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22 February 2024

ASX Announcement

APA Group (ASX: APA)
and also for release on APA Infrastructure Limited (ASX:AP2)

Interim Financial Results

APA Group provides the attached for the half year ended 31 December 2023:

- APA Infrastructure Trust Appendix 4D
- APA Infrastructure Trust Interim Financial Report
- APA Investment Trust Interim Financial Report

Authorised for release by Amanda Cheney
Company Secretary
APA Group 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, $27 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, Tasmania with Victoria and New South Wales with Queensland through our investments in electricity transmission assets. We also own and operate 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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Results for announcement to the market

Appendix 4D

Results		Change		Dec 2023 $m	Dec 2022 $m
Revenue including share of profits from equity accounted investments	up	1.1%	to	1,516	1,499
Profit after tax excluding significant items[a]	down	61.3%	to	74	191
Profit after tax including significant items	up	449.2%	to	1,049	191
Free cash flow[b]	up	12.8%	to	546	484
Free cash flow per security[c]	up	1.6¢	to	42.6¢	41.0¢
Earnings per security excluding significant items	down	10.2¢	to	6.0¢	16.2¢
Earnings per security including significant items	up	68.0¢	to	84.2¢	16.2¢

(a) Refer to note 2 of the Financial Statements.

(b) Free Cash Flow is Operating Cash Flow adjusted for strategically significant transformation projects, acquisition and integration costs, payroll remediation payments to employees, less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.

(c) Free cash flow per security has been determined using the number of securities entitled to distribution as at 31 December 2023.

Reporting Period

The above results are for the half year ended 31 December 2023. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2022.

	APA Group	
Distributions paid and proposed	**Amount per security**	**Franking credits per security**
Interim distribution proposed		
Profit distribution	26.2¢	–
Capital distribution	0.3¢	–
	26.5¢	–

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 29 December 2023.

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) provide the classification of distribution components for the purposes of preparation of security holder income tax returns.

On 25 October 2023, APA Group reactivated the Distribution Reinvestment Plan (DRP). Eligible securityholders may participate in the DRP in respect of all or part of their security holding. There is currently no DRP discount applied. Securities will be allocated to security holders under the DRP for the 2024 interim dividend at an amount equal to the allocation price for securities issued pursuant to the DRP, being the 10-day volume weighted average price, which commenced 7 trading days after the record date of 29 December 2023. The Company intends to issue new securities to satisfy its obligations under the DRP.

Net asset backing per security	31 December 2023 $	31 December 2022 $
Net tangible asset backing per security	**(1.27)**	(0.98)
Net asset backing per security	**2.84**	1.91

APA GROUP

Interim Financial Report

For the half year ended
31 December 2023

APA Infrastructure Trust Directors' Report

The Directors of APA Group Limited (Responsible Entity) submit their interim financial report of APA Infrastructure Trust (APA Infra) and its controlled entities (together APA or Consolidated Entity) for the half year ended 31 December 2023. This report refers to the consolidated results of APA Infra and APA Investment Trust (APA Invest).

1 Directors

The names of the Directors of the Consolidated Entity during the half year and since the half year ended 31 December 2023 are:

Michael Fraser	Chairman
Adam Watson	Chief Executive Officer and Managing Director
James Fazzino	Director
Nino Ficca	Director (appointed 1 September 2023)
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director

The Company Secretaries of the Responsible Entity during the half year ended 31 December 2023 were Amanda Cheney and Bronwyn Weir.

2 Principal Activities

The principal activities of APA are as follows:

- Energy Infrastructure – APA's wholly or majority owned energy infrastructure assets across gas transmission, compression, processing and storage, power generation (gas and renewables), and electricity transmission;
- Asset Management – APA provides asset management and operational services to the majority of energy investments and to a number of customers under long term contracts;
- Energy Investments – APA's interests in energy infrastructure investments, including partially owned investments in renewable energy, electricity transmission, gas pipelines and gas processing assets.

There were no other significant changes to the principal activities or state of affairs of APA during the half year ended 31 December 2023.

3 Subsequent Events

On 22 February 2024, the Directors declared an interim distribution of 26.5 cents per security ($340 million) for APA Group, an increase of 1.9%, or 0.5 cent per security over the previous corresponding period (half year ended 31 December 2022: 26.0 cents). This is comprised of an unfranked profit distribution of 25.63 cents per security from APA Infra and a distribution of 0.87 cents per security from APA Invest. The APA Invest distribution represents an unfranked profit distribution of 0.57 cents per security and a capital distribution of 0.30 cents per security. The distribution will be paid on 14 March 2024.

Other than noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the half year ended 31 December 2023 and the date of this report any matter or circumstance that has significantly affected or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

4 Financial Overview

Earnings before interest and tax (EBIT) and EBIT before depreciation and amortisation (EBITDA) are financial measures not prescribed by Australian Accounting Standards (AIFRS) and represent the profit under AIFRS adjusted for specific non-operating and significant items. The Directors consider these measures to reflect the core earnings of the Consolidated Entity, and these are therefore described in this report as 'underlying' measures.

Throughout this report the half year ended 31 December 2023 will be referred to as 1H24 and the half year ended 31 December 2022 will be referred to as 1H23.

The following table provides a summary of key financial data for the period.

	31 Dec 2023 $m	31 Dec 2022 $m	Changes	
			$m	%[(1)]
Total revenue	1,516	1,499	17	1.1%
Pass-through revenue[(2)]	242	267	(25)	(9.4%)
Total revenue excluding pass-through[(3)]	**1,274**	**1,232**	**42**	**3.4%**
Total segment revenue excluding pass-through[(4)]	**1,271**	**1,175**	**96**	**8.2%**
Underlying EBITDA[(5)]	**930**	**879**	**51**	**5.8%**
– Fair value loss on contracts for difference	(22)	(10)	(12)	120.0%
– Technology transformation projects	(46)	(22)	(24)	109.1%
– Wallumbilla Gas Pipeline hedge accounting discontinuation	(19)	(18)	(1)	5.6%
– Basslink debt revaluation, interest and integration costs	–	49	(49)	n.m.
– Basslink AEMC market compensation	–	15	(15)	n.m.
– Pilbara Energy System integration costs	(3)	–	(3)	n.m.
– Payroll review	–	(3)	3	n.m.
Total reported EBITDA[(6)]	**840**	**890**	**(50)**	**(5.6%)**
Depreciation and amortisation expenses	(435)	(356)	(79)	(22.2%)
Total reported EBIT	**405**	**534**	**(129)**	**(24.2%)**
Net interest expense[(7)]	(260)	(229)	(31)	(13.5%)
Significant items				
– Remeasurement of APA's previous 88.2% interest in GGTP	1,051	–	1,051	n.m.
– Pilbara Energy System acquisition costs	(76)	–	(76)	n.m.
Profit before income tax	1,120	305	815	267.2%
Income tax expense (excluding significant items)	(71)	(114)	43	37.7%
Profit / (Loss) after taxes including significant items	**1,049**	**191**	**858**	**449.2%**
Profit / (Loss) after taxes excluding significant items	**74**	**191**	**(117)**	**(61.3%)**
Free cash flow[(8)]	546	484	62	12.8%
Free cash flow per security (cents)[(9)]	42.6	41.0	1.6	3.9%
Earnings per security excluding significant items (cents)	6.0	16.2	(10.2)	(63.0%)
Earnings per security including significant items (cents)	84.2	16.2	68	419.8%
Distribution per security (cents)	26.5	26.0	0.5	1.9%
Distribution payout ratio (%)[(10)]	62.3%	63.3%	–	(1.0%)
Weighted average number of securities (m)	1,246	1,180	66	5.6%

(1) Positive/negative changes are shown relative to impact on profit or other relevant performance metric; n.m = not meaningful.
(2) Pass-through revenue is revenue on which no margin is earned.
(3) Statutory revenue excluding pass-through. Pass-through revenue is offset by pass-through expenses within EBITDA. Any management fee earned for the provision of these services is recognised within total revenue.
(4) Segment revenue excludes: pass-through revenue; Wallumbilla Gas Pipeline hedge accounting unwind; income on Basslink debt investment; Basslink AEMC market compensation and other interest income.
(5) Underlying earnings before interest, tax, depreciation, and amortisation ("Underlying EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.
(6) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") including non-operating items and 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.
(8) Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, acquisition & integration costs, payroll remediation payments to employees, less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.
(9) Free cash flow per security has been determined using the number of securities entitled to distribution as at 31 December 2023.
(10) Distribution payout ratio = total distribution applicable to the financial year as a percentage of free cash flow.

4 Financial Overview (continued)

APA's total segment revenue (excluding pass-through revenue) for the six months to 1H24 was up 8.2% to $1,271 million. This compared to $1,175 million for the six months to 1H23.

Underlying EBITDA increased by 5.8% to $930 million (1H23: $879 million).

The 1H24 results reflect a strong performance from acquisitions including a full six-month contribution from Basslink, as well as initial two-month contribution from Pilbara Energy System which was acquired on 1 November 2023. Newly commissioned assets Northern Goldfields Interconnect and Dugald River Solar Farm, inflation-linked tariff escalation also drove revenue growth during the period. This was offset by lower volumes at the Victorian Transmission System due to a warmer winter and the Roma Brisbane Pipeline due to a decrease in short term gas contracts, and lower variable revenue at Diamantina Power Station as well as increased costs.

Profit after tax including significant items was up 449.2% to $1,049 million (1H23: $191 million) driven by significant items in relation to the acquisition of the Pilbara Energy System. As part of the acquisition, APA acquired the remaining 11.8% interest in Goldfields Gas Transmission Pipeline (GGTP). As required by accounting standards, the acquisition resulted in APA's historical 88.2% interest being remeasured to fair value resulting in a valuation uplift of $1,051 million. In addition, acquisition and estimated stamp duty costs of $76 million have been incurred in 1H24 as a result of the purchase of the Pilbara Energy System.

Profit after tax excluding significant items was $74 million (1H23: $191 million).

Net interest and other finance costs increased for the period by 13.5% to $260 million (1H23: $229 million) driven by the €500 million (AUD $828 million) hybrid subordinated bond and the AUD $1.25 billion syndicated term loan, both raised in November 2023. Depreciation and amortisation expenses increased by 22.2% to $435 million (1H23 $356 million) due to growth in the asset base including the acquisition of Pilbara Energy System and changes to the useful life of certain assets. Income tax decreased by 37.7% to $71 million (1H23: $114 million) due to additional depreciation and amortisation charges, net finance costs, as well as an increase in 1H24 non-operating expenses.

