basslink debt investment ³	12,198	—
Unallocated revenue	993	3,130
Total revenue	2,729,773	2,602,182
Underlying EBITDA⁴		
Wallumbilla Gladstone Pipeline ¹	577,869	549,651
East Coast	648,174	627,468
West Coast	287,405	270,485
Power Generation	196,293	174,622
Energy Infrastructure revenue from contracts with customers	1,709,741	1,622,226
Asset Management revenue from contracts with customers	73,608	80,337
Energy Investments	25,589	28,090
Corporate costs ⁴	(119,679)	(105,062)
Total underlying EBITDA⁵	1,689,259	1,625,591

1. Wallumbilla Gladstone Pipeline is separated from East Coast Grid in this note as a result of the significance of its revenue and EBITDA in the Consolidated Entity. It is categorised as part of the East Coast Grid cash-generating unit for impairment assessment purposes in note 13.

2. In February 2022, following entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025. The revenues were previously hedged by USD denominated 144A notes. WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

3. Interest income accrued on the 100% debt interest from Nexus Australia Management Pty Ltd (Basslink) acquired by the Consolidated Entity.

4. Refer to note 2 for details regarding the restatement for payroll review.

5. Earnings before interest, tax, depreciation, and amortisation (EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of the Consolidated Entity's business operations and significant items (refer to note 3).

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Financial Performance

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for the provision of services or for the transferring of goods to a customer (the performance obligations) under a contract. The Consolidated Entity recognises revenue when control of a product or service is transferred to the customer. Amounts disclosed as revenue are net of duties, goods and services tax (GST) and other taxes paid, except where the amount of GST incurred is not recoverable from the taxation authority. Given the nature of the Consolidated Entity's services there is no significant right of return or warranty provided.

Revenue from contracts with customers is derived from the major business activities as follows:

- **Energy Infrastructure revenue from contracts with customers**, is derived from the transportation, processing and storage of gas and other related services (transmission revenue), and the generation of electricity and other related services (power generation revenue). Revenue from contracts with customers may either be identified as separate performance obligations or a series of distinct performance obligations that are substantially the same, have the same pattern of transfer and are therefore treated as a single performance obligation that is satisfied over time. This includes both firm and interruptible services. The consideration is primarily volume based and is recognised as revenue in a manner that depicts the transfer based on output to the customer. This method most accurately depicts the progress towards satisfaction of the performance obligation of the services provided, as the customer simultaneously receives and consumes the benefits of the Consolidated Entity's service and obtains value as each volume of output is transported. The amount billed corresponds directly to the value of the performance to date;
- **Asset Management revenue from contracts with customers**, is derived from the provision of commercial services, operating services, asset management services and/or asset maintenance services to the Consolidated Entity's energy investments and other third parties. The Consolidated Entity recognises revenue at the amount to which the Consolidated Entity has a right to invoice; and
- **Pass-through revenue**, is revenue from contracts with customers for the provision of commercial services, operating services, asset management services and/or asset maintenance services to the Consolidated Entity's energy investments. Any management fee earned for the provision of these services is recognised as part of asset management revenues. The Consolidated Entity recognises revenue at the amount to which the Consolidated Entity has a right to invoice. The Consolidated Entity is determined to be the principal in these relationships.

Other types of revenue is recognised as follows:

- **Other non-contract revenue**: includes dividend income, which is recognised when the right to receive the payment has been established; and
- **Unallocated revenue**: interest income, which is recognised as it accrues and is determined using the effective interest method and finance lease income, which is allocated to accounting periods so as to reflect a constant periodic rate of return on the Consolidated Entity's net investment outstanding in respect of the leases.

Contract liabilities – unearned revenue

Where amounts have been received in advance of fulfilling the contract obligation these amounts are deferred in the balance sheet as unearned revenue until the performance obligation is fulfilled. Where the period between the payment by the customer and the fulfilment of the obligation is expected to exceed one year any amounts associated with the finance component of this deferred revenue are recognised as interest expense.

Included in the unearned revenue are customer upfront contributions on contracts with customers and government grants received in advance. During the year, the Consolidated Entity recognised \$9.4 million (2021: \$8.2 million) in revenue from contracts with customers from the unearned revenue balance at 30 June 2021.

Contract assets – accrued revenue

Contract assets primarily relate to the Consolidated Entity's right to consideration for work completed but not billed at the reporting date. These amounts are known as accrued revenue and are disclosed in note 8.

Accrued revenue is transferred to trade receivables when the rights become unconditional. This usually occurs when the Consolidated Entity issues an invoice to the customer.

Future revenues from remaining performance obligations

Accounting for costs to obtain contracts

The Consolidated Entity generally expenses costs to obtain contracts as they are incurred, as they tend to be incurred whether the contract is obtained or not (e.g. staff salaries, professional fees, etc.).

As at 30 June 2022, future contracted Energy Infrastructure revenues extending through to 2051 are approximately \$17.0 billion (2022: \$17.6 billion extending through to 2049), of which \$1.7 billion is expected to be recognised in 2023. These amounts relate to Energy Infrastructure revenue from contracts, with the bulk of the customers being high credit worthy counterparties.

Future contracted Energy Infrastructure revenues outlined above are in nominal 2022 dollars escalated by CPI. Variable revenues, potential future revenues from new contracts, contract renewals or extensions, and revenues from potential new assets or expansions where a contract does not currently exist with a customer are not included. As such, the future contract revenues described above represent only part of the Consolidated Entity's forecast revenues for FY23 and beyond.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Financial Performance

Information about major customers

Included in revenues from contracts with customers arising from Energy Infrastructure of \$2,082.7 million (2021: \$1,989.3 million) are revenues of approximately \$710.3 million (2021: \$720.1 million) which arose from sales to the Consolidated Entity's top three customers.

5. Expenses

	2022 \$'000	Restated 2021 \$'000
Depreciation of non-current assets	537,190	474,978
Amortisation of non-current assets	197,988	199,392
Depreciation and amortisation expense	735,178	674,370
Energy infrastructure costs – pass-through	64,611	52,982
Asset management costs – pass-through	431,122	407,483
Other operating costs – pass-through	495,733	460,465
Interest on bank overdrafts and borrowings ¹	452,253	500,424
Finance costs associated with bond note redemptions ²	—	147,987
Interest on related party loans	8,938	19,513
Amortisation of deferred borrowing costs	7,718	9,545
Finance lease charges – related party	273	315
Other finance costs	6,492	7,793
	475,674	685,577
Less: amounts included in the cost of qualifying assets	(11,275)	(16,330)
	464,399	669,247
Loss/(gain) on derivatives ³	15,949	(5,389)
Unwinding of discount on non-current liabilities	8,108	6,869
Unwinding of discount on deferred revenue	2,685	2,603
Interest incurred on lease liabilities	2,085	2,395
Finance costs	493,226	675,725
Defined contribution plans	20,979	18,128
Defined benefit plans (note 16)	1,972	3,027
Post-employment benefits	22,951	21,155
Termination benefits	956	1,728
Cash settled long-term incentives ⁴	36,423	25,322
Equity settled long-term incentives ⁴	(518)	3,802
Other employee benefits ²	263,630	238,756
Employee benefit expenses⁵	323,442	290,763

1. The average interest rate applying to drawn debt is 4.59% p.a. (2021: 5.09% p.a.) excluding finance costs associated with amortisation of borrowing costs, other finance costs with bond note redemption in FY21 only.

2. Refer to note 2 regarding details for significant items and the restatement for payroll review.

3. Represents unrealised gains and losses on the mark-to-market valuation of derivatives.

4. The Consolidated Entity provides benefits to certain employees in the form of long-term incentive payments. For cash settled long-term incentive payments, a liability equal to the portion of services received is recognised at the current fair value determined at each reporting date. For equity settled long-term incentive payments, a reserve is recognised equal to the portion of services received based on the fair value of the equity instrument at grant date.

5. Employee benefit expense of \$74.0 million (2021: \$69.0 million) is recharged as pass-through revenue and presented as part of other operating costs – pass-through.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

6. Income tax

The major components of tax expense are:

	2022 \$000	Restated 2021 \$000
Income statement		
Current tax expense in respect of the current year	(112,285)	(65,522)
Adjustments recognised in the current year in relation to current tax of prior years	(8)	(7)
Deferred tax expense relating to the origination and reversal of temporary differences	(68,701)	3,838
Total tax expense	(180,994)	(61,691)
Tax reconciliation		
Profit before tax	427,877	39,365
Income tax expense calculated at 30%	(128,363)	(11,810)
Non-deductible expenses	(60,552)	(58,231)
Non-assessable income	5,925	6,720
	(182,990)	(63,321)
Franking credits received	977	1,043
Previously unbooked losses now recognised	1,027	594
Adjustments recognised in the current year in relation to the current tax of prior years	(8)	(7)
	(180,994)	(61,691)

Income tax expense comprises of current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in equity. Current tax represents the expected taxable income at the applicable tax rate for the financial year, and any adjustment to tax payable in respect of previous financial years.

Notes to the consolidated financial statements continued

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Financial Performance

Deferred tax balances

Deferred tax (liabilities)/assets arise from the following:

	Opening balance \$000	Charged to income \$000	Charged to equity \$000	Transfer to head entity \$000	Closing balance \$000
2022					
Gross deferred tax liabilities					
Property, plant and equipment and intangible assets	(1,071,529)	(91,776)	—	—	(1,163,305)
Deferred expenses	(51,034)	(29)	—	—	(51,063)
Other	—	(915)	—	—	(915)
	(1,122,563)	(92,720)	—	—	(1,215,283)
Gross deferred tax assets					
Provisions ¹	75,147	5,983	—	—	81,130
Cash flow hedges	145,249	13,881	(3,185)	—	155,945
Deferred revenue	12,634	3,902	—	—	16,536
Investments equity accounted	4,704	(8)	(4,649)	—	47
Defined benefit obligation	4,443	84	(2,201)	—	2,326
Tax losses	—	1,027	—	(1,027)	—
Other	850	(850)	—	—	—
	243,027	24,019	(10,035)	(1,027)	255,984
Net deferred tax liability	(879,536)	(68,701)	(10,035)	(1,027)	(959,299)
2021 (Restated)					
Gross deferred tax liabilities					
Property, plant and equipment and intangible assets	(1,072,954)	1,425	—	—	(1,071,529)
Deferred expenses	(53,712)	2,678	—	—	(51,034)
Other	(117)	117	—	—	—
	(1,126,783)	4,220	—	—	(1,122,563)
Gross deferred tax assets					
Provisions ¹	69,117	6,030	—	—	75,147
Cash flow hedges	292,350	(6,698)	(140,403)	—	145,249
Deferred revenue	13,669	(1,035)	—	—	12,634
Investments equity accounted	6,638	(96)	(1,838)	—	4,704
Defined benefit obligation	11,556	(38)	(7,075)	—	4,443
Tax losses	—	605	—	(605)	—
Other	—	850	—	—	850
	393,330	(382)	(149,316)	(605)	243,027
Net deferred tax liability	(733,453)	3,838	(149,316)	(605)	(879,536)

1. Refer to note 2 for details regarding the restatement for payroll review.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Financial Performance

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- Initial recognition of goodwill;
- Initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- Differences relating to investments in wholly-owned entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the appropriate tax rates at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The parent of APA Infrastructure Limited, APA Group Limited and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is APA Infrastructure Trust. Members of the tax-consolidated group are identified at note 24.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group' approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Nature of tax funding arrangement and tax sharing agreement

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, APA Infrastructure Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from, or payable to, other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

7. Dividends

	APA Infrastructure Limited			
	2022 cents per share	2022 Total \$'000	2021 cents per share	2021 Total \$'000
Recognised amounts				
Final FY21 dividend paid on 24 August 2021 ¹				
Dividend²	—	—	156.1	97,000
Interim FY22 dividend paid on 22 February 2022 ³				
Dividend²	170.62	106,000	—	—
Unrecognised amounts				
Final FY22 dividend payable 24 August 2022				
Dividend²	107.80	67,000	—	—

1. 30 June 2020: Final FY20 dividend paid on 25 August 2020.

2. Profit dividends were unfranked.

3. 31 December 2020: Interim FY21 dividend paid on 15 February 2021.

The final dividend in respect of the financial year has not been recognised in this financial report because the final dividend was not declared, determined or publicly confirmed prior to the end of the financial year.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

8. Receivables

	2022 \$'000	2021 \$'000
Trade receivables	49,931	41,235
Accrued revenue	242,950	223,337
Loss allowance	(1,393)	(500)
Trade receivables	291,488	264,072
Receivables from associates and other related parties	15,097	11,689
Finance lease receivables (note 17)	1,171	1,275
Interest receivable	508	62
Other debtors	278	205
Trade and other receivables	308,542	277,303
Receivables from related parties	178,579	181,769
Current	487,121	459,072
Finance lease receivables (note 17)	9,214	10,375
Loan receivable (note 19) ¹	598,604	—
Non-current	607,818	10,375

1. During the financial year, the Consolidated Entity acquired 100% of the senior secured debt of Nexus Australia Management Pty Ltd (Basslink) at a discount to face value. The face value is \$634.9 million including capitalised interest. The loan receivable is classified as a purchased or originated credit impaired (POCI) financial asset.

Trade receivables are non-interest bearing and are generally on 14 to 30 day terms. There are no material trade receivables past due and not provided for.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost less impairment.

POCI financial assets are initially recognised at fair value plus any directly attributable acquisition costs and as such embeds the expectation of lifetime ECL and therefore, no loss allowance is recognised. Subsequent to initial recognition, they are measured at amortised cost using the credit-adjusted effective interest method, adjusted for any impairment gains or losses. A credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. Where the carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's credit adjusted effective interest rate, an impairment loss is recognised. Favourable changes in lifetime expected credit losses are recognised as an impairment gain. For POCI financial assets, interest income is recognised by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impact from COVID-19 has been considered in assessing the loss allowance. There is no material impact identified to the date of the issuance of these financial statements.

Critical accounting judgements and key sources of estimation uncertainty – Loan receivable

The key estimates and assumptions used in assessing the carrying value of the loan receivable primarily include credit and market risk. These estimates have been determined with reference to the recoverability of forecast future cash flows, current performance and other external factors such as the status of the ongoing receiver process. As at 30 June 2022, based on information currently available, management has not forecast the receipt of any cash flows within 12 months and as such the loan is classified as non-current in the Consolidated Entity's FY22 financial statements.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

9. Payables

	2022 \$000	2021 \$000
Trade payables	85,782	59,296
Income tax payable	313	347
Other payables	310,968	255,251
Trade and other payables	397,063	314,894
Payables to related parties ¹	1,928,472	2,209,924
Current	2,325,535	2,524,818
Other payables	11,450	13,390
Payables to related parties ¹	545,380	671,615
Non-current	556,830	685,005

1. Payables to related parties mainly consists of a loan from APA Infrastructure Trust and APA Investment Trust.

Trade payables are non-interest bearing and are normally settled on 15 - 30 day terms.