Free cash flow increased by 12.8% to $546 million (1H23: $484 million), due to increased earnings as well as the timing of a large cash receipt in 1H23 (received at the start of January 2023 rather than the end of December 2022) which was partly offset by higher Stay-in-Business capital expenditure. Free cash flow was 4.0% higher excluding the timing impact of the cash receipt.

Total FY24 distributions are expected to be 56.0 cents per security[(1)], up 1.8% on FY23. With the recent Pilbara Energy acquisition, Underlying EBITDA guidance is being provided for FY24 of $1,870 million to $1,910 million.[(2)]

(1) Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the board at the time. FY24 distribution guidance of 56.0 cps includes 26.5 cps of distribution for the six months ended 31 December 2023.

(2) FY24 Underlying EBITDA guidance has been provided by APA in light of the recent Pilbara Energy acquisition. APA's Market Disclosure Policy states that, APA does not ordinarily provide earnings guidance or interest guidance, however the ongoing provision of guidance will be considered by the Board at a future time. Underlying EBITDA guidance is subject to asset performance, macroeconomic factors and regulatory changes. It does not take into account the impact of any potential acquisitions or divestments by APA. Underlying EBITDA guidance is not a predictor or guarantee of future performance and is subject to uncertainties and risks.

4.1 Business Segment Performances and Operational Review

As outlined in section 2 of the principal activities APA reports across three business segments.

	31 Dec 2023 $m	31 Dec 2022 $m	Changes $m	Changes %[1]
Revenue[2]				
East Coast Gas	419	422	(3)	(0.7%)
West Coast Gas	198	183	15	8.2%
Wallumbilla Gladstone Pipeline[3]	323	298	25	8.4%
Power Generation	215	183	32	17.5%
Electricity Transmission	36	12	24	200.0%
Energy Infrastructure revenue	**1,191**	**1,098**	**93**	**8.5%**
Asset Management revenue	59	64	(5)	(7.8%)
Pass-through revenue	242	267	(25)	(9.4%)
Total revenue from contracts with customers	**1,492**	**1,429**	**63**	**4.4%**
Energy Investments	13	11	2	18.2%
Other non-contract revenue	8	2	6	300.0%
Total segment revenue	**1,513**	**1,442**	**71**	**4.9%**
Wallumbilla Gladstone Pipeline hedge accounting discontinuation	(19)	(18)	(1)	(5.6%)
Income on Basslink debt investment	–	50	(50)	n.m.
Basslink AEMC market compensation	–	15	(15)	n.m.
Other interest income[4]	22	10	12	120.0%
Total revenue	**1,516**	**1,499**	**17**	**1.1%**
Total segment revenue (excluding pass-through)	**1,271**	**1,175**	**96**	**8.2%**
Underlying EBITDA				
East Coast Gas	349	345	4	1.2%
West Coast Gas	165	152	13	8.6%
Wallumbilla Gladstone Pipeline[3]	321	297	24	8.1%
Power Generation[5]	110	105	5	4.8%
Electricity Transmission[5]	17	8	9	112.5%
Energy Infrastructure total	**962**	**907**	**55**	**6.1%**
Asset Management	34	33	1	3.0%
Energy Investments	13	11	2	18.2%
Corporate costs	(79)	(72)	(7)	(9.7%)
Underlying EBITDA[6]	**930**	**879**	**51**	**5.8%**

(1) Positive/negative changes are shown relative to impact on profit or other relevant performance metric; n.m = not meaningful.
(2) Refer to note 4 of the attached financial statements for additional disclosure on revenue streams from contracts with customers disaggregated by business unit and region.
(3) Wallumbilla Gladstone Pipeline is separated from East Coast Grid in this table as a result of the significance of its revenue and EBITDA in the Group. It is categorised as part of the East Coast Grid cash-generating unit for impairment assessment purposes.
(4) Other interest income is not included in calculation of EBITDA but nets off against interest expense in calculating net interest cost.
(5) The Electricity Generation and Transmission sub-segment has been split into Power Generation and Electricity Transmission to align the segment with the nature of operations. The results of the Pilbara Energy System are included within Power Generation and the remaining 11.8% of GGTP is included within West Coast following the acquisition on 1 November 2023.
(6) Underlying earnings before interest, tax, depreciation, and amortisation (Underlying EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

4.2 Energy Infrastructure

APA's Energy Infrastructure business includes its interconnected East Coast Grid and Western Australian pipelines, renewable and gas-fired electricity generation assets (including the Pilbara Energy System) and the Basslink electricity transmission asset, as well as complementary energy infrastructure assets such as gas processing and storage assets.

Energy Infrastructure segment revenue (excluding pass-through revenue) was up 8.5% to $1,191 million (1H23: $1,098 million) benefitting from higher inflation linked tariffs, a two-month contribution from Pilbara Energy System assets and a full six-months contribution of Basslink.

Energy Infrastructure Underlying EBITDA was up 6.1% to $962 million (1H23: $907 million).

East Coast Underlying EBITDA for 1H24 increased 1.2% to $349 million (1H23: $345 million). The increase was driven by higher inflation-linked revenue and higher volumes. This was partly offset by lower volumes at the Victoria Transmission System due to a warmer winter and at Roma Brisbane Pipeline due to a decrease in short term gas contracts during the period.

West Coast Underlying EBITDA increased 8.6% to $165 million (1H23: $152 million). The increase was driven by higher inflation-linked revenue, the acquisition of the remaining 11.8% interest in the Goldfields Gas Transmission Pipeline, and the commissioning of Northern Goldfields Interconnect.

The Wallumbilla Gladstone Pipeline Underlying EBITDA increased 8.1% to $321 million (1H23: $297 million). The increase was due to tariff escalation, which is linked to the US inflation rate, and favourable foreign exchange rates during the period.

Power Generation Underlying EBITDA increased 4.8% to $110 million (1H23: $105 million). The increase was driven by the acquisition of the Pilbara Energy System assets, initial contribution from Dugald River Solar Farm and was partially offset by the lower revenue and higher costs at Diamantina Power Station during the half.

Electricity Transmission Underlying EBITDA increased 112.5% to $17 million (1H23: $8 million). The increase was driven by a full six-months contribution from Basslink which was partly offset by business development costs.

During the six-month period, 74.7% of Energy Infrastructure revenue (excluding pass-through revenue) was from capacity reservation charges from long term contracts (1H23: 76.4%). Throughput charges and other variable revenues accounted for 11.9% of revenues (1H23: 11.0%). APA also received revenues from the provision of flexible short-term services and other services, accounting for 1.5% of total Energy Infrastructure revenues received (1H23: 1.6%). The portion of APA's revenue that is subject to regulated tariffs was approximately 7.2% of 1H24 Energy Infrastructure revenue (1H23: 8.4%). In total 86.6% of 1H24 revenues were take or pay/regulated (1H23: 87.4%).

APA manages its counterparty risk in a variety of ways including consideration of customers' credit ratings. During the period, approximately 82.6% of all Energy Infrastructure revenues were received from counterparties with investment grade credit ratings (1H23: 84.4%). Diversification of the customer base is another risk moderator. During 1H24 44.3% of revenue was from energy sector customers (1H23: 46.1%); 26.3% of revenue was from customers in the utilities sector (1H23: 25.0%); 26.1% from resources sector customers (1H23: 24.7%); and 3.3% from industrial and other customers (1H23: 4.2%).

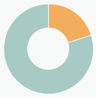
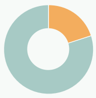
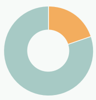
4.3 Asset Management

APA provides asset management and operational services under long term contracts to the majority of its energy investments and to a number of third parties who own assets where APA has significant operating expertise. APA's major third-party customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments Pty Limited (EII) and GDI, all of which receive asset management services under long term contracts.

Revenue (excluding pass-through revenue) from asset management services decreased by 7.8% to $59 million (1H23: $64 million) and Underlying EBITDA increased by 3.0% to $34 million (1H23: $33 million). Asset Management revenues are largely driven by timing of customer "third party" projects. The 1H24 result was impacted by a change in project mix with lower 'cost plus margin' projects and higher customer contribution projects, which resulted in lower revenue, but higher EBITDA compared to 1H23.

4.4 Energy Investments

APA has interests in a number of complementary energy investments across Australia as summarised in the table below:

Asset and ownership interests			Asset details and APA services	Partners
Mortlake Gas Pipeline		**50%** SEA Gas (Mortlake) Partnership	**83 km** gas pipeline connecting the Otway Gas Plant to the Mortlake Power Station MAINTENANCE	REST
SEA Gas Pipeline		**50%** South East Australia Gas Pty Ltd	**687 km** gas pipeline from Iona and Port Campbell in Victoria to Adelaide MAINTENANCE	REST
North Brown Hill Wind Farm		**20.2%** EII2	**132 MW** wind farm in South Australia CORPORATE SERVICES	Foresight Osaka Gas
Allgas Gas Distribution Network		**20%** GDI (EII)	**4,012 km** distribution network as at 31 Dec 23 **~120,000** connections CORPORATE SERVICES OPERATIONAL MANAGEMENT	Marubeni Corporation State Super
Kogan North Processing Plant Directlink and Murraylink Electricity Interconnectors Nifty and Telfer Gas Pipelines Wickham Point and Bonaparte Gas Pipelines		**19.9%** Energy Infrastructure Investments	Gas processing facilities **12 TJ/day** Electricity transmission **243 km** Gas pipelines totalling **786 km** CORPORATE SERVICES OPERATIONAL MANAGEMENT	MM Midstream Investments Osaka Gas

Earnings from Energy Investments increased during the period by 18.2% to $13 million (1H23: $11 million).

4.5 Corporate Costs

Corporate costs for the half year increased 9.7% to $79 million (1H23: $72 million). The increase was largely due to continued investment in corporate capability technology, sustainability and a non-cash Long Term Incentives (LTI) mark-to-market adjustment. Corporate costs are up 5.6% excluding the impact of the LTI adjustment. APA is building the capability of its business, including strengthening investments in technology and business resilience; regulatory, risk and compliance; sustainability and corporate affairs. This investment is aligned to our strategy to grow and capitalise on the energy transition opportunity.

4.6 Capital and Investment Expenditure

Total capital and investment expenditure for the period was $2,172 million (1H23: $683 million) including stay-in-business capital expenditure, foundation capital expenditure and investment in acquisitions (Pilbara Energy System).

For the reporting period:

- Growth capex was $432 million (1H23: $464 million).
- Stay-in-business capex for 1H24 was $110 million (1H23: $88 million).
- Foundation capital expenditure was $27 million (1H23: $28 million).
- Investment in the Pilbara Energy System of $1,603 million (net cash consideration).

Capital and investment expenditure for 1H24 is detailed in the table below.

Capital and investment expenditure(1)	Description of major projects	1H24 ($ million)	1H23 ($ million)
Growth expenditure			
Regulated	Western Outer Ring Main (WORM); Winchelsea Compressor Station; Access Arrangement allowed expenditure	67	97
Non-regulated			
East Coast Gas	South West Queensland Pipeline and Moomba Sydney Pipeline capacity expansion, Kurri Kurri Gas Lateral	299	75
West Coast Gas	Northern Goldfields Interconnect, Binduli	26	189
Power Generation	Gruyere Hybrid Energy Microgrid, Dugald River Solar Farm, Port Hedland Solar	28	95
Electricity Transmission		–	–
Customer contribution projects and others	Various pipeline re-location and pipeline protection projects	12	8
Sub-total non-regulated capex		**365**	**367**
Total growth capex		**432**	**464**
SIB capex			
Asset lifecycle capex(2)		96	76
IT lifecycle capex		14	12
Total SIB capex		**110**	**88**
Foundation capex			
Technology and other capex		24	10
Corporate Real Estate		3	18
Total Foundation capex		**27**	**28**
Total capital expenditure		**569**	**580**
Investment and acquisitions(3)		1,603	103
Total capital and investment expenditure		**2,172**	**683**

(1) The capital expenditure shown in this table represents payments for property, plant and equipment as disclosed in the cash flow statement, and excludes accruals brought forward from the prior period and carried forward to next period.

(2) Represents stay-in-business capital expenditure not immediately recoverable from customers and/or regulatory frameworks which prolongs the life of the asset.

(3) Investment and acquisitions in 1H24 relates to the consideration paid (net of cash acquired) to acquire the Pilbara Energy System, including the remaining 11.8% interest in GGTP. Refer to note 10 of the attached financial statements for further detail.

4.7 Capital Management

As at 31 December 2023, APA had 1,282,957,939 securities on issue. This was an increase of 103,064,091 securities on issue as a result of the capital raising in August 2023.

At 31 December 2023, APA had $13,161 million of drawn debt funding ($11,241 million as at 30 June 2023) with an additional $1,600 million of undrawn committed corporate liquidity lines. In October 2023, APA repaid a AUD $200 million bond at maturity. APA has issued long-term debt from a diverse range of global debt capital markets, including Medium Term Notes in several currencies (Australian dollars, Euros, Sterling and Japanese Yen), United States 144A Notes / Reg S and Australian dollar Syndicated Bank Loans. This includes a €500 million (AUD $828 million) hybrid subordinated bond and AUD $1.25 billion syndicated term loan which were both raised in November 2023. The debt portfolio has a broad spread of maturities extending out to 2036, with an average maturity of drawn debt of 5.7 years.

As at 31 December 2023, 100.0% (30 June 2023: 100.0%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2046.

As part of the Alinta acquisition APA has acquired $104 million in secured funding from the North Australia Infrastructure Facility (NAIF) ($80 million) and the Australian Renewable Energy Agency (ARENA) ($24 million). These are not included in the APA core guarantor group, however they are 100% owned and therefore are included in APA's total group debt obligations.

On 25 October 2023, APA Group's Distribution Reinvestment Plan (DRP) in respect of stapled securities in APA Infrastructure Trust and APA Investment Trust (together, APA) was reactivated. The DRP will operate for the interim distribution for the half year ended 31 December 2023 and subsequent distributions.

4.8 Net finance costs

For the reporting period, there were net finance costs of $260 million (1H23: $229 million). The average interest rate (including credit margins) that applied to drawn debt was 4.57% for the current period, up slightly from 4.42% in 1H23 due to the A$1.25 billion syndicated loan and €500 million (A$828 million) hybrid security issuances in November 2023.

4.9 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 18 December 2023; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 24 August 2023.

APA calculates the Funds From Operations (FFO) to Interest to be 3.3 times (1H23: 3.6 times) and FFO to Net Debt to be 9.9% for the 12 months to 31 December 2023 (1H23: 11.3%). FFO to Net Debt is the key quantitative measure used by S&P and FFO to Total Debt for is used by Moody's to assess APA's credit worthiness and credit rating.

4.10 Income tax

Income tax expense for the period of $71 million results in an effective income tax rate of 6.3%, compared to 37.4% for the previous corresponding period. The lower level of effective tax rate compared to 1H23 is predominantly due to the remeasurement of APA's previous 88.2% interest in GGTP which is not assessable for tax purposes.

4.11 Distributions

On 13 September 2023, APA Group paid a final distribution of 29.0 cents per security ($343 million), an increase of 3.6% over the previous corresponding period (2H22: 28.0 cents per security). This was comprised of a distribution of 21.66 cents per security from APA Infra and a distribution of 7.34 cents per security from APA Invest. The APA Infra distribution represented 6.64 cents per security profit distribution and 15.02 cents per security capital distribution. The APA Invest distribution represented 1.00 cent per security profit distribution and 6.34 cents per security capital distribution.

On 22 February 2024, the Directors declared an interim distribution of 26.5 cents per security ($340 million) for APA Group, an increase of 1.9% over the previous corresponding period (1H23: 26.0 cents). This is comprised of an unfranked profit distribution of 25.63 cents per security from APA Infra and a distribution of 0.87 cents per security from APA Invest. The APA Invest distribution represents an unfranked profit distribution of 0.57 cents per security and a capital distribution of 0.30 cents per security. The distribution will be paid on 14 March 2024. The Distribution Reinvestment Plan was reactivated on 25 October 2023.

4.12 Guidance for 2024 financial year

APA has reaffirmed its previous guidance for FY24 distributions of 56.0 cents per security, which would represent a 1.8% increase on the prior corresponding period (FY23: 55.0 cents per security)[(1)].

With the recent Pilbara Energy acquisition, Underlying EBITDA guidance is being provided for FY24 of $1,870m to $1,910 million[(2)]. The components of this guidance, notably revenue and costs incorporate all outlook considerations previously provided at the FY23 results and the November 2023 investor day[(3)].

As part of the energy sector supply chain, APA can be impacted by economic downturns, reductions in energy demand and regulatory changes. Given market conditions are not certain, APA's revenues will continue to be subject to customer recontracting, investment decisions and regulatory frameworks.

5 Economic regulatory matters

Regulatory overview

In 1H24, 7.2% of Energy Infrastructure revenue (excluding pass through revenue) was derived from regulated tariffs under regulatory determinations. This includes gas pipelines that are classified as scheme pipelines and subject to full regulation under the National Gas Rules (NGR), as well as electricity transmission systems subject to revenue regulation under the National Electricity Rules (NER). It does not include revenue from APA's non-scheme pipelines that are subject to an information disclosure and arbitration regime under the NGR. It also does not include revenue from Basslink, which is not currently subject to NER revenue regulation.

Gas pipelines in Australia are regulated under the National Gas Law (NGL) and NGR by the Australian Energy Regulator (AER) or the Economic Regulation Authority of Western Australia (ERA). On 2 March 2023, amendments to the NGL and NGR were proclaimed and came into effect across all States except Western Australia. Prior to these amendments the NGL and NGR established three regulatory pipeline frameworks:

1. Scheme pipelines (NGR Parts 8-12) subject to full regulation with regulator approved tariffs and terms and conditions.
2. Scheme pipelines subject to light regulation where pipeline owners publish services and prices and comply with information provision requirements.
3. Non-Scheme pipelines (NGR Part 23) where tariffs and terms are negotiated between parties.

The 2 March 2023 amendments to the NGL and NGR discontinue light regulation and transition to two forms of regulation:

1. A 'heavier' form of regulation, based on the previous full regulation for scheme pipelines; or
2. A 'lighter' form of regulation, based on the previous Part 23 (now Parts 10-12) regime for non-scheme pipelines.

In practice, pipelines previously subject to full regulation are not expected to experience much change. APA's non-scheme pipelines and pipelines previously subject to light regulation will transition to the new 'lighter' (non-scheme) form of regulation.

Following on from this legislative change, the regulator will now have the power to determine the form of regulation to apply to a particular pipeline. In effect, this means that the AER can decide to apply full regulation to pipelines that are currently non-scheme. If a pipeline becomes subject to full regulation as a scheme pipeline, the AER would then have the role of approving access arrangements, including reference tariffs, for that pipeline. In order to establish reference tariffs, a value would need to be ascribed to the pipeline capital base for regulatory purposes, and forecasts of capital and operating expenditure approved for each access arrangement period (usually a five year period).

APA understands that the AER is reviewing the form of regulation for a number of pipelines pursuant to its new powers. The AER has communicated that the South West Queensland Pipeline will be the first pipeline subject to a form of regulation review. A form of regulation review is likely to take at least six months to complete.

APA is now also required to publish actual contracted prices across its pipeline network. Further changes to the information disclosure framework will take place from FY25, under a new Pipeline Information Disclosure Guideline.

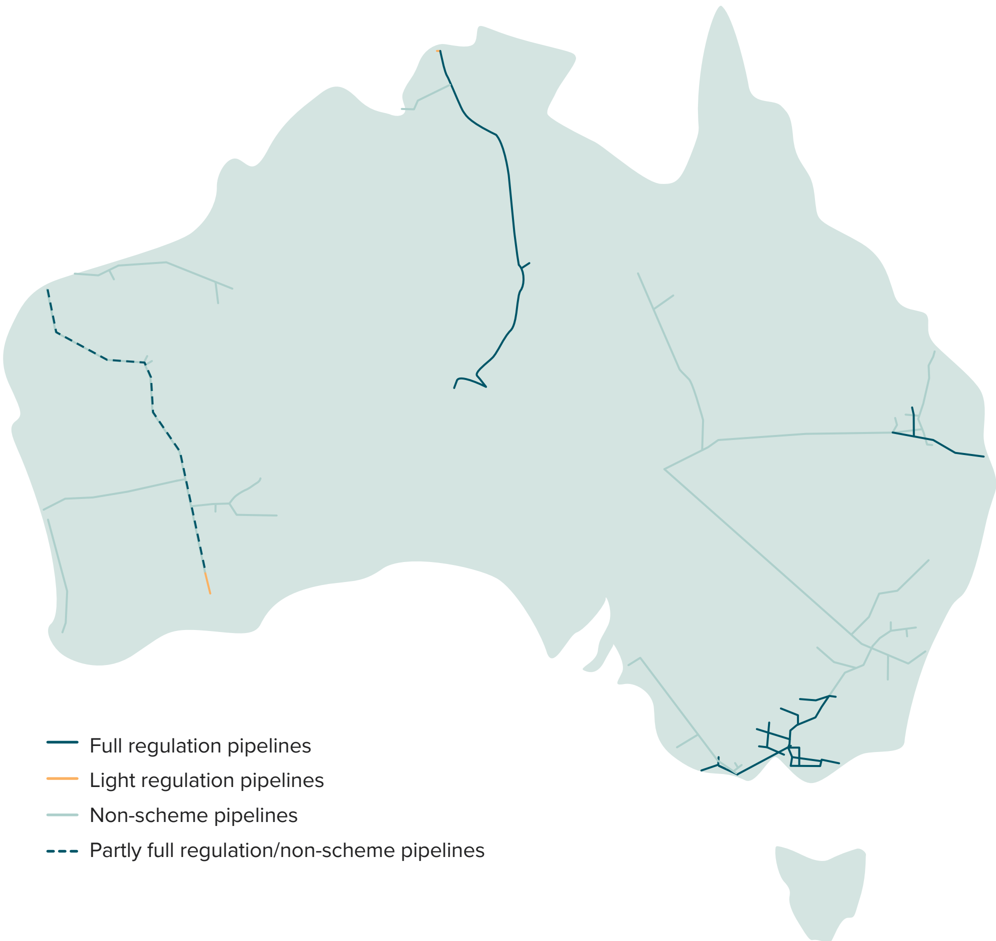
(1) Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the board at the time. FY24 distribution guidance of 56.0 cps includes 26.5 cps of distribution for the six months ended 31 December 2023.