Trade and other payables are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost.

Payables are recognised inclusive of GST, except for accrued revenue and accrued expense at balance dates which exclude GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. GST receivable or GST payable is only recognised once a tax invoice has been issued or received.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

10. Assets classified as held for sale

	2022 \$000
Consolidated Statement of Financial Position	
Inventories	866
Property, Plant and Equipment	293,785
Assets classified as held for sale	294,651
Unearned revenue	24,859
Other payables	6,297
Liabilities associated with assets classified and held for sale	31,156
Net assets associated with held for sale	263,495

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised once classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Orbost Gas Processing Plant

On 20 June 2022, the Consolidated Entity announced that it had entered into binding agreements with Cooper Energy Limited for the sale of the Orbost Gas Processing Plant for cash consideration of between \$270 million and \$330 million. The agreement was conditional on completion of a fully underwritten equity capital raising by Cooper Energy Limited, for which the institutional component was completed on 23 June 2022 and the retail component completed on 12 July 2022. Completion was reached on 28 July 2022.

The cash consideration consists of an upfront payment to the Consolidated Entity of \$210 million followed by a series of deferred payments to the Consolidated Entity as follows:

- A first post-completion payment of \$40 million within 12 months of completion (being the date on which ownership of the Orbost Gas Processing Plant transfers from the Consolidated Entity to Cooper Energy);
- A second post-completion payment of between \$20 million and \$40 million within 24 months of completion, and
- A third post-completion payment of up to \$40 million within 36 months of completion.

The amounts of the second and third post-completion payments are subject to post-completion plant performance and will be calculated at the point when the Consolidated Entity ceases operating the Orbost Gas Processing Plant which will occur when the plant's Major Hazard Facility Licence is transferred to Cooper Energy. This is expected to take up to 12 months. The financial impact of the sale will be determined over a number of future periods.

In FY21, the Consolidated Entity impaired the carrying value of the Orbost Gas Processing Plant by \$249.3 million, reflecting the continuation of production levels and expenditure based on performance of the asset at the time. In FY22, immediately prior to the reclassification of the plant as held for sale, the recoverable amount was determined and an impairment reversal of \$28.1 million before tax was recognised to reflect the consideration estimated to be realised from the sale of the Orbost Gas Processing Plant. The measurement of the recoverable amount excludes consideration contingent on future plant performance on the basis that the plant is yet to achieve the required levels of performance, being production rates in excess of at least 50 TJ/day, for sustained periods of time.

The impairment reversal and prior year loss have been separately presented in the consolidated statement of profit or loss. The Orbost Gas Processing Plant has been classified as held for sale as at 30 June 2022 and depreciation was ceased on the date it was classified as held for sale. Orbost Gas Processing Plant sits within the Energy Infrastructure Operating Segment.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

11. Property, plant and equipment

	Freehold land and buildings – at cost \$000	Leasehold improve- ments – at cost \$000	Plant and equipment – at cost \$000	Work in progress – at cost \$000	ROU Land and buildings – at cost \$000	ROU Plant and equipment – at cost \$000	Total \$000
Gross carrying amount							
Balance at 1 July 2020	267,218	10,787	11,653,120	688,094	57,981	10,773	12,687,973
Additions	—	—	34,064	415,932	4,166	5,216	459,378
Disposals	—	—	(2,639)	—	(81)	(1,680)	(4,400)
Reclassified as held for sale ¹	—	—	(104)	(229)	—	—	(333)
Transfers	9,184	52	759,322	(768,558)	—	—	—
Balance at 30 June 2021	276,402	10,839	12,443,763	335,239	62,066	14,309	13,142,618
Balance at 1 July 2021	276,402	10,839	12,443,763	335,239	62,066	14,309	13,142,618
Additions	—	—	11,689	704,422	5,897	4,232	726,240
Disposals	—	—	(32,577)	—	(8,790)	(1,957)	(43,324)
Reclassified as held for sale (note 10)	(2,115)	—	(533,203)	(125)	—	—	(535,443)
Transfers	5,464	4,437	378,821	(388,722)	—	—	—
Balance at 30 June 2022	279,751	15,276	12,268,493	650,814	59,173	16,584	13,290,091
Accumulated depreciation and impairment							
Balance at 1 July 2020	(61,839)	(5,719)	(2,841,501)	—	(9,057)	(3,446)	(2,921,562)
Disposals	—	—	2,337	—	81	1,605	4,023
Depreciation expense (note 5)	(7,741)	(802)	(451,935)	—	(10,447)	(4,053)	(474,978)
Impairment expense (note 13)	—	—	(249,322)	—	—	—	(249,322)
Reclassified as held for sale ¹	—	—	26	—	—	—	26
Amounts included in the cost of other assets	—	—	—	—	—	(33)	(33)
Balance at 30 June 2021	(69,580)	(6,521)	(3,540,395)	—	(19,423)	(5,927)	(3,641,846)
Balance at 1 July 2021	(69,580)	(6,521)	(3,540,395)	—	(19,423)	(5,927)	(3,641,846)
Disposals	—	—	29,634	—	7,985	1,897	39,516
Depreciation expense (note 5)	(7,589)	(1,077)	(514,030)	—	(10,202)	(4,292)	(537,190)
Impairment reversal (note 10)	—	—	28,106	—	—	—	28,106
Reclassified as held for sale (note 10)	2	—	241,656	—	—	—	241,658
Balance at 30 June 2022	(77,167)	(7,598)	(3,755,029)	—	(21,640)	(8,322)	(3,869,756)
Net book value							
As at 30 June 2021	206,822	4,318	8,903,368	335,239	42,643	8,382	9,500,772
As at 30 June 2022	202,584	7,678	8,513,464	650,814	37,533	8,262	9,420,335

1. Relates to the Consolidated Entity's 50% ownership in Mid West Pipeline which was disposed of during the current financial year.

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Work in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

The right-of-use (ROU) asset is initially measured at cost comprising the initial measurement of the lease liability (as outlined in note 17) adjusted for any lease payments made before the commencement date and reduced by any lease incentives received plus initial direct costs incurred in obtaining the lease. Any make good requirements are recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets and to the extent that the costs relate to a ROU asset these are included in the related ROU asset.

A ROU asset is subsequently measured using the cost model less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The ROU asset is depreciated over the term of the lease.

Subsequently, the Consolidated Entity applies AASB 136 Impairment of Assets to determine whether a ROU asset is impaired and accounts for any impairment as described in note 13 Impairment of non-financial assets of the annual report.

Where the ROU asset is adjusted due to changes in the lease liability, the depreciation for the ROU asset is adjusted on a prospective basis.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight-line basis depending on the nature of the asset so as to write off the net cost of each asset over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

Where the ROU asset is adjusted due to changes in the lease liability, the depreciation for the ROU asset is adjusted on a prospective basis.

The depreciation charge for each period is recognised in profit or loss unless it is included in the cost of another asset.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Critical accounting judgements and key sources of estimation uncertainty – useful lives of non-current assets

The Consolidated Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Physical, economic, climate and environmental factors are taken into consideration in assessing the useful lives of the assets, including but not limited to asset condition and obsolescence, technology changes, commercial contract lives and renewals, global and regional gas supply-and-demand, and certain climate-related risks. Refer to note 13 for additional critical judgements that underpin APA's assessments in relation to the potential impact of climate transition risks on APA Group's portfolio of assets.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	30 – 50 years	Gas processing facilities	10 – 25 years
Compressors	10 – 50 years	Other plant and equipment	3 – 20 years
Gas transportation systems	10 – 80 years	ROU land and buildings	1 – 40 years
Meters	20 – 30 years	ROU property, plant and equipment	1 – 4 years
Power generation facilities	3 – 25 years		

12. Goodwill and Intangibles

	2022 \$000	2021 \$000
Goodwill		
Balance at beginning of financial year	1,183,604	1,183,604
Balance at end of financial year	1,183,604	1,183,604

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to individual cash-generating units.

The East Coast Grid is an interconnected pipeline network that includes, inter alia, the Wallumbilla Gladstone, Moomba Sydney, Roma Brisbane, Carpentaria Gas and South West Queensland pipelines and the Victorian Transmission System. Since the acquisition of the South West Queensland Pipeline to complete the formation of APA's East Coast Grid in December 2012, APA has installed facilities to enable bi-directional transportation of gas to meet the demand of our major customers who now operate portfolios of gas supply and demand. Through the provision of multi-asset services, bi-directional transportation, capacity trading and gas storage and parking facilities, APA's East Coast Grid delivers options for customers to choose from, and move gas between, more than 60 receipt points and over 170 delivery points on the east coast of Australia. The East Coast Grid is categorised as an individual cash-generating unit.

Goodwill acquired in a business combination is initially measured at cost and subsequently at cost less accumulated impairment. The carrying amounts of goodwill allocated to cash-generating units that are significant individually or in aggregate are as follows:

	2022 \$000	2021 \$000
Asset management business	21,456	21,456
Energy infrastructure		
East Coast Grid	1,060,681	1,060,681
Diamantina Power Station	43,104	43,104
Other energy infrastructure ¹	58,363	58,363
	1,183,604	1,183,604

1. Primarily represents goodwill relating to the Pilbara Pipeline System (\$32.6 million) and Goldfields Gas Pipeline (\$18.5 million).

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

Software, licences, contract and other intangibles

	Software – at cost \$000	Licences – at cost \$000	Work in progress – at cost \$000	Contract and other – at cost \$000	Total \$000
Gross carrying amount					
Balance at 1 July 2020	74,584	2,151	13,492	3,591,531	3,681,758
Additions	1,122	144	9,101	391	10,758
Transfer	5,510	—	(5,510)	—	—
Balance at 30 June 2021	81,216	2,295	17,083	3,591,922	3,692,516
Balance at 1 July 2021	81,216	2,295	17,083	3,591,922	3,692,516
Additions	—	—	26,284	1,996	28,280
Transfer	25,562	352	(25,914)	—	—
Balance at 30 June 2022	106,778	2,647	17,453	3,593,918	3,720,796
Accumulated amortisation					
Balance at 1 July 2020	(46,871)	(665)	—	(964,252)	(1,011,788)
Amortisation expense (note 5)	(16,359)	(551)	—	(182,482)	(199,392)
Balance at 30 June 2021	(63,230)	(1,216)	—	(1,146,734)	(1,211,180)
Balance at 1 July 2021	(63,230)	(1,216)	—	(1,146,734)	(1,211,180)
Amortisation expense (note 5)	(14,878)	(555)	—	(182,555)	(197,988)
Balance at 30 June 2022	(78,108)	(1,771)	—	(1,329,289)	(1,409,168)
Net book value					
As at 30 June 2021	17,986	1,079	17,083	2,445,188	2,481,336
As at 30 June 2022	28,670	876	17,453	2,264,629	2,311,628

Intangible assets acquired separately are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of each asset. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Amortisation expense is not a cash item, and is included in the line item of depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

The following useful lives are used in the calculation of amortisation:

Contract and other intangibles	1 – 20 years
Software	4 – 7 years
Licences	4 years

Contract and other intangibles

The Consolidated Entity holds various third party operating and maintenance contracts. The combined gross carrying amount of \$3,593.9 million amortises over terms ranging from 1 to 20 years. Useful life is determined based on the underlying contractual terms plus estimations of renewal of up to two terms where considered probable by management.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or development of software.

Licences

Licences are carried at cost less any accumulated amortisation and impairment losses.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

13. Impairment of non-financial assets

The Consolidated Entity tests goodwill for impairment at least annually or whenever there is an indication that the asset may be impaired. Other non-financial assets with finite useful lives are assessed for indicators of impairment at least annually. Assets other than goodwill that have previously reported an impairment are reviewed for possible reversal of the impairment at each reporting period.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash-generating unit (CGU) to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value-in-use.

Determining whether identifiable intangible assets and goodwill are impaired requires an estimation of the value-in-use or fair value of the cash-generating units. The calculations require the Consolidated Entity to estimate the future cash flows expected to arise from cash-generating units and apply suitable discount rates in order to calculate the present value of cash-generating units. These estimates and assumptions are reviewed on an ongoing basis.

The recoverable amounts of cash-generating units are determined based on the higher of value-in-use calculations and fair value less costs of disposal. Value-in-use calculations use cash flow projections based on a three year financial business plan and thereafter a further 17 year financial model inclusive of appropriate terminal values. This is the basis of the Consolidated Entity's forecasting and planning processes which represents the underlying long term nature of associated customer contracts on these assets. Fair value less costs to dispose calculations utilise comparable market transactions less estimated costs of disposal.

In accordance with the requirements of AASB 136 Impairment of Assets, the Consolidated Entity reviewed its CGUs for indicators of impairment at the end of the reporting period. No such indicators were identified and no impairment recognised.

Critical accounting judgements and key sources of estimation uncertainty – impairment of assets

The key estimates and assumptions used in the assessment of impairment include but are not limited to: asset capacity; asset lives; forecast operating costs and margins; gas field reserve estimates; the effect of inflation; discount rates; customer contract terms and renewals; residual value; and asset construction costs. Where the key assumptions for the assessment of new assets such as expected construction costs, expected time to commissioning, expected revenues, expected operating and capital costs at the time of investment differs from the final outcomes, significant variances to the key assumptions may cause triggers for impairment.

These assumptions have been determined with reference to historic information, current performance and expected changes taking into account external information such as market inputs on discount rates, the effects of inflation within Reserve Bank of Australia's guidance range, the outlook for global and regional gas market supply-and-demand conditions, internal information such as contract renewals and forecast input costs. Such estimates may change as new information becomes available.

APA is exposed to a range of climate-related risks and opportunities across its energy infrastructure portfolio. Risks and opportunities associated with climate change are assessed and considered as part of APA's policy, strategy, and commercial management practices. APA is committed to embedding consideration of its climate-related goals, targets and commitments as outlined in its Climate Transition Plan, as well as climate risks, into its business strategy, processes and decision-making. APA will disclose progress against its commitments and Climate Transition Plan in accordance with the Taskforce for Climate Related Financial Disclosures.

APA continues to develop its assessment of the potential impacts of climate change which may have a material impact on the Australian energy market and may result in a material change to APA's estimated cash inflows and the carrying values of APA's asset portfolio. During FY22, APA engaged an external consultant to perform scenario analysis to understand the resilience of a selection of APA assets to climate transition (or stranded asset) risk under a series of scenarios. There are inherent limitations with such scenario analysis, however the work performed did not indicate any material stranded asset risk at this time.

Cash flow projections are estimated for a period of up to 20 years, plus a terminal value, recognising the long term nature of the assets. The pre-tax discount rates used are 7.50% p.a. (2021: 7.00% p.a.) for Energy Infrastructure assets and 7.50% p.a. (2021: 7.00% p.a.) for Asset Management.

For fully regulated assets, cash flows have been extrapolated on the basis of existing transportation contracts and government policy settings, and expected contract renewals with a resulting average annual growth rate of -3.0% p.a. (2021: -0.1% p.a.). The Consolidated Entity has assumed prudent capital and operating expenditure, appropriate regulated rates of return, and forecast inflation over the existing and renewal contract terms. These expected cash flows are factored into the regulated asset base and do not exceed management's expectations of the long-term average growth rate for the market in which the cash generating unit operates.