(2) FY24 Underlying EBITDA guidance has been provided by APA in light of the recent Pilbara Energy acquisition. APA's Market Disclosure Policy states that, APA does not ordinarily provide earnings guidance or interest guidance, however the ongoing provision of guidance will be considered by the Board at a future time. Underlying EBITDA guidance is subject to asset performance, macroeconomic factors and regulatory changes. It does not take into account the impact of any potential acquisitions or divestments by APA. Underlying EBITDA guidance is not a predictor or guarantee of future performance and is subject to uncertainties and risks.

(3) For further information regarding revenue and cost considerations please see the 2023 November Investor Day presentation released on ASX on 15 November 2023, page 30.

5 Economic regulatory matters (continued)

APA pipelines (owned and/or operated) –by regulation type



Regulatory resets

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA.

Key regulatory matters relating to APA assets addressed during the half year ended 31 December 2023 included:

- Goldfields Gas Transmission (GGP) 2025-2029 access arrangement

  On 21 December 2023, APA lodged its proposed access arrangement for the covered capacity on the Goldfields Gas Pipeline with the Economic Regulation Authority (ERA) of Western Australia. The ERA will assess the proposal over the course of 2024, with the new access arrangement expected to take effect from 1 January 2025 for five years.

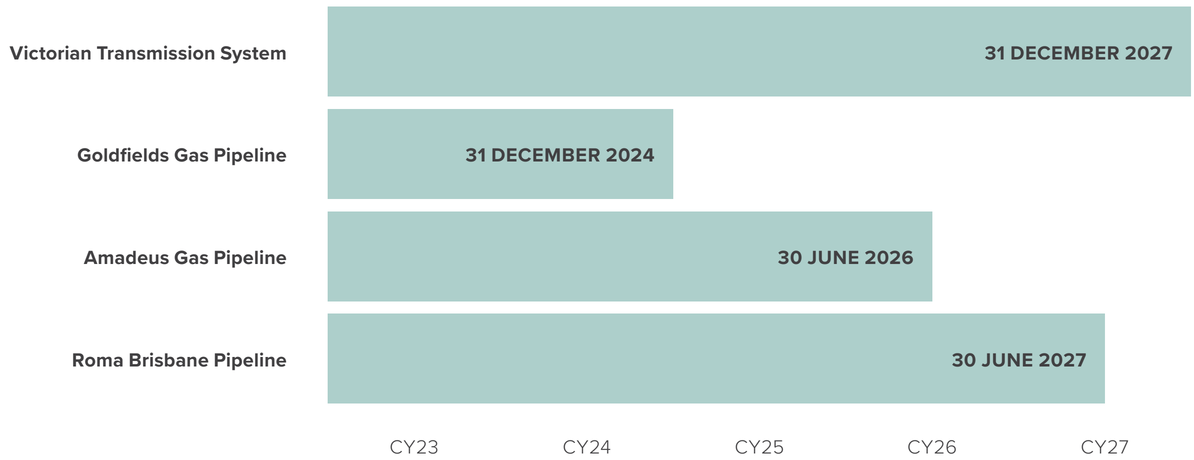
- Basslink 2025-2030 revenue proposal

  On 15 September 2023 APA lodged its conversion application and revenue proposal in relation to the Basslink interconnector between Tasmania and Victoria for the period between 1 July 2025 and 30 June 2030. APA is seeking to have this asset converted from a Market Network Service Provider to a regulated asset. The revenue proposal is seeking a RAB of $831m, and revenue of approximately $560m over the regulatory period. The AER is proposing to issue a Final Determination by 15 December 2024.

5 Economic regulatory matters (continued)

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA:

Scheduled regulatory reset dates for pipelines owned and operated by APA[1]



(1) Victorian Transmission System access arrangement from 1 January 2023 to 31 December 2027.

6 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 is included at page 39.

7 Rounding of Amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest million dollars, unless otherwise indicated.

8 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors

Michael Fraser
Chairman

Adam Watson
CEO and Managing Director

22 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 December 2023 $m	31 December 2022 $m
Revenue		**1,503**	1,488
Share of net profits of associates and joint ventures using the equity method		**13**	11
	4	**1,516**	1,499
Asset operation and management expenses		**(103)**	(103)
Depreciation and amortisation expenses	5	**(435)**	(356)
Other operating costs – pass-through	5	**(242)**	(267)
Finance costs	5	**(282)**	(239)
Employee benefit expense		**(232)**	(188)
Other income/(expenses) [(1)]		**920**	(31)
Fair value loss on contracts for difference		**(22)**	(10)
Profit before tax		**1,120**	305
Income tax expense		**(71)**	(114)
Profit for the period		**1,049**	191
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		**1**	13
Income tax expense		**–**	(4)
		1	9
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		**127**	82
Gain/(loss) on cash flow hedges taken to equity		**103**	(444)
(Loss)/gain on associate hedges taken to equity		**(7)**	4
Income tax expense		**(67)**	107
		156	(251)
Other comprehensive income/(loss) for the period (net of tax)		**157**	(242)
Total comprehensive income/(loss) for the year		**1,206**	(51)
Profit attributable to:			
Unitholders of the parent		**1,042**	179
Non-controlling interest – APA Investment Trust unitholders		**7**	12
APA stapled securityholders		**1,049**	191
Total comprehensive income/(loss) attributable to:			
Unitholders of the parent		**1,199**	(63)
Non-controlling interest – APA Investment Trust unitholders		**7**	12
APA stapled securityholders		**1,206**	(51)

(1) On 1 November 2023, APA acquired the Pilbara Energy System (being Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd). As part of the acquisition, APA acquired the remaining 11.8% interest in Goldfields Gas Transmission Pipeline (GGTP). The acquisition required APA's historical 88.2% interest to be remeasured to fair value resulting in a valuation uplift of $1,051 million. Refer to note 10 for further details relating to the acquisition.

Earnings per security	Note	31 December 2023	31 December 2022
Basic (cents per security)	6	**84.2**	16.2

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

Condensed Consolidated Statement of Financial Position

	31 December 2023 $m	30 June 2023 $m
Current assets		
Cash and cash equivalents	**1,339**	513
Trade and other receivables	**402**	374
Other financial assets	**118**	49
Inventories	**69**	55
Other	**44**	42
Current assets	**1,972**	1,033
Non-current assets		
Trade and other receivables	**8**	27
Other financial assets	**296**	430
Investments accounted for using the equity method	**272**	273
Property, plant and equipment	**12,180**	10,755
Goodwill	**1,812**	1,184
Other intangible assets	**3,456**	2,130
Other	**36**	34
Non-current assets	**18,060**	14,833
Total assets	**20,032**	15,866
Current liabilities		
Trade and other payables	**497**	471
Lease liabilities	**16**	16
Borrowings	**660**	202
Other financial liabilities	**219**	207
Provisions	**147**	159
Unearned revenue	**11**	13
Current liabilities	**1,550**	1,068
Non-current liabilities		
Trade and other payables	**2**	9
Lease liabilities	**45**	47
Borrowings	**12,595**	11,321
Other financial liabilities	**374**	452
Deferred tax liabilities	**1,551**	894
Provisions	**181**	113
Unearned revenue	**91**	52
Non-current liabilities	**14,839**	12,888
Total liabilities	**16,389**	13,956
Net assets	**3,643**	1,910

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

Condensed Consolidated Statement of Financial Position (continued)

	Note	31 December 2023 $m	30 June 2023 $m
Equity			
APA Infrastructure Trust equity:			
Issued capital	9	**2,397**	1,964
Reserves		**(542)**	(700)
Retained earnings		**1,043**	79
Equity attributable to unitholders of the parent		**2,898**	1,343
Non-controlling interests:			
APA Investment Trust:			
Issued capital	9	**738**	555
Retained earnings		**7**	12
Equity attributable to unitholders of APA Investment Trust		**745**	567
Total equity		**3,643**	1,910

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

Condensed Consolidated Statement of Changes in Equity

	APA Infrastructure Trust						APA Investment Trust			
	Issued capital $m	Asset revaluation reserve [1] $m	Share-based payments reserve [2] $m	Hedging reserve [3] $m	Retained earnings $m	Attributable to owners of the parent $m	Issued capital $m	Retained earnings $m	APA Investment Trust $m	Total $m
Balance at 1 July 2022	2,225	9	5	(343)	75	1,971	644	14	658	2,629
Profit for the period	–	–	–	–	179	179	–	12	12	191
Other comprehensive loss	–	–	–	(358)	13	(345)	–	–	–	(345)
Income tax relating to components of other comprehensive income	–	–	–	107	(4)	103	–	–	–	103
Total comprehensive (loss)/income for the period	–	–	–	(251)	188	(63)	–	12	12	(51)
Payment of distributions (note 7)	(181)	–	–	–	(75)	(256)	(61)	(13)	(74)	(330)
Equity settled long term incentives, net of tax	–	–	1	–	–	1	–	–	–	1
Balance at 31 December 2022	2,044	9	6	(594)	188	1,653	583	13	596	2,249
Balance at 1 July 2023	**1,964**	**9**	**8**	**(717)**	**79**	**1,343**	**555**	**12**	**567**	**1,910**
Profit for the period	**–**	**–**	**–**	**–**	**1,042**	**1,042**	**–**	**7**	**7**	**1,049**
Other comprehensive income	**–**	**–**	**–**	**223**	**1**	**224**	**–**	**–**	**–**	**224**
Income tax relating to components of other comprehensive income	**–**	**–**	**–**	**(67)**	**–**	**(67)**	**–**	**–**	**–**	**(67)**
Total comprehensive income for the period	**–**	**–**	**–**	**156**	**1,043**	**1,199**	**–**	**7**	**7**	**1,206**
Payment of distributions (note 7)	**(177)**	**–**	**–**	**–**	**(79)**	**(256)**	**(75)**	**(12)**	**(87)**	**(343)**
Equity settled long term incentives, net of tax	**–**	**–**	**2**	**–**	**–**	**2**	**–**	**–**	**–**	**2**
Securities issued under institutional placement (net of transaction costs) [4]	**469**	**–**	**–**	**–**	**–**	**469**	**198**	**–**	**198**	**667**
Securities issued under retail securities purchase plan (net of transaction costs) [5]	**141**	**–**	**–**	**–**	**–**	**141**	**60**	**–**	**60**	**201**
Balance at 31 December 2023	**2,397**	**9**	**10**	**(561)**	**1,043**	**2,898**	**738**	**7**	**745**	**3,643**

(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) On 29 August 2023, the Group issued 79 million new stapled securities via institutional placement at an issue price of $8.50.

(5) On 22 September 2023, the Group issued 24 million new stapled securities via security purchase plan at an issue price of $8.46.

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

Condensed Consolidated Statement of Cash Flows

	Note	31 December 2023 $m	31 December 2022 $m
Cash flows from operating activities			
Receipts from customers		**1,669**	1,528
Payments to suppliers and employees		**(832)**	(737)
Dividends received from associates and joint ventures		**7**	11
Proceeds from repayments of finance leases		**1**	1
Interest received		**20**	9
Interest and other costs of finance paid		**(246)**	(233)
Income taxes paid		**(26)**	(25)
Net cash provided by operating activities		**593**	554
Cash flows from investing activities			
Payments for property, plant and equipment [(1)]		**(560)**	(678)
Proceeds from sale of property, plant and equipment		**40**	211
Payments for intangible assets		**(9)**	(5)
Payment for acquisition of subsidiaries, net of cash acquired [(2)]	10	**(1,603)**	–
Net cash used in investing activities		**(2,132)**	(472)
Cash flows from financing activities			
Proceeds from issue of securities		**875**	–
Payment of security issue costs		**(10)**	–
Proceeds from borrowings		**3,423**	–
Repayments of borrowings		**(1,552)**	(2)
Transaction costs related to borrowings		**(19)**	(7)
Repayment of lease liabilities		**(9)**	(8)
Distributions paid to:			
Unitholders of APA Infrastructure Trust	7	**(256)**	(256)
Unitholders of non-controlling interests – APA Investment Trust	7	**(87)**	(74)
Net cash provided/(used) in financing activities		**2,365**	(347)
Net increase/(decrease) in cash and cash equivalents		**826**	(265)
Cash and cash equivalents at beginning of the period		**513**	940
Cash and cash equivalents at end of the period		**1,339**	675

(1) Included in the prior year is the net consideration paid of $103 million to acquire Basslink.

(2) Payments for acquisition of subsidiaries, net of cash acquired is the consideration paid to acquire the Pilbara Energy System, including the remaining 11.8% interest in GGTP. Refer to note 10 for further details.

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

Notes to the consolidated financial statements

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management and Other.

Notes to the condensed consolidated financial statements (continued)

Basis of Preparation (continued)

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2023 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report is presented in Australian dollars and all values are rounded to the nearest million dollars ($million) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the half year financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2023.

Significant items

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

	31 December 2023 $m	31 December 2022 $m
Significant items impacting profit before tax		
Remeasurement of APA's previous 88.2% interest in GGTP (1)	**1,051**	–
Pilbara Energy System acquisition costs (2)	**(76)**	–
Total significant items impacting profit before tax	**975**	–
Income tax related to significant items above	**–**	–
Profit from significant items after income tax	**975**	–

(1) The remeasurement relating to APA's previously held interest off 88.2% in Goldfields Gas Transmission Pipeline (GGTP) in accordance with AASB 3 Business Combinations. Refer to note 10 for further details.

(2) On 1 November 2023, APA Group acquired 100% of Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd (together referred to as the Pilbara Energy System). Acquisition and stamp duty costs of $76 million have been incurred to 31 December 2023. Refer to note 10 for further details.

Notes to the condensed consolidated financial statements (continued)

Financial Performance

3. Segment information

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

APA Group reports across the three business segments:

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets across gas transmission, compression, processing, storage and electricity generation (gas and renewables) and transmission;
- **Asset Management:** The provision of asset management and operating services for third parties and the majority of APA's Energy Investments; and
- **Energy Investments:** APA's interests in energy infrastructure investments.

Reportable segments

Half year ended 31 December 2023	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment revenue [1]					
Revenue from contracts with customers	1,191	59	–	–	1,250
Pass-through revenue	21	221	–	–	242
Total revenue from contracts with customers	1,212	280	–	–	1,492
Equity accounted net profits	–	–	13	–	13
Other income	7	–	–	–	7
Finance lease and investment interest income	1	–	–	–	1
Total segment revenue	1,220	280	13	–	1,513
Wallumbilla Gas Pipeline hedge accounting discontinuation [2]	(19)	–	–	–	(19)
Other interest income	–	–	–	22	22
Total revenue	1,201	280	13	22	1,516

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

(2) 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 discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2023	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment result					
Segment Underlying EBITDA [1]	961	34	–	–	995
Share of net profits of joint ventures and associates using the equity method	–	–	13	–	13
Finance lease and investment interest income	1	–	–	–	1
Corporate costs	–	–	–	(79)	(79)
Total Underlying EBITDA [1]	962	34	13	(79)	930
Fair value loss on contracts for difference [2]	(22)	–	–	–	(22)
Technology transformation projects [3]	–	–	–	(46)	(46)
Wallumbilla Gas Pipeline hedge accounting discontinuation [4]	(19)	–	–	–	(19)
Pilbara Energy System integration costs [5]	–	–	–	(3)	(3)
Total reported EBITDA [6]	921	34	13	(128)	840
Depreciation and amortisation	(426)	(9)	–	–	(435)
Total reported EBIT [7]	495	25	13	(128)	405
Net interest cost [8]					(260)
Profit before tax					145
Income tax expense					(71)
Profit after tax					74
Significant items before tax [9]					975
Profit before tax including significant items					1,120
Significant items after tax [9]					975
Profit after tax including significant items					1,049

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

(2) The amount represents a net gain arising from electricity contracts for difference that economically hedge the future cash flows of the electricity contracts for which hedge accounting is not applicable.

(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.

(4) 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 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) On 1 November 2023, APA Group acquired 100% of Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd (together referred to as the Pilbara Energy System). Integration costs of $3 million have been incurred to 31 December 2023. Refer to note 10 for further details.

(6) Earnings before interest, tax, depreciation, and amortisation ("EBITDA"), including non-operating items and excluding significant items.

(7) Earnings before interest and tax ("EBIT").

(8) Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

(9) Refer to note 2 significant items section for details.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

As at 31 December 2023	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment assets and liabilities					
Segment assets	**17,835**	**172**	**11**	**–**	**18,018**
Carrying value of investments using equity method	**–**	**–**	**272**	**–**	**272**
Unallocated assets [(1)]	**–**	**–**	**–**	**1,742**	**1,742**
Total assets	**17,835**	**172**	**283**	**1,742**	**20,032**
Segment liabilities	**795**	**101**	**–**	**–**	**896**
Unallocated liabilities [(2)]	**–**	**–**	**–**	**15,493**	**15,493**
Total liabilities	**795**	**101**	**–**	**15,493**	**16,389**

(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.

Half year ended 31 December 2022	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment revenue [(1)]					
Revenue from contracts with customers	1,098	64	–	–	1,162
Pass-through revenue	32	235	–	–	267
Total revenue from contracts with customers	1,130	299	–	–	1,429
Equity accounted net profits	–	–	11	–	11
Other income	1	–	–	–	1
Finance lease and investment interest income	1	–	–	–	1
Total segment revenue	1,132	299	11	–	1,442
Wallumbilla Gas Pipeline hedge accounting discontinuation [(2)]	(18)	–	–	–	(18)
Income on Basslink debt investment [(3)]	–	–	50	–	50
Basslink AEMC market compensation [(4)]	15	–	–	–	15
Other interest income	–	–	–	10	10
Total revenue	1,129	299	61	10	1,499

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

(2) 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 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) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022. As part of the net consideration, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of $648 million.

(4) On 15 December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of $15 million for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2022	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment result					
Segment Underlying EBITDA [1]	906	33	–	–	939
Share of net profits of joint ventures and associates using the equity method	–	–	11	–	11
Finance lease and investment interest income	1	–	–	–	1
Corporate costs	–	–	–	(72)	(72)
Total Underlying EBITDA [1]	907	33	11	(72)	879
Fair value gains on contracts for difference [2]	(10)	–	–	–	(10)
Technology transformation projects [3]	–	–	–	(22)	(22)
Wallumbilla Gas Pipeline hedge accounting discontinuation [4]	(18)	–	–	–	(18)
Basslink debt revaluation, interest and integration costs [5]	–	–	49	–	49
Basslink AEMC market compensation [6]	15	–	–	–	15
Payroll review [7]	–	–	–	(3)	(3)
Total reported EBITDA [8]	894	33	60	(97)	890
Depreciation and amortisation	(348)	(8)	–	–	(356)
Total reported EBIT [9]	546	25	60	(97)	534
Net interest cost [10]					(229)
Profit before tax					305
Income tax expense					(114)
Profit after tax					191

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

(2) The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the future cash flows of the electricity sales agreement for which hedge accounting is not applicable.

(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.

(4) 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 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) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022, net of integration costs incurred in half year to 31 December 2022. As part of the net consideration to acquire Basslink, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of $648 million.

(6) On 15 December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of $15 million for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.

(7) Estimated payment shortfalls for 1H23 were included within Underlying EBITDA. Interest and other related costs are included within reported EBITDA.

(8) Earnings before interest, tax, depreciation, and amortisation ("EBITDA"), including non-operating items and excluding significant items.

(9) Earnings before interest and tax ("EBIT").