For non-regulated assets, the Consolidated Entity has assumed no capacity expansion and firming costs beyond installed and committed levels; utilisation of capacity is based on existing contracts and renewals, government policy settings and the Consolidated Entity's expected market outcomes.

As contracts mature, given ongoing demand for capacity, it is assumed that the majority of the capacity is resold at similar pricing levels.

Asset Management cash flow projections reflect long term agreements with assumptions of renewal on similar terms and conditions based on management's expectations.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

14. Provisions

	2022 \$000	Restated 2021 \$000
Employee benefits ¹	134,941	107,280
Other	3,291	8,605
Current	138,232	115,885
Employee benefits	24,429	35,267
Restoration provision	69,650	67,085
Non-current	94,079	102,352
Employee benefits		
Incentives	39,677	25,986
Cash settled long-term incentives	6,369	5,447
Leave balances	56,507	53,721
Other employee provisions ¹	32,388	22,126
Current	134,941	107,280
Cash settled long-term incentives	2,739	4,587
Defined benefit liability (note 16)	12,262	19,686
Leave balances	9,428	10,994
Non-current	24,429	35,267

1. Refer to note 2 for details regarding the restatement for payroll review.

A provision is recognised when there is a legal or constructive obligation as a result of a past event, it is probable that future economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

Provision is made for benefits accruing to employees in respect of wages and salaries, incentives, annual leave and long service leave when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months, are recognised for employee services up to reporting date at the amounts expected to be paid when the liability is settled. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows using a discount rate based on the corporate bond yield in respect of services provided by employees up to reporting date.

15. Other non-current assets

	2022 \$000	2021 \$000
Line pack gas	23,133	20,571
Gas held in storage	4,763	6,010
Defined benefit asset (note 16)	4,510	4,877
	32,406	31,458

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

16. Employee superannuation plans

All employees of the Consolidated Entity are entitled to benefits on retirement, disability or death from an industry sponsored fund, or an alternative fund of their choice. The Consolidated Entity has three plans with defined benefit sections (due to the acquisition of businesses) and a number of other plans with defined contribution sections. The defined benefit sections provide lump sum benefits upon retirement based on years of service. The defined contribution sections receive fixed contributions from the Consolidated Entity and the Consolidated Entity's legal and constructive obligations are limited to these amounts.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were determined at 30 June 2022. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method.

The following sets out details in respect of the defined benefit plans only:

	2022 \$000	2021 \$000
Amounts recognised in the statement of profit or loss and other comprehensive income		
Current service cost	1,562	2,032
Net interest expense	410	995
Components of defined benefit costs recognised in profit or loss (note 5)	1,972	3,027
Amounts recognised in the statement of financial position		
Fair value of plan assets	135,003	139,336
Present value of benefit obligation	(142,755)	(154,145)
Defined benefit asset – non-current (note 15)	4,510	4,877
Defined benefit liability – non-current (note 14)	(12,262)	(19,686)
Opening defined benefit obligation	154,145	162,876
Current service cost	1,562	2,032
Interest cost	4,738	4,613
Contributions from plan participants	587	572
Actuarial gain	(6,952)	(4,554)
Benefits paid	(10,925)	(10,748)
Administrative expenses, taxes and premiums paid	(400)	(646)
Closing defined benefit obligation	142,755	154,145
Movements in the present value of the plan assets in the current period were as follows:		
Opening fair value of plan assets	139,336	124,358
Interest income	4,328	3,618
Actual return on plan assets excluding interest income	384	19,028
Contributions from employer	1,693	3,154
Contributions from plan participants	587	572
Benefits paid	(10,925)	(10,748)
Administrative expenses, taxes and premiums paid	(400)	(646)
Closing fair value of plan assets	135,003	139,336

Defined contribution plans

Contributions to defined contribution plans are expensed when incurred. The percentage rate for superannuation guarantee contribution by the Consolidated Entity is 10.5% from 1 July 2022, and eventually to 12% from 1 July 2025.

Defined benefit plans

Actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding interest), is recognised in other comprehensive income and immediately reflected in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

The defined benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Consolidated Entity's defined benefit plans. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds and reductions in future contributions to the plan.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Operating Assets and Liabilities

Key actuarial assumptions used in the determination of the defined benefit obligation include a discount rate of 4.4% gross of tax (2021: 3.2%), based on the corporate bond yield curve published by Milliman, an expected salary increase rate of 3.5% (2021: 2.7%), and pension indexation rate of 2.6% (2021: 1.8%). The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by \$7,619,000 (increase by \$8,457,000).
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by \$1,207,000 (decrease by \$1,161,000).
- If the expected pension indexation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by \$6,858,000 (decrease by \$7,033,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Consolidated Entity expects to pay \$1.5 million in contributions to the defined benefit plans during the year ending 30 June 2023.

17. Leases

The Consolidated Entity as a lessee

The Consolidated Entity's lease obligations are primarily related to commercial office leases and motor vehicles.

	2022 \$'000	2021 \$'000
Lease liabilities		
Not longer than 1 year	17,081	17,432
Longer than 1 year but not longer than 5 years	42,522	42,368
Longer than 5 years	11,615	20,329
Minimum future lease payments payable	71,218	80,129
Less: Future finance cost	8,866	11,001
Present value of the future lease payments	62,352	69,128
Included in the consolidated statement of financial position:		
Current lease liabilities	15,032	14,723
Non-current lease liabilities	47,320	54,405
	62,352	69,128

The Consolidated Entity has no material short-term leases, lease for low-value assets or variable lease payments.

At inception of a contract, the Consolidated Entity assesses whether a lease has been entered into if:

- The contract involves the use of an identified asset – the asset may be explicitly or implicitly specified in the contract. Capacity portions of larger assets would be considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. An asset is not considered an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use;
- The Consolidated Entity has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Consolidated Entity has the right to direct the use of the asset throughout the period of use. The Consolidated Entity considers itself to have the right to direct the use of the asset only if either:
 - i) The Consolidated Entity has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - ii) The relevant decisions about how and for what purposes the asset is used are predetermined and the Consolidated Entity has the right to operate the asset, or the Consolidated Entity designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Operating Assets and Liabilities

Where the Consolidated Entity has determined that a lease exists, a right-of-use asset (disclosed in note 11) and a corresponding lease liability is recognised at the commencement date of the lease for all leases other than short-term or low-value asset leases.

The lease liability is initially measured at the present value of future lease payments at the commencement date, comprising the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments which vary due to changes in CPI, or commodity prices);
- Amounts expected to be payable by the lessee under residual value guarantees, purchase options and termination penalties (where relevant); and
- Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

To calculate the present value, the future lease payments are discounted using the interest rate implicit in the lease (IRIL), if the rate is readily determinable. If the IRIL cannot be readily determined, the incremental borrowing rate (IBR) at the commencement date is used. The IBR is calculated based on the prevailing swap rate for a tenor that closely aligns with the term of the lease and then adjusted for the Consolidated Entity credit spreads in a currency that matches the currency of the liability.

Subsequently, the lease liability is measured in a manner similar to other financial liabilities, at amortised cost using the effective interest rate method. The liability is remeasured to reflect any reassessment of lease payments or lease modifications, or to reflect revised in-substance fixed lease payments.

Variable payments other than those included in the measurement of the lease liability above (i.e. those not based on an index or rate) are recognised in the statement of profit or loss in the period in which the event or condition that triggers those payments occur.

Short term leases (i.e. where the lease term is less than 12 months) and low-value asset leases are recognised as an expense in the statement of profit or loss on a straight-line basis.

Total cash outflow for leases amounted to \$15.4 million, excluding payments for short term leases, low-value asset leases and variable payments leases.

The Consolidated Entity as a lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance lease receivables relate to the lease of a metering station, natural gas vehicle refuelling facilities and two pipeline laterals.

	2022 \$000	2021 \$000
Finance lease receivables		
Not longer than 1 year	1,883	2,237
Longer than 1 year and not longer than 5 years	8,554	7,016
Longer than 5 years	4,278	7,699
Minimum future lease payments receivable¹	14,715	16,952
Less: unearned finance lease receivables	(4,330)	(5,302)
Present value of lease receivables	10,385	11,650
Included in the consolidated statement of financial position:		
Current trade and other receivables (note 8)	1,171	1,275
Non-current receivables (note 8)	9,214	10,375
	10,385	11,650

1. Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.

The Consolidated Entity does not have any operating leases where it is the lessor.

Amounts due from a lessee under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Notes to the consolidated financial statements continued

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Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern whilst maximising the return to equityholders through the optimisation of the debt to equity structure.

The Consolidated Entity's overall capital management strategy is to continue to target Baa2/BBB investment grade credit ratings through maintaining sufficient flexibility to fund organic growth and investment from internally generated and retained cash flows, debt funding and, where appropriate, additional equity.

The capital structure of the Consolidated Entity consists of cash and cash equivalents, borrowings and equity attributable to equityholders of the parent. The Consolidated Entity's policy is to maintain balanced and diverse funding sources through raising funds locally and from overseas from a variety of capital markets including bank loan facilities, to meet anticipated funding requirements. This funding plus operating cash flows are used to maintain and expand the Consolidated Entity's assets, make distributions to equityholders, repay maturing debt and meet anticipated funding requirements.

Controlled entities are subject to externally imposed capital requirements. These relate to the Australian Financial Services Licence held by APA Group Limited, the Responsible Entity of APA Group, and were adhered to for the entirety of the 2022 and 2021 periods.

The Consolidated Entity's capital management strategy has been refreshed during the year, taking into consideration the cost of capital and the state of the capital markets. It remains focused on maintaining Baa2/BBB investment grade credit ratings.

The main aspects are:

- Distribution policy balances organic growth capex funding with strong investor returns;
- Lower cost of capital and competitive investment hurdle rates;
- Investment grade credit metrics provides prudent levels of gearing and access to capital markets;
- Treasury policies ensures strong levels of liquidity and minimises risk; and
- Insightful communications ensuring strong investor engagement.

The Consolidated Entity's Funds From Operations to Net Debt are better than the minimum threshold levels that Moody's and Standard & Poor's consider appropriate for the Consolidated Entity's Baa2/BBB credit ratings. Funds From Operations to Net Debt is a leverage metric that measures cash flows generated by the business that are available to service debt (note: each rating agency calculates credit metrics slightly differently using their own proprietary methods). The ability to service debt and therefore creditworthiness, improves as the percentage of Funds From Operations to Net Debt increases (and vice versa).

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Capital Management

18. Net debt

Cash and cash equivalents comprise of cash on hand, at call bank deposits and investments in money market instruments that are readily convertible to known amounts for cash. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position detailed in the table below. The Consolidated Entity had no restricted cash as at 30 June 2022 and 30 June 2021.

Borrowings are recorded initially at fair value less attributable transaction costs and subsequently stated at amortised cost. Any difference between the initial recognised cost and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

	2022 \$'000	2021 \$'000
Cash at bank and on hand	519,958	212,815
Short-term deposits	420,046	439,414
Cash and cash equivalents	940,004	652,229
Other financial liabilities	(2,507)	(2,721)
Current borrowings	(2,507)	(2,721)
Guaranteed senior notes ¹	(9,943,309)	(9,960,728)
Guaranteed bank loans ²	(1,000,000)	—
Other financial liabilities	(7,959)	(10,467)
Less: unamortised borrowing costs	49,455	49,878
Non-current borrowings	(10,901,813)	(9,921,317)
Total borrowings	(10,904,320)	(9,924,038)
Current lease liabilities	(15,032)	(14,723)
Non-current lease liabilities	(47,319)	(54,405)
Total lease liabilities	(62,351)	(69,128)
Net debt	(10,026,667)	(9,340,937)

1. Represents JPY MTN of ¥10,000 million, GBP MTN of £1,600 million, EUR MTN of €2,350 million and USD denominated 144a notes of US\$2,250 million measured at the exchange rate at reporting date, and AUD MTN of A\$200 million (2021: Represents JPY MTN of ¥10,000 million, GBP MTN of £1,600 million, EUR MTN of €2,350 million and USD denominated 144a notes of US\$2,250 million measured at the exchange rate at reporting date, and AUD MTN of A\$200 million). Refer to note 20 for details of interest rates and maturity profiles.

2. Represents new Syndicated Facility of A\$1,000 million executed in June 2022.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Capital Management

Reconciliation of net debt

	Cash and cash equivalents \$000	Borrowings due within 1 year \$000	Borrowings due after 1 year \$000	Lease Liabilities \$000	Net debt \$000
Net debt as at 1 July 2020	1,172,649	(310,613)	(10,607,382)	(76,801)	(9,822,147)
Cash movements	(520,146)	2,866,999	(2,358,421)	274	(11,294)
Non cash changes — leases	—	—	—	7,399	7,399
Foreign exchange movements due to fair value changes	(274)	(354,168)	829,520	—	475,078
Transfer from due after 1 year to due within 1 year	—	(2,204,939)	2,204,939	—	—
Movement of deferred borrowing costs	—	—	10,027	—	10,027
Net debt as at 30 June 2021	652,229	(2,721)	(9,921,317)	(69,128)	(9,340,937)
Net debt as at 1 July 2021	652,229	(2,721)	(9,921,317)	(69,128)	(9,340,937)
Cash movements	287,244	2,721	(1,000,000)	15,355	(694,680)
Non cash changes — leases	—	—	—	(8,578)	(8,578)
Foreign exchange movements due to fair value changes	531	—	17,420	—	17,951
Transfer from due after 1 year to due within 1 year	—	(2,507)	2,507	—	—
Movement of deferred borrowing costs	—	—	(423)	—	(423)
Net debt as at 30 June 2022	940,004	(2,507)	(10,901,813)	(62,351)	(10,026,667)

	2022 \$000	2021 \$000
Financing facilities available		
Total facilities		
Guaranteed senior notes ¹	9,943,309	9,960,728
Guaranteed bank loans ²	1,000,000	—
Bank borrowings	1,250,000	1,250,000
	12,193,309	11,210,728
Facilities used at balance date		
Guaranteed senior notes ¹	9,943,309	9,960,728
Guaranteed bank loans ²	1,000,000	—
Bank borrowings	—	—
	10,943,309	9,960,728
Facilities unused at balance date		
Guaranteed senior notes ¹	—	—
Guaranteed bank loans ²	—	—
Bank borrowings	1,250,000	1,250,000
	1,250,000	1,250,000

1. Represents JPY MTN of ¥10,000 million, GBP MTN of £1,600 million, EUR MTN of €2,350 million and USD denominated 144a notes of US\$2,250 million measured at the exchange rate at reporting date, and AUD MTN of A\$200 million (2021: Represents JPY MTN of ¥10,000 million, GBP MTN of £1,600 million, EUR MTN of €2,350 million and USD denominated 144a notes of US\$2,250 million measured at the exchange rate at reporting date, and AUD MTN of A\$200 million). Refer to note 20 for details of interest rates and maturity profiles.