(10) Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

As at 30 June 2023	Energy Infrastructure $m	Asset Management $m	Energy Investments $m	Other $m	Consolidated $m
Segment assets	14,422	177	11	–	14,610
Carrying value of investments using equity method	–	–	273	–	273
Unallocated assets [(1)]	–	–	–	983	983
Total assets	14,422	177	284	983	15,866
Segment liabilities	659	94	–	–	753
Unallocated liabilities [(2)]	–	–	–	13,203	13,203
Total liabilities	659	94	–	13,203	13,956

(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.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

4. Revenue

Disaggregation of revenue

Revenue is disaggregated below by business unit and region.

	31 December 2023 $m	31 December 2022 $m
Energy Infrastructure		
Wallumbilla Gladstone Pipeline (1)	**323**	298
East Coast	**419**	422
West Coast	**198**	183
Power Generation (2)	**215**	183
Electricity Transmission (2)	**36**	12
Energy Infrastructure revenue	**1,191**	1,098
Asset Management revenue	**59**	64
Pass-through revenue	**242**	267
Total revenue from contracts with customers	**1,492**	1,429
Energy Investments	**13**	11
Other non-contract revenue	**8**	2
Total segment revenue	**1,513**	1,442
Wallumbilla Gas Pipeline hedge accounting discontinuation (3)	**(19)**	(18)
Income on Basslink debt investment (4)	**–**	50
Basslink AEMC market compensation (5)	**–**	15
Other interest income	**22**	10
Total revenue	**1,516**	1,499

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

(2) The Electricity Generation and Transmission sub-segment has been split into Power Generation and Electricity Transmission to align the segment with the nature of operations. The results of the Pilbara Energy System are included within Power Generation and the remaining 11.8% of GGTP is included within West Coast following the acquisition on 1 November 2023.

(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.

(4) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022. As part of the net consideration, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of $648 million.

(5) In December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of $15 million. for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.

Information about major customers

Included in revenues from contracts with customers arising from Energy Infrastructure of $1,191 million (31 December 2022: $1,098 million) are revenues of approximately $403 million (31 December 2022: $402 million) which arose from sales to APA Group's top three customers.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

5. Expenses

	31 December 2023 $m	31 December 2022 $m
Depreciation of non-current assets	**329**	260
Amortisation of non-current assets	**106**	96
Depreciation and amortisation expenses	**435**	356
Energy Infrastructure costs – pass-through	**21**	32
Asset Management costs – pass-through	**221**	235
Other operating costs – pass-through	**242**	267
Interest on bank overdrafts and borrowings [(1)]	**278**	250
Amortisation of deferred borrowing costs	**6**	5
Other finance costs	**5**	4
	289	259
Less: amounts included in the cost of qualifying assets	**(13)**	(17)
	276	242
Gain on derivatives [(2)]	**(1)**	(9)
Unwinding of discount on non-current liabilities	**5**	4
Interest incurred on deferred revenue balances	**1**	1
Interest incurred on lease liabilities	**1**	1
Finance costs	**282**	**239**

(1) The average interest rate applying to drawn debt is 4.57% p.a. (31 December 2022: 4.42% p.a.) excluding finance costs associated with the amortisation of borrowing costs.

(2) Represents unrealised gains and losses on the mark-to-market valuation of derivatives.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

6. Earnings per security

	31 December 2023 cents	31 December 2022 cents
Earnings per security		
Basic earnings per unit attributable to the parent	**83.6**	15.2
Basic earnings per unit attributable to the non-controlling interest	**0.6**	1.0
Basic earnings per security	**84.2**	16.2
Diluted earnings per unit attributable to the parent	**83.4**	15.1
Diluted earnings per unit attributable to the non-controlling interest	**0.6**	1.0
Diluted earnings per security	**84.0**	16.1
Earnings per security excluding significant items		
Basic earnings per unit attributable to the parent	**5.4**	15.2
Basic earnings per unit attributable to the non-controlling interest	**0.6**	1.0
Basic earnings per security	**6.0**	16.2
Diluted earnings per unit attributable to the parent	**5.4**	15.1
Diluted earnings per unit attributable to the non-controlling interest	**0.6**	1.0
Diluted earnings per security	**6.0**	16.2
Underlying earnings per security (1)		
Underlying basic and diluted earnings per unit attributable to the parent	**10.4**	14.5
Underlying basic and diluted earnings per unit attributable to the non-controlling interest	**0.6**	1.0
Underlying basic and diluted earnings per security	**11.0**	15.5

(1) Excludes recurring items arising from other activities and transactions that are not directly attributable to the performance of APA Group's business operations.

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

	31 December 2023 $m	31 December 2022 $m
Net profit		
Net profit attributable to unitholders of the parent	**1,042**	179
Net profit attributable to unitholders of the non-controlling interest	**7**	12
Net profit attributable to stapled securityholders for calculating basic and diluted earnings per security	**1,049**	191
Underlying net profit		
Net profit attributable to unitholders of the parent	**1,042**	179
Significant items, net of tax	**(975)**	–
Net profit excluding significant item attributable to unitholders of the parent	**67**	179
Fair value losses on contracts for difference, net of tax	**15**	7
Technology transformation projects, net of tax	**32**	15
Wallumbilla Gas Pipeline hedge accounting discontinuation, net of tax	**13**	13
Pilbara Energy System integration costs, net of tax	**3**	–
Basslink debt revaluation, interest and acquisition costs, net of tax	**–**	(34)
Basslink AEMC market compensation, net of tax	**–**	(11)
Payroll review, net of tax	**–**	2
Underlying net profit attributable to unitholders of the parent	**130**	171
Underlying net profit attributable to unitholders of the non-controlling interest	**7**	12
Underlying net profit attributable to stapled securityholder for calculating basic and diluted earnings per security	**137**	183

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

6. Earnings per security (continued)

	31 December 2023 No. of securities millions	31 December 2022 No. of securities millions
Adjusted weighted average number of ordinary securities used in the calculation of:		
Basic earnings per security	**1,246**	1,180
Diluted earnings per security [(1)]	**1,250**	1,182

(1) Includes 4 million (31 December 2022: 2 million) performance rights granted under 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 and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

7. Distributions

	31 December 2023 cents per security	31 December 2023 Total $m	31 December 2022 cents per security	31 December 2022 Total $m
Recognised amounts				
Final FY23 distribution paid on 13 September 2023				
(30 June 2022: Final FY22 distribution paid on 14 September 2022)				
Profit distribution – APA Infrastructure Trust [(1)]	**6.64**	**79**	6.31	74
Capital distribution – APA Infrastructure Trust	**15.02**	**177**	15.40	182
Profit distribution – APA Investment Trust [(2)]	**1.00**	**12**	1.14	13
Capital distribution – APA Investment Trust	**6.34**	**75**	5.15	61
	29.00	**343**	28.00	330
Unrecognised amounts				
Interim distribution payable on 14 March 2024 [(3)]				
(31 December 2022: Interim FY23 distribution paid on 16 March 2023)				
Profit distribution – APA Infrastructure Trust [(1)]	**25.63**	**329**	15.92	188
Capital distribution – APA Infrastructure Trust	**–**	**–**	6.67	79
Profit distribution – APA Investment Trust [(2)]	**0.57**	**7**	1.01	12
Capital distribution – APA Investment Trust	**0.30**	**4**	2.40	28
	26.50	**340**	26.00	307

(1) APA Infrastructure Trust profit distributions were unfranked (31 December 2022: partially franked).
(2) APA Investment Trust profit distributions were unfranked.
(3) Record date 29 December 2023.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2023.

Notes to the condensed consolidated financial statements (continued)

Capital Management

8. Financial risk management

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 the half year ended 31 December 2023 (year ended 30 June 2023: 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.

Fair value of the Group'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 forward foreign exchange contracts 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 yield curves 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 the indexed revenue contract is derived from the 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.

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

8. Financial risk management (continued)

Contracts for difference

The financial statements include contracts for difference arising from an electricity sales agreement with a customer that guarantees the Group a fixed price for electricity offtake for the agreed term and a network services agreement where the Group exchanges variable inter-regional electricity revenues for a fixed fee based on capacity. The contracts are at fair value. The fair value of the contracts 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:

- For the electricity sales agreement, the estimated long term forecast electricity pool prices are applied as market prices are not readily observable for the corresponding term. Forecast electricity volumes are also estimated based on an internal forecast output model;
- For the network services agreement, the variable inter-regional revenues were forecast based on the interconnector's historical spot prices and electricity volumes as these inputs are not readily observable;
- 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 Group 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.

Fair value hierarchy

As at 31 December 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets measured at fair value				
Interest rate swaps used for hedging	–	7	–	7
Cross currency interest rate swaps used for hedging	–	321	–	321
Forward foreign exchange contracts used for hedging	–	73	–	73
Contracts for difference	–	–	–	–
	–	401	–	401
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	–	4	–	4
Interest rate swaps used for hedging	–	77	–	77
Cross currency interest rate swaps used for hedging	–	427	–	427
Forward foreign exchange contracts used for hedging	–	58	–	58
Indexed revenue contract	–	11	–	11
Contracts for difference	–	–	12	12
	–	577	12	589

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

8. Financial risk management (continued)

Fair value hierarchy (continued)

As at 30 June 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets measured at fair value				
Interest rate swaps used for hedging	–	25	–	25
Cross currency interest rate swaps used for hedging	–	286	–	286
Forward foreign exchange contracts used for hedging	–	121	–	121
Contracts for difference	–	–	13	13
	–	432	13	445
Financial liabilities measured at fair value				
Cross currency interest rate swaps used for hedging	–	509	–	509
Forward foreign exchange contracts used for hedging	–	106	–	106
Indexed revenue contract	–	12	–	12
Contracts for difference	–	–	3	3
	–	627	3	630

Reconciliation of Level 3 fair value measurements

	31 December 2023 $m	30 June 2023 $m
Opening balance	**10**	(2)
Revaluation	**(24)**	17
Settlement	**2**	(5)
Closing balance	**(12)**	10

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 APA Group are floating rate borrowings, recorded in the financial statements at amortised cost to approximate their fair values.

	Carrying amount		Fair value (Level 2) (1)	
	31 December 2023 $m	30 June 2023 $m	31 December 2023 $m	30 June 2023 $m
Financial liabilities				
Unsecured Australian Dollar Medium Term Notes	**–**	200	**–**	199
Unsecured Japanese Yen Medium Term Notes	**104**	104	**94**	96
Unsecured US Dollar 144A Medium Term Notes	**3,294**	3,366	**3,246**	3,231
Unsecured British Pound Medium Term Notes	**2,978**	3,031	**2,686**	2,432
Unsecured Euro Medium Term Notes (2)	**4,582**	3,825	**4,168**	3,095
	10,957	10,526	**10,194**	9,053

(1) The fair values 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 APA Group's credit risk. These instruments are classified in the fair value hierarchy at Level 2.