2. Represents new Syndicated Facility of A\$1,000 million executed in June 2022.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Capital Management

19. Financial risk management

The Consolidated Entity's corporate Capital Markets team is responsible for the overall management of the Consolidated Entity's capital raising activities, liquidity, lender relationships and engagement, debt portfolio management, interest rate and foreign exchange hedging, credit rating maintenance and third party indemnities (bank guarantees) within risk management parameters approved by the Audit and Risk Management Committee (ARMC) and reviewed by the Board.

Based on Treasury Risk Management Policy, the Consolidated Entity's activities generate financial instruments comprising of cash, receivables, payables and interest bearing liabilities which expose it to various risks as summarised below:

- Market risk including currency risk, interest rate risk and price risk;
- Credit risk; and
- Liquidity risk.

Risk	Sources	Risk management framework	Financial exposure
Market	Commercial transactions in foreign currency and funding activities.	The ARMC approves written principles for overall risk management, as well as policies covering specific areas such as liquidity risk, funding risk, foreign currency risk, interest rate risk and credit risk. The Consolidated Entity's ARMC ensures there is an appropriate Risk Management Policy for the management of treasury risk and compliance with the policy through the review of monthly reporting to the Board from the Capital Markets department.	Refer to 19 (a) Market risk section.
Credit	Cash, receivables, interest bearing liabilities and hedging.		The carrying amount of financial assets recorded in the financial statements, net of any collateral held or bank guarantees held by the Consolidated Entity, represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.
Liquidity	Ongoing business operations, financial market disruptions and new investment opportunities.		A detailed table shows the Consolidated Entity's remaining contractual maturities for its non-derivative financial liabilities at the end of this section.

a) Market risk

The Consolidated Entity's market risk exposure is primarily due to changes in market prices such as interest and foreign exchange rates. The Consolidated Entity is also exposed to price risk arising from its forward purchase contracts over listed equities and electricity price risk arising from an electricity contract for difference. The table below summarises these risks by nature of exposure and provides information about the risk mitigation strategies being applied.

Nature	Sources of financial exposure	Risk management strategy
Foreign exchange	The Consolidated Entity's foreign exchange risk arises from future commercial transactions (including revenue, interest payments and principal debt repayments on long-term borrowings and the purchases of capital equipment and operating cost).	Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward exchange contracts (FECs), cross currency swap contracts (CCIRS) and foreign currency denominated borrowings. All foreign currency exposure was managed in accordance with the Treasury Risk Management Policy, including: – FECs to hedge the exchange rate risk arising from foreign currency cash flows, mainly US dollars, derived from revenues, interest payments and capital equipment purchases; – CCIRS to manage the currency risk associated with foreign currency denominated borrowings; and – Foreign currency denominated borrowings to manage the currency risk associated with foreign currency denominated revenue and receivables.
Interest rate	The Consolidated Entity's interest rate risk is derived predominately from borrowings subject to floating interest rates.	This risk is managed by the Consolidated Entity by maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied.
Equity price and electricity price	The Consolidated Entity is exposed to price risk arising from its forward purchase contracts over listed equities and electricity price risk arising from a contract for difference in an electricity sales agreement with a customer.	The equity price risk is managed by forward purchase contracts held to hedge the long-term incentive awards rather than for trading purposes. Electricity price risk is managed with electricity sales agreements with creditworthy counterparties. The Consolidated Entity does not actively trade these holdings. The key assumptions of the commercial contract for difference are provided in the fair value of financial instrument section.

There has been no change to the nature of the market risks to which the Consolidated Entity is exposed or the manner in which these risks are managed and measured.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Capital Management

Foreign currency risk

Foreign currency forward exchange contracts

To manage foreign exchange risk arising from future commercial transactions such as forecast capital purchases and operating cost, revenue, interest and debt payments, the Consolidated Entity uses FECs. Gains and losses recognised in the cash flow hedge reserve (statement of comprehensive income) on these derivatives will be released to profit or loss when the underlying anticipated transaction affects the Statement of Profit or Loss or will be included in the carrying value of the asset or liability acquired.

The carrying amount of the Consolidated Entity's foreign currency denominated monetary assets, monetary liabilities and derivative notional amounts at the reporting date is as follows (converted to AUD at the spot rate at reporting date):

	Cash & cash equivalents \$000	Total borrowings \$000	Cross currency swaps \$000	Forward exchange contract \$000	Net foreign currency position \$000
2022					
US dollar (USD) ¹	6,289	(3,262,524)	(1,042,725)	114,229	(4,184,731)
Japanese yen (JPY)	—	(106,929)	106,929	—	—
Canadian dollar (CAD)	—	—	—	3,864	3,864
British pound (GBP)	—	(2,823,925)	2,823,925	—	—
Euro (EUR)	—	(3,569,042)	3,569,042	5,522	5,522
Swedish Krona (SEK)	—	—	—	368	368
	6,289	(9,762,420)	5,457,171	123,983	(4,174,977)
2021					
US dollar (USD) ¹	3,139	(3,001,400)	(959,268)	(105,014)	(4,062,543)
Japanese yen (JPY)	—	(120,079)	120,079	—	—
British pound (GBP)	—	(2,945,695)	2,945,695	75	75
Euro (EUR)	—	(3,715,047)	3,715,047	4,313	4,313
Swedish Krona (SEK)	—	—	—	1,767	1,767
	3,139	(9,782,221)	5,821,553	(98,859)	(4,056,388)

1. The net foreign currency position (comprising USD denominated borrowings and forward exchange contracts) are used to manage foreign currency risk associated with USD revenue and receivables.

It is the policy of the Consolidated Entity to hedge 100% of all foreign exchange exposures in excess of US\$1 million equivalent that are certain. Forecast foreign currency denominated revenues and interest payments will be hedged by FECs on a rolling basis with the objective being to lock in the AUD gross cash flows and manage liquidity.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying currency) of the FECs and their corresponding hedged items are the same, the Consolidated Entity performs a qualitative assessment of effectiveness and it is expected that the value of the FECs and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying foreign exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Consolidated Entity's own credit risk on the fair value of the FECs, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. The effect of credit risk does not dominate the value changes that result from that economic relationship.

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Capital Management

The following table details the FECs outstanding at reporting date:

Cash flow hedges

	Average contract rate \$	Contract Value			Fair value
		< 1 year \$000	1 - 2 years \$000	2 - 5 years \$000	\$000
2022					
Forecast revenue and associated receivable					
Sell USD ¹	0.7181	367,150	431,501	765,901	(74,731)
Forecast capital purchases and operating cost					
Buy USD ¹	0.7055	(64,705)	(80,351)	—	3,408
Buy EUR	0.6298	(5,773)	—	—	(224)
Buy SEK	6.9973	(371)	—	—	(3)
Buy CAD	0.9133	(3,760)	—	—	100
Forecast foreign currency borrowings					
Buy USD ¹	0.7124	—	—	(1,544,025)	71,109
		292,541	351,150	(778,124)	(341)
	Average contract rate \$	Contract Value			Fair value
		< 1 year \$000	1 — 2 years \$000	2 — 5 years \$000	\$000
2021					
Forecast revenue and associated receivable					
Sell USD	0.7103	204,710	698	—	10,876
Forecast capital purchases and operating cost					
Buy USD	0.7646	(87,464)	(42)	(42)	2,032
Buy EUR	0.6197	(4,402)	—	—	(79)
Buy SEK	5.7152	(1,984)	—	—	(216)
Buy GBP	0.4054	(74)	—	—	1
		110,786	656	(42)	12,614

1. The Consolidated Entity entered into a series of FEC's in February 2022 to manage FX exposure from March 2022 to December 2025 on WGP monthly revenue, the bi-annual interest payments on the USD denominated debt, and the USD\$1.1 billion debt repayment in 2025.

As at the reporting date, the Consolidated Entity has entered into FECs to hedge the foreign currency exposure arising from anticipated future transactions, which are designated in cash flow hedge relationships.

Cross currency swap contracts

The Consolidated Entity enters into cross currency swap contracts to mitigate the risk of movements in foreign exchange rates in relation to principal and interest payments arising from foreign currency borrowings. The Consolidated Entity receives fixed amounts in the various foreign currencies and pays both variable interest rates (based on Australian BBSW) and fixed interest rates for the full term of the underlying borrowings. In certain circumstances borrowings are retained in the foreign currency, or hedged from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Capital Management

The following table details the cross currency swap contract principal payments due as at the reporting date:

Cash flow hedges

2022	Foreign currency	Exchange rate \$	Less than 1 year \$000	1 — 2 years \$000	More than 2 — 5 years \$000	5 years \$000
Pay AUD / receive foreign currency						
2012 GBP Medium Term Notes	AUD/GBP	0.6530	—	—	(535,988)	—
2017 US144A	AUD/USD	0.7668	—	—	—	(1,108,503)
2019 GBP Medium Term Notes	AUD/GBP	0.5388	—	—	—	(742,390)
2019 JPY Medium Term Notes	AUD/JPY	75.2220	—	—	—	(132,940)
2020 EUR Medium Term Notes	AUD/EUR	0.5895	—	—	—	(1,017,812)
2021 EUR Medium Term Notes	AUD/EUR	0.6464	—	—	—	(1,701,733)
2021 GBP Medium Term Notes	AUD/GBP	0.5530	—	—	—	(452,080)
Pay USD / receive foreign currency						
2015 EUR Medium Term Notes	USD/EUR	0.9514	—	—	(990,669)	—
2015 GBP Medium Term Notes	USD/GBP	0.6773	—	—	—	(1,284,565)
			—	—	(1,526,657)	(6,440,023)
2021						
Pay AUD / receive foreign currency						
2012 GBP Medium Term Notes	AUD/GBP	0.6530	—	—	(535,988)	—
2017 US144A	AUD/USD	0.7668	—	—	—	(1,108,503)
2019 GBP Medium Term Notes	AUD/GBP	0.5388	—	—	—	(742,390)
2019 JPY Medium Term Notes	AUD/JPY	75.2220	—	—	—	(132,940)
2020 EUR Medium Term Notes	AUD/EUR	0.5895	—	—	—	(1,017,812)
2021 EUR Medium Term Notes	AUD/EUR	0.6464	—	—	—	(1,701,733)
2021 GBP Medium Term Notes	AUD/GBP	0.5530	—	—	—	(452,080)
Pay USD / receive foreign currency						
2015 EUR Medium Term Notes	USD/EUR	0.9514	—	—	—	(911,379)
2015 GBP Medium Term Notes	USD/GBP	0.6773	—	—	—	(1,181,751)
			—	—	(535,988)	(7,248,588)

Notes to the consolidated financial statements continued

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Foreign currency denominated borrowings

The Consolidated Entity maintains a level of borrowings in foreign currency, or swapped from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency. This mitigates the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising from these foreign currency borrowings as well as future revenues.

Foreign currency sensitivity analysis

The analysis below shows the effect on profit and total equity of retranslating cash, receivables, payables and interest-bearing liabilities denominated in USD and EUR into AUD, had the rates been 20 percent higher or lower than the relevant year end rate, with all other variables held constant, and taking into account all underlying exposures and related hedges. A sensitivity of 20 percent has been selected and represents management's assessment of the possible change in rates taking into account the current level of exchange rates and the volatility observed both on an historical basis and on market expectations for possible future movements:

- Net profit would increase by \$1.6 million with a 20 percent depreciation of the A\$ or decrease by \$1.0 million with a 20% increase in A\$ (2021: nil); and
- Equity reserves would decrease by \$465.4 million with a 20 percent depreciation of the A\$ or increase by \$311.7 million with a 20 percent increase in A\$ (2021: decrease by \$1,028.0 million or increase by \$685.6 million respectively).

Interest rate risk

The Consolidated Entity's interest rate risk is derived predominately from borrowings. This risk is managed by the Consolidated Entity maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied.

The Consolidated Entity's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to financial assets is limited to cash and cash equivalents amounting to \$940.0 million as at 30 June 2022 (2021: \$652.2 million), and to the loan receivable amounting to \$598.6 million as at 30 June 2022 (2021: nil).

Cross currency swap and interest rate swap contracts

Cross currency swap and interest rate swap contracts have the economic effect of converting borrowings from floating to fixed rates and/or fixed rate foreign currency to fixed or floating AUD rates on agreed notional principal amounts enabling the Consolidated Entity to mitigate the risk of cash flow exposures on variable rate debt held. The fair value of cross currency swap and interest rate swap contracts at the reporting date is determined by discounting the future cash flows using the yield curves at reporting date. The average interest rate is based on the drawn debt balances at the end of the financial year.

There is an economic relationship between the hedged item and the hedging instrument. Based on the Consolidated Entity's qualitative assessment of effectiveness, it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Consolidated Entity's own credit risk on the fair value of the cross currency swap and interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates and difference in timing of the future cash flows. The effect of credit risk does not dominate the value changes that result from that economic relationship.

The following table details the notional principal amounts and remaining terms of the cross currency swap contracts outstanding as at the end of the financial year:

	Weighted average interest rate		Notional principal amount		Fair value	
	2022 % p.a.	2021 % p.a.	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash flow hedges – Pay fixed AUD interest – receive floating AUD or fixed foreign currency						
Less than 1 year	—	—	—	—	—	—
1 year to 2 years	—	—	—	—	—	—
2 years to 5 years ¹	4.20	4.25	2,026,657	535,988	25,153	69,513
5 years and more ¹	2.84	2.94	6,940,023	7,248,588	(248,442)	(262,750)
			8,966,680	7,784,576	(223,289)	(193,237)

1. This amount includes a notional amount of USD 1.6 billion (2021: USD 1.6 billion) which is subject to USD interest rate risk.

Notes to the consolidated financial statements continued

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The cross currency swap and interest rate swap contracts settle on a quarterly or semi-annual basis. The floating rate benchmark on the interest rate swaps is Australian BBSW. The Consolidated Entity will settle the difference between the fixed and floating interest rate on a net basis.

All cross currency swap and interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Consolidated Entity's cash flow exposure on borrowings.

The following tables detail before tax information of the Consolidated Entity (excluding share of hedge reserves of associates) regarding derivative financial instruments outstanding at the end of the reporting period, their related hedged items and the effectiveness of the hedging relationships.

	Fair value of hedge		Fair value of hedge		2022 \$000	Reserve balance 2021 \$000
	2022 \$000	instrument 2021 \$000	2022 \$000	item 2021 \$000		
Foreign exchange risk						
Hedging foreign currency borrowings (cross currency swap)	(231,643)	(193,237)	242,494	204,225	245,054	398,468
Hedging revenue and associated receivables (foreign currency borrowings)	(54,244)	(90,663)	54,244	90,663	54,244	90,663
Hedging revenue and associated receivables (FECs)	(74,731)	10,876	74,731	(10,789)	73,826	(10,423)
Hedging foreign currency borrowings (FECs)	71,109	—	(71,109)	—	(5,681)	—
Hedging capital purchases (FECs)	3,281	1,738	(3,281)	(1,739)	(3,281)	(1,738)
Hedging AUD borrowings (IRS)	8,353	—	(8,087)	—	(8,087)	—
	(277,875)	(271,286)	288,992	282,360	356,076	476,970

	Change in fair values of hedging instruments ¹		Change in fair values of hedged items ¹	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Foreign exchange risk				
Hedging foreign currency borrowings (cross currency swap)	(38,406)	114,389	38,269	(137,314)
Hedging revenue and associated receivables (foreign currency borrowings)	(34,816)	162,624	34,816	(162,624)
Hedging revenue and associated receivables (FECs)	(74,731)	33,160	74,731	(33,115)
Hedging foreign currency borrowings (FEC)	71,109	—	(71,109)	—
Hedging capital purchases (FECs)	3,271	4,830	(3,271)	(4,831)
Interest rate risk – Hedging AUD borrowings (IRS)	8,353	—	(8,087)	—
	(65,220)	315,003	65,349	(337,884)

¹ This table excludes change in fair values of forecast transactions no longer expected to occur.

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	Hedge ineffectiveness gain / (loss)		Balance relating to discontinued cash flow hedges	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Foreign exchange risk				
Hedging foreign currency borrowings (CCIRS)	(8,616)	(926)	—	2,349
Interest rate risk – Hedging AUD borrowings (IRS)	266	—	—	—
Hedging revenue and associated receivables (FEC)	—	87	—	—
Hedging revenue and associated receivables (foreign currency borrowings)	—	—	118,312	—
	(8,350)	(839)	118,312	2,349
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Interest rate risk				
Hedging US\$ denominated borrowings (interest rate swap)	—	—	28,084	33,108
	—	—	28,084	33,108

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments held. A 100 basis point increase or decrease is used and represents management's assessment of the possible change in interest rates over the short term. At reporting date, if interest rates had been 100 basis points lower or higher and all other variables were held constant, the Consolidated Entity's equity reserves would increase by \$69,768,000 with a 100 basis point decrease in interest rates or decrease by \$41,240,000 with a 100 basis point increase in interest rates (2021: increase by \$46,784,000 or decrease by \$4,943,000 respectively). This is due to the changes in the fair value of derivative interest instruments.

The Consolidated Entity's profit sensitivity to interest rates has decreased during the current year as the Consolidated Entity has no unhedged floating rate borrowings outstanding at the end of the financial year. The increase/decrease in equity reserves is based on 1.00% p.a. increase/decrease in the yield curve at the reporting date.

Price risk – equity price

The Consolidated Entity is exposed to price risk arising from its forward purchase contracts over listed equities. The forward purchase contracts are held to hedge long-term incentive awards rather than for trading purposes. The Consolidated Entity does not actively trade these holdings.

Price risk – electricity price

The Consolidated Entity is exposed to electricity price risk arising from a contract for difference in an electricity sales agreement with a customer. The contract guarantees the Consolidated Entity a fixed price for electricity offtake. The key assumptions of the contract for difference are provided in the fair value of financial instrument section.

Notes to the consolidated financial statements continued

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b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

Credit risk management

The Consolidated Entity has adopted the policy of dealing with creditworthy counterparties or obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating the risk of loss. For financial investments or market risk hedging, the Consolidated Entity's policy is to only transact with counterparties that have a credit rating of A- (Standard & Poor's)/A3 (Moody's) or higher unless specifically approved by the Board. Where a counterparty's rating falls below this threshold following a transaction, no other transactions can be executed with that counterparty until the exposure is sufficiently reduced or their credit rating is upgraded above the Consolidated Entity's minimum threshold. The Consolidated Entity's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Risk Management Policy approved by the ARMC. These limits are regularly reviewed by the Board.

Overview of the Consolidated Entity's exposure to credit risk

In order to minimise credit risk, the Consolidated Entity categorised exposures according to their degree of risk of default. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Consolidated Entity's current credit risk grading framework comprises the following categories:

- Performing – the counterparty has a low risk of default and does not have any past-due amounts;
- Doubtful – amount is >30 days past due or there has been a significant increase in credit risk since initial recognition; and
- Write-off – there is evidence indicating that the debtor is in severe financial difficulty and the Consolidated Entity has no realistic prospect of recovery.

The table below details the credit quality of the Consolidated Entity's financial assets.

	External credit rating	Internal credit rating	ECL method ¹
Cash and cash equivalents and cash on deposit	A- (Standard & Poor's)/ A3 (Moody's) or higher	Performing	12-month ECL
Trade receivables	N/A	²	Lifetime ECL (simplified approach)
Finance lease receivables	N/A	²	Lifetime ECL (simplified approach)
Contract assets	N/A	²	Lifetime ECL (simplified approach)
Loan receivable	N/A	³	Lifetime ECL
Loans advanced to related parties	N/A	Performing	12-month ECL
Redeemable preference shares (GDI)	N/A	Performing	12-month ECL

1. Lifetime ECL represents the expected credit losses (ECL) that will result from possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. For trade receivables, finance lease receivables and contract assets, the Consolidated Entity has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL. The Consolidated Entity determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 includes further details on the loss allowance for these assets respectively if any.

3. Loan receivable considered credit-impaired at initial recognition and classified as purchased or originated credit impaired (POCI) assets. Accordingly, lifetime expected credit losses (ECLs) are included in the estimated cash flows when calculating the credit-adjusted effective interest rate (EIR) on initial recognition and no loss allowance is recognised. APA continues to inspect any indication of deterioration of debt subsequent to the acquisition date in determining whether any objective evidence exists to be impaired. There has been no movement in expected credit losses since the date of acquisition. Refer to Note 9 for further detail.

There is no material ECL for any of the financial assets listed in the table above.

Cross guarantee

In accordance with a deed of cross guarantee, APA Infrastructure Limited has agreed to provide financial support, when and as required, to all wholly-owned controlled entities with either a deficit in shareholders' funds or an excess of current liabilities over current assets. The fair value of the financial guarantee as at 30 June 2022 has been determined to be immaterial and no liability has been recorded (2021: \$nil).

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c) Liquidity risk

The Consolidated Entity has a policy of dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and banking facilities, by monitoring and forecasting cash flow and where possible, by arranging liabilities with longer maturities to more closely match the underlying assets of the Consolidated Entity.

Detailed in the table following are the Consolidated Entity's remaining contractual maturities for its non-derivative financial liabilities. The table is presented based on the undiscounted cash flows of financial liabilities taking account of the earliest date on which the Consolidated Entity can be required to pay. The table includes both interest and principal cash flows.

The table below shows the undiscounted Australian dollar cash flows associated with the AUD and foreign currency denominated notes, cross currency swaps and fixed interest rate swaps in aggregate.

2022	Maturity	Average interest rate % p.a.	Less than 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Unsecured financial liabilities					
Trade and other payables			397,063	—	—
Unsecured bank borrowings ¹			24,620	(7,827)	(6,766)
Denominated in A\$					
Other financial liabilities			2,842	7,219	1,351
Denominated in US\$					
Guaranteed Senior Notes³					
Denominated in A\$					
2016 AUD Medium Term Notes	20 Oct 23	3.75	7,500	203,750	—
Denominated in US\$					
2015 US 144A ²	23 Mar 25	4.20	66,991	1,729,179	—
2015 US 144A ²	23 Mar 35	5.00	21,750	87,001	609,246
2017 US 144A	15 Jul 27	4.25	58,523	234,508	1,137,587
Denominated in stated foreign currency					
2012 GBP Medium Term Notes	26 Nov 24	4.25	39,459	595,445	—
2015 GBP Medium Term Notes ²	22 Mar 30	3.50	57,602	230,408	1,457,371
2015 EUR Medium Term Notes ²	22 Mar 27	2.00	43,544	1,164,847	—
2019 GBP Medium Term Notes	18 Jul 31	3.13	33,687	134,933	893,843
2019 JPY Medium Term Notes	13 Jun 34	1.03	5,606	22,533	172,292
2020 EUR Medium Term Notes	15 Jul 30	2.00	39,235	157,263	1,155,458
2021 EUR Medium Term Notes	15 Mar 29	0.75	27,388	109,627	983,069
2021 EUR Medium Term Notes	15 Mar 33	1.25	29,249	117,075	949,168
2021 GBP Medium Term Notes	15 Mar 36	2.50	19,184	76,789	625,000
			874,243	4,862,750	7,977,619

1. Bank facilities mature or expire on 18 July 2022 (\$50 million limit), 30 June 2023 (\$500 million limit), 1 July 2023 (\$50 million limit), 18 July 2023 (\$100 million limit), 31 December 2023 (\$500 million limit), 19 December 2025 (\$50 million limit), 20 May 2027 (\$500 million limit) and 20 May 2029 (\$500 million limit). Additionally, undrawn bank facilities are maturing or expiring in FY23 and FY24.

2. Facilities are denominated in or fully swapped by way of cross currency swap into US\$. Cashflows represent the US\$ cashflow translated at the USD/AUD spot rate as at 30 June 2022. These amounts are fully hedged by FECs or future US\$ revenues.

3. Rates shown are the coupon rate in the currency of issuance.

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Capital Management

2021	Maturity	Average interest rate % p.a.	Less than 1 year \$000	1 - 5 years \$000	More than 5 years \$000
Unsecured financial liabilities					
Trade and other payables			314,894	—	—
Denominated in A\$					
Other financial liabilities			3,146	9,349	2,063
Guaranteed Senior Notes³					
Denominated in A\$					
2016 AUD Medium Term Notes	20 Oct 23	3.75	7,500	211,250	—
Denominated in US\$					
2015 US 144A ²	23 Mar 25	4.20	61,629	1,652,409	—
2015 US 144A ²	23 Mar 35	5.00	20,009	80,037	580,493
2017 US 144A	15 Jul 27	4.25	59,037	234,380	1,196,239
Denominated in stated foreign currency					
2012 GBP Medium Term Notes	26 Nov 24	4.25	39,459	634,904	—
2015 GBP Medium Term Notes ²	22 Mar 30	3.50	52,992	212,073	1,393,824
2015 EUR Medium Term Notes ²	22 Mar 27	2.00	40,059	160,237	951,438
2019 GBP Medium Term Notes	18 Jul 31	3.13	33,595	135,026	927,438
2019 JPY Medium Term Notes	13 Jun 34	1.03	5,606	22,518	177,913
2020 EUR Medium Term Notes	15 Jul 30	2.00	39,666	157,155	1,194,801
2021 EUR Medium Term Notes	15 Mar 29	0.75	27,388	109,702	1,010,382
2021 EUR Medium Term Notes	15 Mar 33	1.25	29,249	117,155	978,336
2021 GBP Medium Term Notes	15 Mar 36	2.50	19,184	76,842	644,132
			753,413	3,813,037	9,057,059

1. Bank facilities mature or expire on 16 May 2022 (\$50 million limit), 18 July 2022 (\$150 million limit), 30 June 2023 (\$500 million limit), 31 December 2023 (\$500 million limit) and 19 December 2025 (\$50 million limit).

2. Facilities are denominated in or fully swapped by way of cross currency swap into US\$. Cashflows represent the US\$ cashflow translated at the USD/AUD spot rate as at 30 June 2022. These amounts are fully hedged by FECs or future US\$ revenues.

3. Rates shown are the coupon rate in the country of issuance.

Critical accounting judgements and key sources of estimation uncertainty – fair value of financial instruments

The Consolidated Entity has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Consolidated Entity determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair values of all positions include assumptions made as to recoverability based on the counterparty's and the Consolidated Entity's credit risk.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy occur at the end of the reporting period. There have been no transfers between the levels during 2022 (2021: none). Transfers between Level 1 and Level 2 are triggered when there are changes to the availability of quoted prices in active markets. Transfers into Level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of Level 3.

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Capital Management

Fair value of the Consolidated Entity's financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. These instruments are classified in the fair value hierarchy at Level 1;
- The fair values of FECs included in hedging assets and liabilities are calculated using discounted cash flow analysis based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at Level 2;
- The fair values of interest rate swaps, cross currency swaps, equity forwards and other derivative instruments included in hedging assets and liabilities are calculated using discounted cash flow analysis using observable market inputs (yield curves, foreign exchange rates, equity prices and historical inflation indices) at the end of the reporting period and contract rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at Level 2;
- The fair value of indexed revenue contract is derived from present value of expected future cash flows based on observable inflation indices and yield curve at the end of the reporting period. These instruments are classified in the fair value hierarchy at Level 2;
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at Level 2;
- The fair value of financial guarantee contracts is determined based upon the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. These instruments are classified in the fair value hierarchy at Level 2; and
- The carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value having regard to the specific terms of the agreements underlying those assets and liabilities.

Contract for difference

The financial statements include a contract for difference arising from an electricity sales agreement with a customer that guarantees the Consolidated Entity a fixed price for electricity offtake for the agreed term which is measured at fair value. The fair value of the contract for difference is derived from internal discounted cash flow valuation methodology, which includes some assumptions that are not able to be supported by observable market prices or rates.

In determining the fair value, the following assumptions were used:

- Estimated long term forecast electricity pool prices are applied as market prices are not readily observable for the corresponding term;
- Forecast electricity volumes are estimated based on an internal forecast output model;
- The discount rates are based on observable market rates for risk-free instruments of the appropriate term;
- Credit adjustments are applied to the discount rates to reflect the risk of default by either the Consolidated Entity or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied which takes into consideration the credit rating of the counterparty and its industry; and
- These instruments are classified in the fair value hierarchy at Level 3.

Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions which may have an offsetting impact.

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Fair value hierarchy

2022	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	—	4,615	—	4,615
Interest rate swaps used for hedging	—	12,392	—	12,392
Cross currency interest rate swap contracts used for hedging	—	235,200	—	235,200
Foreign currency forward exchange contracts used for hedging	—	104,204	—	104,204
Contract for difference	—	—	9,260	9,260
	—	356,411	9,260	365,671
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	—	4,039	—	4,039
Cross currency interest rate swap contracts used for hedging	—	466,843	—	466,843
Foreign currency forward exchange contracts used for hedging	—	104,545	—	104,545
Indexed revenue contract	—	11,671	—	11,671
Contract for difference	—	—	11,196	11,196
	—	587,098	11,196	598,294

2021	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	—	—	—	—
Cross currency interest rate swap contracts used for hedging	—	193,004	—	193,004
Foreign currency forward exchange contracts used for hedging	—	22,724	—	22,724
Contract for difference	—	—	29,742	29,742
	—	215,728	29,742	245,470
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	—	2,211	—	2,211
Cross currency interest rate swap contracts used for hedging	—	386,241	—	386,241
Foreign currency forward exchange contracts used for hedging	—	10,110	—	10,110
Indexed revenue contract	—	3,365	—	3,365
Contract for difference	—	—	1,216	1,216
	—	401,927	1,216	403,143

Reconciliation of Level 3 fair value measurements

	2022 \$000	2021 \$000
Opening balance	28,526	10,508
Revaluation	(27,160)	13,943
Settlement	(3,302)	4,075
Closing balance	(1,936)	28,526

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Fair value measurements of financial instruments measured at amortised cost

The financial liabilities included in the following table are fixed rate borrowings. Other debts held by the Consolidated Entity are floating rate borrowings and amortised cost as recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value (Level 2) ¹	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Financial liabilities				
Unsecured Australian Dollar Medium Term Notes	200,000	200,000	197,715	212,150
Unsecured Japanese Yen Medium Term Notes	106,929	120,079	100,310	123,105
Unsecured US Dollar 144A Medium Term Notes	3,262,524	3,001,400	3,212,952	3,405,782
Unsecured British Pound Medium Term Notes	2,823,925	2,945,695	2,492,879	3,173,349
Unsecured Euro Medium Term Notes	3,569,042	3,715,047	2,874,233	3,790,914
	9,962,420	9,982,221	8,878,089	10,705,300

1. The fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets, discounted at a rate that reflects the Consolidated Entity's credit risk. The instruments are classified in the fair value hierarchy at Level 2.