(2) In November 2023, APA issued EUR 500 million hybrid (AUD 823 million) subordinated debt at 7.125% per annum (swapped to 9.32% per annum fixed AUD interest rate until February 2029).

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

9. Issued capital

	31 December 2023 $m	30 June 2023 $m
APA Infrastructure Trust units		
1,282,957,939 securities, fully paid (30 June 2023: 1,179,893,848 securities, fully paid) [(1)]	**2,397**	1,964

	31 December 2023 No. of securities in millions	31 December 2023 $m	30 June 2023 No. of securities in millions	30 June 2023 $m
Movements				
Balance at beginning of financial year	**1,180**	**1,964**	1,180	2,225
Capital distributions paid (note 7)	**–**	**(177)**	–	(261)
Issue of securities under institutional share placement (net of transaction costs) [(2,4)]	**79**	**469**	–	–
Issue of securities under retail security purchase plan (net of transaction costs) [(3,4)]	**24**	**141**	–	–
	1,283	**2,397**	1,180	1,964

	31 December 2023 $m	30 June 2023 $m
APA Infrastructure Trust units		
1,282,957,939 securities, fully paid (30 June 2023 : 1,179,893,848 securities, fully paid) [(1)]	**738**	555

	31 December 2023 No. of securities in millions	31 December 2023 $m	30 June 2023 No. of securities in millions	30 June 2023 $m
Movements				
Balance at beginning of financial year	**1,180**	**555**	1,180	644
Capital distributions paid (note 7)	**–**	**(75)**	–	(89)
Issue of securities under institutional share placement (net of transaction costs) [(2,4)]	**79**	**198**	–	–
Issue of securities under retail security purchase plan (net of transaction costs) [(3,4)]	**24**	**60**	–	–
	1,283	**738**	1,180	555

(1) Fully paid securities carry one vote per security and carry the right to distributions.

(2) On 29 August 2023, APA Infrastructure Trust and APA Investment Trust issued 79 million new stapled securities via institutional placement at an issue price of $8.50.

(3) On 22 September 2023, APA Infrastructure Trust and APA Investment Trust issued 24 million new stapled securities via security purchase plan at an issue price of $8.46.

(4) During the period, APA Infrastructure Trust and APA Investment Trust raised $868 million in equity, net of issue costs, which was allocated to the APA Infrastructure Trust and the APA Investment Trust on a net asset basis.

Notes to the condensed consolidated financial statements (continued)

Other items

10. Acquisition of Pilbara Energy System

On 1 November 2023, APA Group completed the acquisition of 100% of Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd (together referred to as the Pilbara Energy System) for a total cash consideration of $1,703 million. The acquisition included the remaining 11.8% interest in the Goldfields Gas Transmission Pipeline (GGTP) joint operations, resulting in an increase in APA Group's interest in GGTP from 88.2% to 100%, granting it control over GGTP.

The Pilbara Energy System is an energy infrastructure business underpinned by contracted operational assets (gas and solar power generation, gas transmission, battery energy storage systems (BESS) and electricity transmission), together with an extensive pipeline of development projects (wind, solar, gas reciprocating engines, BESS and associated electricity transmission), located in Western Australia's Pilbara region. The acquisition provides APA with a significant growth platform to develop and operate remote-grid energy solutions for Australia's resources industry, complementing APA's already strong development and operational capability in key resources areas such as Mount Isa and Gruyere.

The Pilbara Energy System qualifies as a business as defined in AASB 3 *Business Combinatons*. Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method of accounting, the purchase consideration is allocated to the identifiable assets acquired and liabilities assumed (the identifiable net assets) on the basis of their fair value at the date of acquisition which is the date on which control is obtained. The excess of the consideration transferred and the acquisition-date fair value of APA Group's pre-existing equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

The fair value of the identifiable net assets recognised at 31 December 2023 have been measured provisionally. APA Group sought independent valuation of the material assets acquired. Considering the timing and the size of the transaction, the valuation of certain assets acquired and liabilities assumed is ongoing at the date of finalisation of the APA Group consolidated financial statements. For tax purposes, the tax values of certain assets are required to be reset based on market values of the assets. The necessary valuations and calculations are ongoing therefore, provisional best estimate of the likely tax values has been adopted. Finalisation of the acquisition accounting and the reset tax cost base is expected by 30 June 2024.

Included in the consolidated net profit for the half year ended 31 December 2023 is revenue of $39 million and Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) of $21 million contributed by the Pilbara Energy System business. If the acquisition had occurred on 1 July 2023, it is estimated that the acquired business would have contributed $118 million to revenue and $67 million to Underlying EBITDA for the half year ended 31 December 2023.

Acquisition and estimated stamp duty costs of $76 million and integration-related costs of $3 million were expensed in the current period and are included in other expenses.

Notes to the condensed consolidated financial statements (continued)

Other items (continued)

10. Acquisition of Pilbara Energy System (continued)

Details of the consideration transferred and the provisional fair value of the identifiable net assets (includes 11.8% interest in GGTP) at the date of the acquisition are set out below:

Purchase consideration:	$m
Cash paid	1,691
Remaining consideration payable [(1)]	12
Total purchase consideration	**1,703**

Fair value of identifiable net assets acquired	$m
Current assets	
Cash and cash equivalents	88
Trade and other receivables [(2)]	33
Inventories	7
Other assets	10
Current assets	**138**
Non-current assets	
Property, plant and equipment	976
Other intangible assets [(3)]	670
Non-current assets	**1,646**
Total assets	**1,784**
Current liabilities	
Trade and other payables	25
Unearned revenue	2
Borrowings	2
Provisions	10
Current liabilities	**39**
Non-current liabilities	
Unearned revenue	36
Borrowings	66
Provisions	63
Deferred tax liabilities	190
Non-current liabilities	**355**
Total liabilities	**394**
Fair value of identifiable net assets	**1,390**
Goodwill	313
Total consideration	**1,703**
Total consideration	**(1,703)**
Remaining consideration payable [(1)]	12
Cash paid	(1,691)
Net cash acquired	88
Net cash flows on acquisition	**(1,603)**

(1) The remaining consideration payable relates to the working capital and net debt adjustments pursuant to the Share Sale Agreement. The remaining consideration was settled in cash on 2 February 2024.

(2) The acquisition date trade and other receivables mainly consist of trade receivables, accrued revenue, and other receivables. The fair value of the trade and other receivables approximate their carrying values and gross contractual values. As at 31 December 2023, no material contractual cash flows are expected to be uncollectable.

(3) Included in other intangible assets are identifiable customer contracts and development assets which arose as a result of the business combination and other intangible assets.

Notes to the condensed consolidated financial statements (continued)

Other items (continued)

10. Acquisition of Pilbara Energy System (continued)

APA Group's pre-existing 88.2% interest in the GGTP joint operations has been remeasured to its acquisition-date fair value. The remeasurement resulted in a gain of $1,051 million. This amount has been included in other income. The provisional fair value of the identifiable net assets relating to APA Group's pre-existing interest in GGTP are set out below:

Fair value of identifiable net assets relating to pre-existing interest in GGTP	$m
Property, plant and equipment	730
Other intangible assets [(1)]	752
Deferred tax liabilities	(315)
Fair value of identifiable net assets	**1,167**
Goodwill	315
Fair value of pre-existing interest in GGTP [(2)]	**1,482**

(1) Relates to fair value of the identifiable customer contracts.
(2) Other assets and liabilities are not included as their carrying amounts are reasonable approximation of fair values.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$m
Purchase consideration	1,703
Fair value of pre-existing interest in GGTP [(2)]	1,482
Fair value of identifiable net assets [(2,3)]	(2,557)
Total goodwill	**628**

(3) Comprised of the fair value of identifiable net assets acquired of $1,390 million and the fair value of identifiable net assets relating to APA Group's pre-existing 88.2% interest in GGTP of approximately $1,167 million as discussed above.

The goodwill of $628 million arising from the acquisition consists of the access to an established workforce, the customer relationships and development projects that do not qualify for separate recognition, and the synergies and other benefits expected from integrating the Pilbara Energy System assets into APA Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the condensed consolidated financial statements (continued)

Other items (continued)

11. Commitments and contingencies

	31 December 2023 $m	30 June 2023 $m
Capital expenditure commitments		
APA Group – capital expenditure	**192**	213
APA Group's share of jointly controlled operations – plant and equipment	**9**	15
	201	228
Contingent liabilities		
Bank guarantees	**56**	57

APA Group 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. APA Group 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.

APA Group had no material contingent assets and liabilities as at 31 December 2023, other than those disclosed above.

Notes to the condensed consolidated financial statements (continued)

Other items (continued)

12. Adoption of new and revised Accounting Standards

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

- AASB 17 Insurance Contracts
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (insofar as the Standard relates to editorial corrections that are effective for the current year and apply to AASB 17)
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
- AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.

APA Group has adopted the new and amended Standards that are relevant to its operations. The adoption of the new and amended Standards do not have a material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

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 a material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

13. Events occurring after reporting date

On 22 February 2024, the Directors declared an interim distribution of 26.5 cents per security ($340 million) for APA Group, an increase of 1.9%, or 0.5 cent per security over the previous corresponding period (31 December 2022: 26.0 cents). This is comprised of a distribution of 25.63 cents per security from APA Infrastructure Trust and a distribution of 0.87 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represents a 25.63 cents per security profit distribution. The APA Investment Trust distribution represents a 0.57 cents per security profit distribution and a 0.30 cents per security capital distribution. All profit distributions are unfranked. The distribution will be paid on 14 March 2024.

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

Declaration by the Directors of APA Group Limited

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that APA Infrastructure Trust will be able to pay its debts as and when they become due and payable; and

(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 give a true and fair view of the financial position and performance of APA Group.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Michael Fraser
Chairman

Adam Watson
CEO and Managing Director

22 February 2024

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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22 February 2024

The Directors
APA Group Limited
as Responsible Entity for APA Infrastructure Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration
to APA Group Limited as Responsible Entity for APA Infrastructure Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of APA Group Limited as Responsible Entity for APA Infrastructure Trust.

As the lead audit partner for the review of the half year financial report of APA Infrastructure Trust for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt

Jamie Gatt
Partner
Chartered Accountants

Independence Auditor's Review Report

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Independent Auditor's Review Report to the Unitholders of APA Infrastructure Trust

Conclusion

We have reviewed the half-year financial report of APA Infrastructure Trust (the "Trust") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 44 to 52.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual 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 Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Responsible Entity, APA Group Limited, are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independence Auditor's Review Report (continued)

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants
Sydney, 22 February 2024

Jimmy McGarty
Partner
Chartered Accountants
Sydney, 22 February 2024

APA Investment Trust Directors' Report

The Directors of APA Group Limited ("Responsible Entity") submit their interim financial report of APA Investment Trust ("APA Invest") and its controlled entity (together "Consolidated Entity") for the half year ended 31 December 2023. This report and the financial statements attached refer to the consolidated results of APA Invest, one of the two stapled entities of APA Group, with the other stapled entity being APA Infrastructure Trust (together "APA").