20. Other financial instruments

	Assets		Liabilities	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Derivatives at fair value:				
Contract for difference	—	3,885	11,196	—
Equity forward contracts	646	—	—	498
Derivatives at fair value designated as hedging instruments:				
Cross currency interest rate swaps – cash flow hedges	17,527	19,463	163,304	158,433
Foreign exchange contracts – cash flow hedges	13,247	22,684	26,710	10,100
Interest rate swaps – cash flow hedges	—	—	4,481	—
Financial assets carried at amortised cost:				
Redeemable preference shares	—	10,400	—	—
Redeemable preference share interest	153	285	—	—
Current	31,573	56,717	205,691	169,031
Derivatives at fair value:				
Contract for difference	9,260	24,641	—	—
Equity forward contracts	3,969	—	—	1,713
Indexed revenue contracts	—	—	11,671	3,365
Derivatives at fair value designated as hedging instruments:				
Cross currency interest rate swaps – cash flow hedges	235,200	193,004	332,629	255,813
Foreign exchange contracts – cash flow hedges	90,955	39	77,834	10
Interest rate swaps – cash flow hedges	12,392	—	—	—
Financial items carried at amortised cost:				
Redeemable preference shares	10,400	—	—	—
Non-current	362,176	217,684	422,134	260,901

Redeemable preference shares relate to APA Group's 20% interest in GDI (EII) Pty Ltd. In December 2011, APA sold 80% of its gas distribution network in South East Queensland (Allgas) into an unlisted investment entity, GDI (EII) Pty Ltd. At that date GDI issued 52 million Redeemable Preference Shares (RPS) to its owners. The shares were redeemed in December 2021 and new redeemable preference shares were issued. The shares attract periodic interest payments and have a redemption date 10 years from issue.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Capital Management

Recognition and measurement

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Derivatives that the Consolidated Entity does not elect to apply hedge accounting to or do not meet the hedge accounting criteria, are classified as 'financial assets/liabilities' for accounting purposes and accounted for at FVTPL.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of financial instruments refer to note 19.

Hedge accounting

The Consolidated Entity designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. There are no fair value hedges in the current or prior year, hedges of foreign exchange and interest rate risk are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Consolidated Entity formally designates and documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity expects the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Consolidated Entity actually hedges and the quantity of the hedging instrument that the Consolidated Entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Consolidated Entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Derivatives are initially recognised at fair value at the date a derivatives contract is entered into and subsequently remeasured to fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset, a derivative with a negative fair value is recognised as a financial liability.

The fair value of hedging derivatives is classified as either current or non-current based on the timing of the underlying discounted cash flows of the instrument. Cash flows due within 12 months of the reporting date are classified as current and cash flows due after 12 months of the reporting date are classified as non-current.

IBOR reform impact

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2 was issued in September 2020 and is effective for the Consolidated Entity from 1 July 2021. The Consolidated Entity does not have any debt or derivative instruments directly linked to US LIBOR, EURIBOR, GBP LIBOR or JPY LIBOR (collectively 'IBORs'). The Consolidated Entity only has an indirect exposure to the IBORs in relation to the valuation of Cross Currency Interest Rate Swaps that are designated in hedging relationships. APA will monitor/assess any potential impact on the valuation of derivative instrument in the future.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Capital Management

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance costs' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Consolidated Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Consolidated Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Accounting for the forward element of foreign currency forward exchange contracts and foreign currency basis spreads of financial instruments

The Consolidated Entity designates the full change in the fair value of an FEC (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving FECs.

The Consolidated Entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument. Changes in the value of the undesignated aligned foreign currency basis spread associated with cross currency interest rate swaps are deferred in other comprehensive income.

Cash flow hedge and cost of hedging reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non financial items (basis adjustment).

The cost of hedging reserve represents the effect of the changes in fair value of the forward currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with the Consolidated Entity's accounting policy to recognise non-designated component of foreign currency derivative in equity). The changes in fair value of the foreign currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cash flow hedging reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.

	2022 \$000	2021 \$000
Balance at beginning of financial year	365,816	(697,699)
(Gain)/loss recognised taken to equity:		
(Gain)/loss arising on changes in fair value of hedging instruments	(200,185)	421,547
Changes in fair value of foreign currency basis spread during the period	47,815	(46,941)
Share of hedge reserve of associate	17,996	9,313
Amount reclassified to P&L for forecast transactions no longer expected to occur	—	61,289
Amount reclassified to P&L for effective hedges	160,485	28,916
Tax effect	(7,834)	(142,241)
Balance at end of financial year	(347,539)	(365,816)

The foreign currency basis spread reserve balance at beginning of financial year is (\$70.0 million) and at end of financial year is \$12.5 million in 2022 (2021: \$58.2 million at beginning of financial year).

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Capital Management

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

In hedges of foreign currency capital equipment purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Consolidated Entity or the derivative counterparty.

Hedge ineffectiveness for cross currency interest rate swaps is assessed using the same principles as for hedges of foreign currency capital equipment purchases. It may occur due to the credit value/debit value adjustment on the swap contracts which is not matched by the debts.

Impairment of financial assets

In relation to the impairment of financial assets, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The Consolidated Entity applies an ECL model to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of a financial asset.

The Consolidated Entity recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, for example, loans advanced to related parties and trade receivables. No impairment loss is recognised for investments in equity instruments. For trade receivables, finance lease receivables and contract assets, the Consolidated Entity applies the simplified approach to assessing ECL. Under the simplified approach, ECL on these financial assets is estimated using a provision matrix. This matrix is based on the Consolidated Entity's historical credit losses and reasonable and supportable information that is available without undue cost.

The amount of ECL under either approach is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Consolidated Entity recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. Aside from the additional disclosure requirements in note 20, the history of collection rates and forward-looking information that is available without undue cost or effort shows that the Consolidated Entity does not have an expected loss on collection of debtors or loans.

Significant increase in credit risk

An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.

Definition of default

When there is a breach of financial covenants by the debtor.

Write-off policy

The Consolidated Entity writes off a financial asset when all reasonable attempts at recovery have been taken and failed e.g. debts that are considered irrecoverable, or where the cost of recovery is uneconomic, must be written off as a bad debt.

21. Issued capital

		2022 \$000	2021 \$000
Shares			
62,127,252 shares, fully paid (2021: 62,127,252 shares, fully paid) ¹		117,330	117,330
	2022 No. of shares 000	2022 \$000	2021 No. of shares 000
			2021 \$000
Movements			
Balance at beginning of financial year	62,127	117,330	62,127
Balance at end of financial year	62,127	117,330	62,127

1. Fully paid shares carry one vote per share and carry the right to distributions.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Group Structure

22. Non-controlling interests

	2022 \$'000	2021 \$'000
Issued capital		
Balance at beginning of financial year	119,253	119,253
Balance at end of financial year	119,253	119,253
	119,253	119,253
Retained earnings		
Balance at beginning of financial year	—	—
Profit for the year	19,540	22,735
Distributions paid	(19,540)	(22,735)
Balance at end of financial year	—	—
	119,253	119,253

23. Joint arrangements and associates

The table below lists the Consolidated Entity's interest in joint ventures and associates that are reported as part of the Energy Investments segment. The Consolidated Entity provides asset management, operation and maintenance services and corporate services, in varying combinations, to the majority of energy infrastructure assets housed within these entities.

			Ownership interest %	
Name of entity	Principal activity	Country of incorporation	2022	2021
Joint ventures:				
SEA Gas	Gas transmission	Australia	50.00	50.00
SEA Gas (Mortlake)	Gas transmission	Australia	50.00	50.00
EII 2	Power generation (wind)	Australia	20.20	20.20
Associate:				
GDI (EII)	Gas distribution	Australia	20.00	20.00

	2022 \$'000	2021 \$'000
Investment in joint ventures and associate using the equity method	244,150	225,159
Aggregated information in respect of the joint ventures and associate is set out below:		
Joint Ventures		
Aggregate carrying amount of investment	215,870	202,660
The Consolidated Entity's aggregated share of:		
Profit from continuing operations	19,770	22,434
Other comprehensive income	11,361	7,119
Total comprehensive income	31,131	29,553
Associate		
Aggregate carrying amount of investment	28,282	22,499
The Consolidated Entity's aggregated share of:		
Profit from continuing operations	4,963	4,512
Other comprehensive income	6,635	2,194
Total comprehensive income	11,598	6,706

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Group Structure

Investment in associates

An associate is an entity over which the Consolidated Entity has significant influence and that is neither a subsidiary nor a joint arrangement. Investments in associates are accounted for using the equity accounting method.

Under the equity accounting method the investment is recorded initially at cost to the Consolidated Entity, including any goodwill on acquisition. In subsequent periods the carrying amount of the investment is adjusted to reflect the Consolidated Entity's share of the retained post-acquisition profit or loss and other comprehensive income, less any impairment.

Losses of an associate or joint venture in excess of the Consolidated Entity's interests (which includes any long-term interests, that in substance, form part of the net investment) are recognised only to the extent that there is a legal or constructive obligation or the Consolidated Entity has made payments on behalf of the associate or joint venture.

Carrying value of the investment in joint arrangement and associates are subject to impairment testing if there is objective evidence of impairment. No material indicators were identified in the joint arrangements and associates as at the date of the issuance of these financial statements.

Contingent liabilities and capital commitments

The Consolidated Entity's share of the contingent liabilities, capital commitments and other expenditure commitments of jointly controlled operations is disclosed in note 25.

The Consolidated Entity is a venturer in the following joint operations and assets:

Name of venture	Principal activity	Output interest	
		2022 %	2021 %
Goldfields Gas Transmission ¹	Gas pipeline operation – Western Australia	88.2	88.2
Mid West Pipeline ²	Gas pipeline operation – Western Australia	—	50.0

1. On 17 August 2004, the Consolidated Entity acquired a direct interest in the Goldfields Gas Transmission joint operations as part of the SCP Gas Business acquisition.

2. The Consolidated Entity divested its 50% ownership in Mid West Pipeline during FY22.

Interest in joint arrangements

A joint arrangement is an arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the returns) require the unanimous consent of the parties sharing control. The Consolidated Entity has two types of joint arrangements:

Joint ventures: A joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity accounting method; and

Joint operations: A joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation, the Consolidated Entity recognises its share of assets and liabilities, revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation and its share of expenses. These are incorporated into the Consolidated Entity's financial statements under the appropriate headings.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Group Structure

24. Subsidiaries

Subsidiaries are entities controlled by the Consolidated Entity. Control exists where the Consolidated Entity has power over the entities, i.e. existing rights that give them the current ability to direct the relevant activities of the entities (those that significantly affect the returns); exposure, or rights, to variable returns from their involvement with the entities; and the ability to use their power to affect those returns.

Name of entity	Country of registration/ incorporation	Ownership interest	
		2022 %	2021 %
Parent entity			
APA Infrastructure Limited ¹			
Subsidiaries			
Agex Pty. Ltd ^{2,3}	Australia	100	100
APA (BWF Holdco) Pty Ltd ^{2,3}	Australia	100	100
APA (EDWF Holdco) Pty Ltd ^{2,3}	Australia	100	100
APA (EPX) Pty Limited ^{2,3}	Australia	100	100
APA (NBH) Pty Limited ^{2,3}	Australia	100	100
APA (Pilbara Pipeline) Pty Ltd ^{2,3}	Australia	100	100
APA (SWQP) Pty Limited ^{2,3}	Australia	100	100
APA (WA) One Pty Limited ^{2,3}	Australia	100	100
APA AIS 1 Pty Limited ^{2,3}	Australia	100	100
APA AIS 2 Pty Ltd ^{2,3}	Australia	100	100
APA AIS Pty Limited ^{2,3}	Australia	100	100
APA AM (Allgas) Pty Limited ^{2,3}	Australia	100	100
APA BIDCO Pty Limited ^{2,3}	Australia	100	100
APA Biobond Pty Limited ^{2,3}	Australia	100	100
APA Country Pipelines Pty Limited ^{2,3}	Australia	100	100
APA DPS Holdings Pty Limited ^{2,3}	Australia	100	100
APA DPS2 Pty Limited ^{2,3}	Australia	100	100
APA East Pipelines Pty Limited ^{2,3}	Australia	100	100
APA EE Australia Pty Limited ^{2,3}	Australia	100	100
APA EE Corporate Shared Services Pty Limited ^{2,3}	Australia	100	100
APA EE Holdings Pty Limited ^{2,3}	Australia	100	100
APA EE Pty Limited ^{2,3}	Australia	100	100
APA Electricity T&D Holdings Pty Ltd ^{2,3}	Australia	100	100
APA Electricity T&D Pty Ltd ^{2,3}	Australia	100	100
APA Ethane Pty Limited ^{2,3}	Australia	100	100
APA Facilities Management Pty Limited ^{2,3}	Australia	100	100
APA Group Limited ^{2,5}	Australia	100	100
APA Midstream Holdings Pty Limited ^{2,3}	Australia	100	100
APA Northern Goldfields Interconnect Pty Ltd ^{2,3}	Australia	100	100
APA Operations (EII) Pty Limited ^{2,3}	Australia	100	100
APA Operations Pty Limited ^{2,3}	Australia	100	100
APA Orbest Gas Plant Pty Ltd ^{2,3}	Australia	100	100
APA Pipelines Investments (BWP) Pty Limited ^{2,3}	Australia	100	100
APA Power Holdings Pty Limited ^{2,3}	Australia	100	100
APA Power PF Pty Limited ^{2,3}	Australia	100	100
APA Reedy Creek Wallumbilla Pty Limited ^{2,3}	Australia	100	100
APA SEA Gas (Mortlake) Holdings Pty Ltd ^{2,3}	Australia	100	100
APA SEA Gas (Mortlake) Pty Ltd ²	Australia	100	100
APA Services (Int) Inc.	United States	100	100
APA Sub Trust No 1 ^{2,4}	—	100	100
APA Sub Trust No 2 ^{2,4}	—	100	100

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Group Structure

Name of entity	Country of registration/ incorporation	Ownership interest	
		2022 %	2021 %
APA Sub Trust No 3 ^{2,4}	—	100	100
APA Transmission Pty Limited ^{2,3}	Australia	100	100
APA US Investments	United States	100	100
APA VTS A Pty Limited ^{2,3}	Australia	100	100
APA VTS Australia (Holdings) Pty Limited ^{2,3}	Australia	100	100
APA VTS Australia (NSW) Pty Limited ^{2,3}	Australia	100	100
APA VTS Australia (Operations) Pty Limited ^{2,3}	Australia	100	100
APA VTS Australia Pty Limited ^{2,3}	Australia	100	100
APA VTS B Pty Limited ^{2,3}	Australia	100	100
APA Western Slopes Pipeline Pty Limited ^{2,3}	Australia	100	100
APA WGP Pty Ltd ^{2,3}	Australia	100	100
APT (MIT) Services Pty Limited ^{2,3}	Australia	100	100
APT AM (Stratus) Pty Limited ^{2,3}	Australia	100	100
APT AM Employment Pty Limited ^{2,3}	Australia	100	100
APT AM Holdings Pty Limited ^{2,3}	Australia	100	100
APT Facility Management Pty Limited ^{2,3}	Australia	100	100
APT Goldfields Pty Ltd ^{2,3}	Australia	100	100
APT Management Services Pty Limited ^{2,3}	Australia	100	100
APT O&M Holdings Pty Ltd ^{2,3}	Australia	100	100
APT O&M Services (QLD) Pty Ltd ^{2,3}	Australia	100	100
APT O&M Services Pty Ltd ^{2,3}	Australia	100	100
APT Parmelia Holdings Pty Ltd ^{2,3}	Australia	100	100
APT Parmelia Pty Ltd ^{2,3}	Australia	100	100
APT Parmelia Trust ^{2,4}	—	100	100
APT Petroleum Pipelines Holdings Pty Limited ^{2,3}	Australia	100	100
APT Petroleum Pipelines Pty Limited ^{2,3}	Australia	100	100
APT Pipelines (NSW) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines (NT) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines (QLD) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines (SA) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines (WA) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines Investments (NSW) Pty Limited ^{2,3}	Australia	100	100
APT Pipelines Investments (WA) Pty Limited ^{2,3}	Australia	100	100
APT Sea Gas Holdings Pty Limited ^{2,3}	Australia	100	100
APT SPV2 Pty Ltd ²	Australia	100	100
APT SPV3 Pty Ltd ²	Australia	100	100
Central Ranges Pipeline Pty Ltd ^{2,3}	Australia	100	100
Darling Downs Solar Farm Pty Ltd ^{2,3}	Australia	100	100
Diamantina Holding Company Pty Limited ^{2,3}	Australia	100	100
Diamantina Power Station Pty Limited ^{2,3}	Australia	100	100
East Australian Pipeline Pty Limited ^{2,3}	Australia	100	100
EDWF Holdings 1 Pty Ltd ^{2,3}	Australia	100	100
EDWF Holdings 2 Pty Ltd ^{2,3}	Australia	100	100
EDWF Manager Pty Ltd ^{2,3}	Australia	100	100
Epic Energy East Pipelines Trust ^{2,4}	—	100	100
EPX Holdco Pty Limited ^{2,3}	Australia	100	100

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Group Structure

Name of entity	Country of registration/ incorporation	Ownership interest	
		2022 %	2021 %
EPX Member Pty Limited ^{2,3}	Australia	100	100
EPX Trust ^{2,4}	—	100	100
Gasinvest Australia Pty Ltd ^{2,3}	Australia	100	100
GasNet A Trust ⁴	—	100	100
GasNet Australia Trust ^{2,4}	Australia	100	100
Goldfields Gas Transmission Pty Ltd ²	Australia	100	100
Gorodok Pty. Ltd. ^{2,3}	Australia	100	100
Griffin Windfarm 2 Pty Ltd ²	Australia	100	100
N.T. Gas Distribution Pty Limited ^{2,3}	Australia	100	100
N.T. Gas Easements Pty. Limited ^{2,3}	Australia	100	100
N.T. Gas Pty Limited	Australia	96	96
Roverton Pty. Ltd. ^{2,3}	Australia	100	100
SCP Investments (No. 1) Pty Limited ^{2,3}	Australia	100	100
SCP Investments (No. 2) Pty Limited ^{2,3}	Australia	100	100
SCP Investments (No. 3) Pty Limited ^{2,3}	Australia	100	100
Sopic Pty. Ltd. ^{2,3}	Australia	100	100
Southern Cross Pipelines (NPL) Australia Pty Limited ^{2,3}	Australia	100	100
Southern Cross Pipelines Australia Pty Limited ^{2,3}	Australia	100	100
Trans Australia Pipeline Pty Ltd ^{2,3}	Australia	100	100
Votrant No. 1606 Pty Limited ²	Australia	100	100
Votrant No. 1613 Pty Limited ²	Australia	100	100
Western Australian Gas Transmission Company 1 Pty Ltd ^{2,3}	Australia	100	100
Wind Portfolio Pty Ltd ^{2,3}	Australia	100	100

1. The parent of APA Infrastructure Limited, APA Infrastructure Trust and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is APA Infrastructure Trust.
2. These entities are members of the APA tax-consolidated group.
3. These wholly-owned subsidiaries have entered into a deed of cross guarantee with APA Infrastructure Limited pursuant to ASIC Corporations Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.
4. These trusts are unincorporated and not required to be registered.
5. The entity's name was changed during the financial year. Refer to note 2 for further details.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Group Structure

The consolidated statement of profit or loss and other comprehensive income of the entities party to the deed of cross guarantee is set out below.

	Cross Guarantee Group	
	2022 \$'000	Restated 2021 \$'000
Continuing operations		
Revenue	2,705,040	2,575,236
Share of net profits of associates and joint ventures using the equity method	12,296	12,587
	2,717,336	2,587,823
Asset operation and management expenses	(226,675)	(213,990)
Depreciation and amortisation expenses	(735,056)	(674,235)
Other operating costs – pass-through	(495,733)	(460,466)
Finance costs ¹	(512,664)	(698,355)
Employee benefit expense ²	(325,807)	(291,937)
Other expenses	(24,007)	(15,786)
Fair value (losses)/gains on contract for difference	(30,462)	18,018
Reversal of impairment/(impairment of) property, plant and equipment ³	28,106	(249,322)
Profit before tax	395,038	1,750
Income tax expense ²	(177,094)	(56,812)
Profit/(loss) for the year	217,944	(55,062)
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain on defined benefit plan	7,336	23,581
Income tax relating to gain on defined benefit plan	(2,201)	(7,075)
	5,135	16,506
Items that may be reclassified subsequently to profit or loss:		
Transfer of gain on cash flow hedges to profit or loss	140,305	28,916
(Loss)/gain on cash flow hedges taken to equity	(132,190)	435,895
Gain on associate hedges taken to equity	17,996	6,128
Income tax relating items that may be reclassified subsequently	(7,834)	(141,282)
	18,277	329,657
Other comprehensive expense for the year (net of tax)	23,412	346,163
Total comprehensive income for the year	241,356	291,101

1. In FY21, this includes a once-off interest charge of \$148.0 million reflecting swap termination costs, realised net foreign exchange movements and make-whole charges associated with bond note redemptions completed during the year. Refer to note 2 for further details.

2. Refer to note 2 for details regarding the restatement for payroll review.

3. In FY21, an impairment loss of \$249.3 million was recognised for Orbest Gas Processing Plant. Refer to note 2 for further details.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
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Group Structure

The consolidated statement of financial position of the entities party to the deed of cross guarantee is set out below.

	Cross Guarantee Group	
	2022 \$000	Restated 2021 \$000
Current assets		
Cash and cash equivalents	935,261	649,382
Trade and other receivables	803,937	777,891
Other financial assets	31,573	56,717
Inventories	46,262	41,066
Other	31,335	26,976
Assets classified as held for sale ¹	294,651	343
Current assets	2,143,019	1,552,375
Non-current assets		
Receivables ²	607,818	10,375
Other financial assets	912,074	768,798
Investments accounted for using the equity method	108,404	92,887
Property, plant and equipment	9,420,272	9,500,588
Goodwill	1,183,058	1,183,058
Other intangible assets	2,311,628	2,481,336
Other	32,406	31,458
Non-current assets	14,575,660	14,068,500
Total assets	16,718,679	15,620,875
Current liabilities		
Trade and other payables	3,800,688	3,974,056
Lease liabilities	15,032	14,723
Borrowings	2,507	3,615
Other financial liabilities	205,691	169,031
Provisions ²	137,711	115,442
Unearned revenue	13,040	10,750
Liabilities directly associated with assets classified as held for sale ¹	31,156	258
Current liabilities	4,205,825	4,287,875

1. On 20 June 2022, the Consolidated Entity announced that it had entered into binding agreements with Cooper Energy Limited for the sale of the Orbest Gas Processing Plant. Refer to note 11 for further details.

On 8 October 2021, the Consolidated Entity entered into an Asset Sale and Purchase Agreement to divest the Consolidated Entity's 50% ownership in Mid West Pipeline. Financial close was reached on 6 May 2022 for consideration of \$4.6 million, resulting in a pre tax profit on sale of \$3.6 million.

2. Refer to note 2 for details regarding the restatement for payroll review.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Group Structure

	Cross Guarantee Group	
	2022 \$000	Restated 2021 \$000
Non-current liabilities		
Trade and other payables	149,008	296,723
Lease liabilities	47,320	54,405
Borrowings	10,901,813	9,921,317
Other financial liabilities	422,134	262,118
Deferred tax liabilities ¹	943,655	865,020
Provisions	93,395	101,735
Unearned revenue	50,916	63,336
Non-current liabilities	12,608,241	11,564,654
Total liabilities	16,814,066	15,852,529
Net liabilities²	(95,387)	(231,654)
Equity		
Issued capital	117,330	117,330
Reserves	(336,480)	(355,667)
Retained earnings	123,763	6,683
Deficiency in equity attributable to equityholders of the parent²	(95,387)	(231,654)

1. Refer to note 2 for details regarding the restatement for payroll review.

2. The working capital position as at 30 June 2022 for the Cross Guarantee Group is that current liabilities exceed current assets by \$2,062.8 million (2021: \$2,735.5 million) and total liabilities exceed total assets for the Cross Guarantee Group by \$95.4 million (2021: \$231.7 million). Excluding related party loans from APA Infrastructure Trust, total assets exceed total liabilities by \$1,726.0 million (2021: \$2,007.5 million). The Cross Guarantee Group has access to available committed, un-drawn bank facilities of \$1,250.0 million as at 30 June 2022 (2021: \$1,250.0 million). Further to this, APA Group Limited, as the responsible entity for APA Infrastructure Trust and APA Investment Trust, has agreed to provide financial support, to enable the Cross Guarantee Group to pay its debts as and when they fall due. Refer to note 2, working capital position, for further details.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Other

25. Commitments and contingencies

	2022 \$000	2021 \$000
Capital expenditure commitments		
The Consolidated Entity – plant and equipment	549,108	231,871
The Consolidated Entity's share of jointly controlled operations – plant and equipment	18,734	19,708
	567,842	251,579
Contingent liabilities		
Bank guarantees	41,516	46,207

The Consolidated Entity is subject to a range of operational matters, which can at times raise exposure to assets and liabilities that are uncertain and cannot be measured reliably. This includes our exposure to matters such as regulatory requirements, changes in law, climate change policy, changes to licencing and recognised practising codes including health, safety and environment, employee entitlements, environmental laws and regulations, occupational health and safety requirements, technical and safety standards and asset construction and operation compliance requirements. The preparation of the financial statements requires management to make judgements and estimates and form assumptions that affect the amounts of contingent assets and liabilities reported in the financial statements.

These judgements, estimates and assumptions are based on the most current facts and circumstances and are reassessed on an ongoing basis, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. This may materially affect financial results and the financial position to be reported in future periods. The Consolidated Entity continues to assess these judgements, estimates and assumptions relating to the disclosure of contingent assets and liabilities.

Contingent assets and liabilities relate predominantly to possible benefits or obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Therefore such amounts are not recognised in the financial statements.

As at 30 June 2022 and 30 June 2021 the Consolidated Entity had no material contingent liabilities, other than the bank guarantees disclosed above.

The Consolidated Entity had nil contingent assets as at 30 June 2022 and 30 June 2021.

26. Director and Executive Key Management Personnel remuneration

Remuneration of Directors

The aggregate remuneration of Directors of the Consolidated Entity is set out below:

	2022 \$	2021 \$
Short-term employment benefits	1,749,069	1,747,871
Post-employment benefits	1,747,871	166,046
Total remuneration: Non-Executive Directors	1,923,974	1,913,917
Short-term employment benefits	2,653,667	2,531,865
Post-employment benefits	27,500	25,000
Cash settled security-based payments	229,988	232,375
Equity settled security-based payments	1,077,997	715,473
Total remuneration: Executive Director	3,989,152	3,504,713
Total remuneration: Directors	5,913,126	5,418,630

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Other

Remuneration of Executive Key Management Personnel¹

The aggregate remuneration of Executive Key Management Personnel of the Consolidated Entity is set out below:

	2022 \$	2021 \$
Short-term employment benefits	8,126,785	9,769,520
Post-employment benefits	187,427	170,832
Cash settled security-based payments	556,642	1,117,783
Equity settled security-based payments	2,941,305	1,970,322
Total remuneration: Executive Key Management Personnel	11,812,159	13,028,457

1. In FY21, the remuneration for the former Chief Financial Officer, Peter Fredricson to 31 December 2020, current Chief Financial Officer, Adam Watson from 16 November 2020, and Group Executive Strategy & Commercial, Julian Peck from 20 August 2020, are included in the remuneration disclosure for Executive Key Management Personnel. All existing non-executive directors and executive management personnel served a term of at least 12 months in FY22. Since the end of FY22, Julian Peck has resigned and will be exiting the business during FY23.

27. Remuneration of external auditor

	2022 \$	2021 \$
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Audit or review of the financial reports:		
Group	804,000	754,900
Subsidiaries	8,500	8,300
Total audit or review of the financial reports	812,500	763,200
Audit or review of the regulatory financial reporting to the Australian Energy Regulator and Economic Regulation Authority		
Subsidiaries	564,000	911,766
Total audit or review of the financial reports	564,000	911,766
Audit or review of the National Greenhouse and Energy Reporting¹		
Group	78,773	224,258
Subsidiaries	30,000	30,000
Total audit or review of the National Greenhouse and Energy Reporting	108,773	254,258
Statutory assurance services required by legislation to be provided by the auditor		
Agreed-upon procedures in relation to ASIC Regulatory Guide 231 requirements ²	11,500	11,100
Financial services licence audit	8,500	8,300
Total statutory assurance services required by legislation to be provided by the auditor	20,000	19,400
Other assurance services³	213,285	534,253
Non-audit services⁴	60,530	—
Total remuneration of external auditor	1,779,088	2,482,877

1. Service provided includes assurance procedures on the energy and emissions reports and submissions required under the relevant National Greenhouse and Energy Reporting legislations, and review of Consolidated Entity's National Greenhouse and Energy Reporting systems and controls.

2. Service provided includes Agreed-upon procedures in relation to ASIC Regulatory Guide 231 requirements.

3. Services provided were in accordance with the external auditor independence policy. Other assurance services mainly comprise assurance services in relation to due diligence processes for potential merger and acquisitions.

4. Services provided were in accordance with the external auditor independence policy. Non-audit services mainly comprise of:

- The provision of technology licencing and related support services that are provided by an entity acquired by the external auditor during the year ended 30 June 2022; and
- The provision of modelling services for a consortium of partners, including APA, for a feasibility study into the development of a hydrogen project.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Other

28. Related party transactions

a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in note 24 and the details of the percentage held in joint operations, joint ventures and associates are disclosed in note 23.

b) Responsible Entity – APA Group Limited

The Responsible Entity is wholly owned by APA Infrastructure Limited.

c) Transactions with related parties within the Consolidated Entity

Transactions between the entities that comprise the Consolidated Entity during the financial year consisted of:

- Dividends;
- Asset lease rentals;
- Loans advanced and payments received on long-term inter-entity loans;
- Management fees;
- Operational services provided between entities; and
- Payments of distributions.

The above transactions were made on normal commercial terms and conditions. The Consolidated Entity charges interest on inter-entity loans from time to time.

All transactions between the entities that comprise the Consolidated Entity have been eliminated on consolidation.

Refer to note 24 for details of the entities that comprise the Consolidated Group.

APA Group Limited

Management fees of \$9,947,420 (2021: \$8,529,313) were paid to the Responsible Entity of APA Infrastructure Trust and APA Investment Trust as reimbursement of costs incurred on behalf of the Consolidated Entity. No amounts were paid directly by the Consolidated Entity to the Directors of the Responsible Entity, except as disclosed at note 26.

APA Group Limited, in its capacity as trustee and Responsible Entity of APA Infrastructure and APA Investment Trust, has guaranteed the payment of principal, interest and other amounts as provided in the senior debt facilities of APA Infrastructure Limited, the principal borrowing entity of APA Group.

d) Transactions with associates and joint ventures

The following transactions occurred with the Consolidated Entity's associates and joint ventures on normal market terms and conditions:

	Dividends from related parties \$000	Sales to related parties \$000	Purchases from related parties \$000	Amount owed by related parties \$000	Amount owed to related parties \$000
2022					
SEA Gas	13,744	2,299	—	20	—
Energy Infrastructure Investments	—	30,674	—	8,128	—
EII 2	4,176	838	—	360	—
GDI (EII)	5,816	59,602	—	6,589	—
	23,736	93,413	—	15,097	—
2021					
SEA Gas	14,050	2,253	—	28	—
Energy Infrastructure Investments	—	31,855	—	5,506	—
EII 2	4,023	1,071	—	351	—
GDI (EII)	5,809	50,522	—	5,804	—
	23,882	85,701	—	11,689	—

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Other

29. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

Financial position

	2022 \$000	2021 \$000
Assets		
Current assets	1,074,349	782,955
Non-current assets	20,642,955	18,883,296
Total assets	21,717,304	19,666,251
Liabilities		
Current liabilities	432,515	398,898
Non-current liabilities	20,815,263	19,023,835
Total liabilities	21,247,778	19,422,733
Net assets	469,526	243,518
Equity		
Issued capital	117,330	117,330
Retained earnings	291,644	291,400
Reserves	60,552	(165,212)
Total equity	469,526	243,518
Financial performance		
Profit for the year	106,245	239,945
Other comprehensive income	225,764	(53,830)
Total comprehensive income	332,009	186,115

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

APA Infrastructure Limited has entered into a deed of cross guarantee with a number of its wholly-owned subsidiaries. These subsidiaries are listed in full in note 24.

Contingent liabilities of the parent entity

Refer to note 25 for contingent liabilities. Bank guarantees are issued by the parent entity.

30. Adoption of new and revised Accounting Standards

New and amended Accounting Standards that are effective for the current period

The Consolidated Entity has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Consolidated Entity adopted the Phase 1 amendments AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Consolidated Entity also adopted the Phase 2 amendments in AASB 2020-8. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period.

Both the Phase 1 and Phase 2 amendments are relevant to the Consolidated Entity because it applies hedge accounting to its interest rate benchmark exposures, and in the current period no modifications in response to the reform are required to be made to the Consolidated Entity's derivative and non-derivative financial instruments that mature post 31 December 2021 (the date IBOR was replaced). There is an indirect impact on the valuation on the cross currency interest rate swaps in relation to the benchmark reform.

Notes to the consolidated financial statements continued

APA Infrastructure Limited
For the financial year ended 30 June 2022

Other

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have material impact on the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

31. Events occurring after reporting date

On Thursday, 28 July 2022 the Consolidated Entity completed the sale of Orbest Gas Processing Plant to Cooper Energy Limited (ASX:COE). The Consolidated Entity continues to operate the plant and will do so until the Major Hazard Facility licence is transferred to COE. The Consolidated Entity expects to receive cash consideration of between \$270.0 million and \$330.0 million. The total consideration to be received is subject to post-completion plant performance.

On 19 August 2022, the Consolidated Entity announced that following an APA-initiated independent review of payroll, it found system errors relating to seven Enterprise Agreements, which has resulted in the identification of payment errors to employees over a seven year-period. The Consolidated Entity has commenced a process to remediate the errors for affected employees and has included a provision of \$32.4 million in its financial statements for the year ended 30 June 2022.

On 22 August 2022, the Consolidated Entity announced that CEO and Managing Director, Rob Wheals, would be stepping down at the end of September 2022. Adam Watson, APA's Chief Financial Officer, was appointed as acting CEO while the Board undertakes a full search process for a new CEO. The Consolidated Entity's General Manager of Investor Relations, Kynwynn Strong, was appointed as acting CFO.

On 24 August 2022, the Directors declared and paid a final dividend of 107.8 cents per share (\$67.0 million) to the sole equityholder, APA Group Limited as Responsible Entity and Trustee of APA Infrastructure Trust.

Subsequent to 30 June 2022, the Consolidated Entity entered into a series of bilateral facilities that provide an additional \$900.0 million of undrawn funding capacity and cancelled \$750.0 million of aging credit lines.

As at the time of reporting, the uncertain situation in respect of COVID-19 pandemic continues to be closely monitored by management and the directors of the Consolidated Entity. Nothing has come to the attention of the Consolidated Entity that would require adjustment or additional disclosure in these financial statements as a result of any recent COVID-19, global and domestic political developments.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to year end that would require adjustment to or disclosure in the financial statements.

Declaration by the Directors

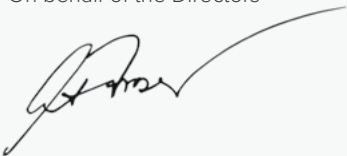
of APA Infrastructure Limited

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that APA Infrastructure Limited will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the Consolidated Entity;
- c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 95A of the *Corporations Act 2001*; and
- e) At the date of this declaration, APA Infrastructure Limited is within the class of companies affected by ASIC Corporations Instrument 2016/785. The nature of the deed of cross guarantee is such that each company, which is party to the deed, guarantees to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that APA Infrastructure Limited and the companies to which the ASIC Class Order applies, as detailed in note 24 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

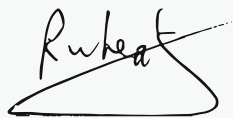
Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Fraser

Chairman



Robert Wheals

CEO and Managing Director

Sydney, 24 August 2022

Auditor's Independence Declaration

APA Infrastructure Limited



Deloitte Touche Tohmatsu
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24 August 2022

The Directors
APA Infrastructure Limited
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration to APA Infrastructure Limited

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the directors of APA Infrastructure Limited (formerly known as APT Pipelines Limited).

As lead audit partners for the audit of the financial statements of APA Infrastructure Limited for the financial year ended 30 June 2022, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

A stylized, handwritten signature of Deloitte Touche Tohmatsu in black ink.

DELOITTE TOUCHE TOHMATSU

A handwritten signature of Jamie Gatt in black ink.

Jamie Gatt
Partner
Chartered Accountants

A handwritten signature of Taralyn Elliott in black ink.

Taralyn Elliott
Partner
Chartered Accountants

Independent Auditor's Report

APA Infrastructure Limited



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Independent Auditor's Report to the Members of APA Infrastructure Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of APA Infrastructure Limited ("APAIL"), formerly known as APT Pipelines Limited and its subsidiaries (the "Consolidated Entity") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Independent Auditor's Report continued

APA Infrastructure Limited



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Provision arising from payroll review As disclosed in Notes 2 and 14, the Group identified that certain employees were not paid in full compliance with the Group's obligations under its enterprise agreements ("EAs"). As at 30 June 2022, the Group has estimated the provision required to remediate the payment errors as it relates to current and former employees subject to the Group's EAs for FY22 and prior years, including interest and other associated costs to be \$32.4 million before tax. As required by the Australian Accounting Standards, \$22.1 million has been reflected as a prior period error and the Group has restated each of the affected FY21 line items. We consider the evaluation of the provision to be a Key Audit Matter because: • The estimate is based on a significant volume of historical data from multiple different sources; • Involved a high degree of complexity including the consideration of multiple EAs with differing applicable clauses; • Required the evaluation of interpretations applied and assumptions made; • Extends across multiple periods; • Expected to be subject to regulatory review by the Fair Work Ombudsman; and • Will require further detailed analysis.	Our procedures, performed in conjunction with our regulatory and compliance specialists in the field of pay and industrial relations, included, but were not limited to: • Obtained an understanding of the approach and methodology adopted by the Group to estimate the provision. • Evaluated the competence, capabilities and objectivity of the Group's external experts used to assist management in the estimation of the provision and the interpretation of the applicable EAs. • Obtained an understanding of the scope and procedures performed by the Group's external experts and reviewed their reports and legal advice. • Obtained and critically evaluated the data and key assumptions used by management and their external experts in estimating the provision, including the period over which the pay remediation is required. • Tested the valuation and accuracy of the financial model for a sample of EAs, by: - Sample checking data accuracy to underlying systems; and - Performing model integrity checks. • Reperformed the remediation estimate and evaluated the results for a sample of employees. • For periods for which detailed calculations have not been performed, assessed the reasonableness of the extrapolation of data and assumptions made. • Assessed the adequacy of the disclosures in Notes 2 and 14 of the financial statements.

Independent Auditor's Report

APA Infrastructure Limited



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Derivative transactions and the application of hedge accounting for the Wallumbilla Gladstone Pipeline (WGP) As disclosed in Notes 19 and 20, revenue in respect of the WGP contract is denominated in US dollars and is contracted to be received until 2035. The Group manages the currency risk on this US dollar revenue by using: • US dollar borrowings (as a natural hedge of future US dollar revenue); • Cross currency interest rate swaps used to convert foreign currency denominated borrowings (in British Pounds and Euros) to US dollars; and • Foreign currency forward contracts to hedge the portion of the exchange rate risk not covered by the US dollar borrowings and cross currency interest rate swaps. The hedge relationships for the WGP revenue and borrowings are complex, including discontinuation of a portion of the hedge during the year. Further, the revenue and the instruments used as hedges have different cash flow profiles and the cross-currency interest rate swaps need to be bifurcated into separate currency pairs for the application of hedge accounting.	Our procedures, performed in conjunction with our treasury specialists, included, but were not limited to: • Obtained an understanding of management's controls over the recording of derivative transactions and the application of hedge accounting. • Evaluated the appropriateness of the valuation methodologies applied and tested, on a sample basis, the valuation of the derivative financial instruments. • Tested, on a sample basis, the application of hedge accounting and evaluated whether the financial instruments qualified for hedge accounting in accordance with AASB 9 <i>Financial Instruments</i>. • Tested the hedge effectiveness assessment, taking into consideration the different cash flow profiles of the US Dollar revenue and hedges and the requirement to apportion the cross-currency interest rate swaps. • Tested whether the effective portion of the fair value movement in the US Dollar borrowings and derivatives was appropriately deferred in reserves. • Tested the amount deferred in reserves on discontinuation of hedge accounting for the US dollar borrowing and the reserve amortisation to the reporting date; and • Reviewed the adequacy of the disclosures in Notes 19 and 20 to the financial statements in accordance with Australian Accounting Standards.

Other Information

The directors of APA Infrastructure Limited ("the Directors") are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

APA Infrastructure Limited



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity's audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

APA Infrastructure Limited

Deloitte.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountants
Sydney, 24 August 2022



Taralyn Elliott
Partner
Chartered Accountants
Sydney, 24 August 2022

Investor Information

Annual meeting details

Date: Wednesday, 19 October 2022

Time: 10.30 am (AEDT)

Wesley Conference Centre, 220 Pitt Street, Sydney

Please refer to the APA Group Notice of Meeting or the APA Group website for more information

ASX listing

In this report, the term 'APA securities' refers to stapled securities each comprising a unit in APA Infrastructure Trust stapled to a unit in APA Investment Trust and traded on the Australian Securities Exchange (ASX) under the code 'APA'. APA Group is the Responsible Entity of those trusts.

APA group responsible entity and registered office

APA Group Limited ACN 091 344 704

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PO Box R41

Royal Exchange NSW 1225

Telephone: +61 2 9693 0000

Facsimile: +61 2 9693 0093

Website: apa.com.au

APA Group registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14

Sydney South NSW 1235

Telephone: +61 1800 992 312

Facsimile: +61 2 9287 0303

Email: apagroup@linkmarketservices.com.au

Website: linkmarketservices.com.au

Securityholder details

Securityholders must notify the APA Group registry immediately of any changes to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

Distribution payments

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September. Payment to Securityholders residing in Australia and New Zealand will be made only by direct credit into an Australian or New Zealand bank account. Securityholders with enquiries should contact the APA Group registry.

Online information

Further information on APA is available at apa.com.au, including:

- Results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information, such as the current APA security price, distribution and tax information.

Electronic communication

Securityholders can elect to receive communication electronically by registering their email address with the APA Group registry. Electing to receive annual reports electronically will reduce APA's adverse impact on the environment.

Disclaimer: APA Group comprises 2 registered investment schemes, Australian 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 091 344 704) is the responsible entity of Australian Pipeline Trust and APT Investment Trust. 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.

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 climate change and other environmental and energy transition scenarios. 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' 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.

APA Group believes there are reasonable grounds for these forward looking statements and due care and attention have been used in preparing this presentation. However, the forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions and are subject to risk factors associated with the industries in which APA Group operates.

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.

Investors should form their own views as to these matters and any assumptions on which any forward-looking statements are based. Except as required by applicable laws or regulations, APA does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.



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