1 Directors

The names of the Directors of the Consolidated Entity during the half year and since the half year ended 31 December 2023 are:

Michael Fraser	Chairman
Adam Watson	Chief Executive Officer and Managing Director
James Fazzino	Director
Nino Ficca	Director (appointed 1 September 2023)
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director

The Company Secretaries of the Responsible Entity during the half year ended 31 December 2023 were Amanda Cheney and Bronwyn Weir.

2 Principal Activities

The principal Consolidated Entity operates as an investment and financing entity within the APA stapled group.

There were no significant changes to the principal activities or state of affairs of the Consolidated Entity during the reporting period.

3 Subsequent Events

On 22 February 2024, the Directors declared an interim distribution of 0.87 cents per security ($11.1 million). The distribution represents a 0.57 cent per security unfranked profit distribution and 0.30 cents capital distribution. The distribution will be paid on 14 March 2024.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the half year ended 31 December 2023 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

4 Review and Results of Operations

Throughout this report the half year ended 31 December 2023 will be referred to as 1H24 and the half year ended 31 December 2022 will be referred to as 1H23.

The Consolidated Entity reported net profit after tax was $7.3 million (1H23: $11.9 million) and total revenue was $11.6 million (1H23: $11.9 million) for the half year ended 31 December 2023.

5 Distributions

On 13 September 2023, APA Invest paid a final distribution of 7.34 cents per security ($86.7 million). The distribution represented 1.00 cent per security profit distribution and a 6.34 cents per unit capital distribution.

On 22 February 2024, the Directors declared an interim distribution for the 2024 financial year of 0.87 cents per security ($11.0 million). The distribution represents a profit distribution of 0.57 cents per security and a capital distribution of 0.30 cents per security. The distribution will be paid on 14 March 2024.

6 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 is included at page 53.

7 Rounding of Amounts

The Consolidated Entity is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

8 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors

Michael Fraser
Chairman

Adam Watson
CEO and Managing Director

22 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 December 2023 $000	31 December 2022 $000
Revenue	3	**11,569**	11,904
Expenses	3	**(4,239)**	–
Profit before tax		**7,330**	11,904
Income tax expense		**–**	–
Profit for the period		**7,330**	11,904
Other comprehensive income		**–**	–
Total comprehensive income for the period		**7,330**	11,904
Profit Attributable to:			
Unitholders of the parent		**7,330**	11,904
Total comprehensive income attributable to:			
Unitholders of the parent		**7,330**	11,904

Earnings per unit		31 December 2023	31 December 2022
Basic and diluted (cents per unit)	4	**0.6**	1.0

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

Condensed Consolidated Statement of Financial Position

	Note	31 December 2023 $000	30 June 2023 $000
Current assets			
Receivables		–	977
Non–current assets			
Receivables		–	3,262
Other financial assets		**746,021**	562,963
Total non–current assets		**746,021**	566,225
Total assets		**746,021**	567,202
Current liabilities			
Trade and other payables		**89**	25
Total liabilities		**89**	25
Net assets		**745,932**	567,177
Equity			
Issued capital	6	**738,602**	555,356
Retained earnings		**7,330**	11,821
Total equity		**745,932**	567,177

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

Condensed Consolidated Statement of Changes in Equity

	Note	Issued capital $000	Retained earnings $000	Total $000
Balance at 1 July 2022		644,417	13,502	657,919
Profit for the period		–	11,904	11,904
Total comprehensive income for the period		–	11,904	11,904
Distributions to unitholders	5	(60,682)	(13,502)	(74,184)
Balance at 31 December 2022		583,735	11,904	595,639
Balance at 1 July 2023		**555,356**	**11,821**	**567,177**
Profit for the period		**–**	**7,330**	**7,330**
Total comprehensive income for the period		**–**	**7,330**	**7,330**
Distributions to unitholders	5	**(74,834)**	**(11,821)**	**(86,655)**
Issue of securities under institutional share placement (net of transaction costs) [1]	6	**198,680**	**–**	**198,680**
Issue of securities under retail security purchase plan (net of transaction costs) [2]	6	**59,400**	**–**	**59,400**
Balance at 31 December 2023		**738,602**	**7,330**	**745,932**

(1) On 29 August 2023, APA Infrastructure Trust and APA Investment Trust issued 79 million new stapled securities via institutional placement at an issue price of $8.50.

(2) On 22 September 2023, APA Infrastructure Trust and APA Investment Trust issued 24 million new stapled securities via security purchase plan at an issue price of $8.46.

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

Condensed Consolidated Statement of Cash Flows

	Note	31 December 2023 $000	31 December 2022 $000
Cash flows from operating activities			
Trust distribution – related party		**9,688**	9,334
Interest received – related party		**1,881**	2,197
Proceeds from repayments of finance leases		**–**	584
Receipts from customers		**–**	255
Net cash provided by operating activities		**11,569**	12,370
Cash flows from investing activities			
(Payments to)/Proceeds from related party		**(182,994)**	61,814
Net cash (used)/provided in investing activities		**(182,994)**	61,814
Cash flows from financing activities			
Proceeds from issue of units (net of transaction costs)		**258,080**	–
Distributions to unitholders	5	**(86,655)**	(74,184)
Net cash provided/(used) in financing activities		**171,425**	(74,184)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of the period		**–**	–
Cash and cash equivalents at end of the period		**–**	–

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

Notes to the condensed consolidated financial statements

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management and Other.

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2023 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the half year financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2023.

Segment information

The Consolidated Entity has one reportable segment being Energy Infrastructure Investment.

The Consolidated Entity is an entity within the APA Infrastructure Trust stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

Notes to the condensed consolidated financial statements (continued)

Financial Performance

3. Profit from operations

Profit before income tax includes the following items of income:

	31 December 2023 $000	31 December 2022 $000
Revenue		
Distributions		
Trust distribution – related party	**9,688**	9,334
	9,688	9,334
Finance income		
Interest – related party	**1,881**	2,197
Finance lease income – related party	**–**	120
	1,881	2,317
Other revenue		
Other	**–**	253
Total revenue	**11,569**	11,904
Expenses		
Loss on modification of finance lease receivable [1]	**4,239**	–
	4,239	–

(1) Lease payment terms under the existing finance lease have been modified effective from 1 July 2023 resulting in a modification loss for the period.

4. Earnings per unit

	31 December 2023 cents	31 December 2022 cents
Basic and diluted earnings per unit	**0.6**	1.0

The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:

	31 December 2023 $000	31 December 2022 $000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	**7,330**	11,904

	31 December 2023 No. of units 000	31 December 2022 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of:		
Basic earnings per unit	**1,246,265**	1,179,894
Diluted earnings per unit [1]	**1,249,924**	1,182,007

(1) Includes 3.7 million (31 December 2022: 2.9 million) performance rights granted under 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 and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

5. Distributions

	31 December 2023 cents per unit	31 December 2023 Total $000	31 December 2022 cents per unit	31 December 2022 Total $000
Recognised amounts				
Final FY23 distribution payable on 13 September 2023				
(30 June 2022: Final FY22 distribution payable on 14 September 2022)				
Profit distribution [(1)]	**1.00**	**11,821**	1.14	13,502
Capital distribution	**6.34**	**74,834**	5.15	60,682
	7.34	**86,655**	6.29	74,184
Unrecognised amounts				
Interim distribution payable on 14 March 2024 [(2)]				
(31 December 2022: Interim FY23 distribution payable on 16 March 2023)				
Profit distribution [(1)]	**0.57**	**7,330**	1.01	11,904
Capital distribution	**0.30**	**3,789**	2.40	28,379
	0.87	**11,119**	3.41	40,283

(1) Profit distributions are unfranked (30 June 2022 and 31 December 2022: partially franked; 30 June 2023: unfranked).
(2) Record date 29 December 2023.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2023.

Notes to the condensed consolidated financial statements (continued)

Capital Management

6. Issued capital

	31 December 2023 $000	30 June 2023 $000
1,282,957,939 securities, fully paid (30 June 2023 : 1,179,893,848 securities, fully paid)[1]	**738,602**	555,356

	31 December 2023 No. of units 000	31 December 2023 $000	30 June 2023 No. of units 000	30 June 2023 $000
Movements				
Balance at beginning of financial year	**1,179,894**	**555,356**	1,179,894	644,417
Issue of securities under institutional share placement (net of transaction costs) [2,4]	**79,412**	**198,680**	–	–
Issue of securities under retail security purchase plan (net of transaction costs) [3,4]	**23,652**	**59,400**	–	–
Capital distributions paid (note 5)	**–**	**(74,834)**	–	(89,061)
	1,282,958	**738,602**	1,179,894	555,356

(1) Fully paid units carry one vote per unit and carry the right to distributions.
(2) On 29 August 2023, APA Infrastructure Trust and APA Investment Trust issued 79.4 million new stapled securities via institutional placement at an issue price of $8.50.
(3) On 22 September 2023, APA Infrastructure Trust and APA Investment Trust issued 23.7 million new stapled securities via security purchase plan at an issue price of $8.46.
(4) During the period, the Group raised $868 million in equity, net of issue costs, which was allocated to the APA Infrastructure Trust and APA Investment Trust on a net asset basis.

Other

7. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2023 (30 June 2023: $nil).

8. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period

There have not been any new or revised Standards and Interpretations issued by the AASB that are relevant and material to the Consolidated Entity's operations that are effective for the current reporting period.

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.

9. Events occurring after reporting date

On 22 February 2024, the Directors declared an interim distribution for the 2024 financial year of 0.87 cents per unit ($11.1 million). The distribution represents a 0.57 cents per unit unfranked profit distribution and 0.30 cents per unit capital distribution. The distribution will be paid on 14 March 2024.

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

Declaration by the Directors of APA Group Limited

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that APA Investment Trust will be able to pay its debts as and when they become due and payable; and

(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 give a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Michael Fraser
Chairman

Adam Watson
CEO and Managing Director

22 February 2024

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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22 February 2024

The Directors
APA Group Limited
as Responsible Entity for APA Investment Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration
to APA Group Limited as Responsible Entity for APA Investment Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of APA Group Limited as Responsible Entity for APA Investment Trust.

As the lead audit partner for the review of the half year financial report of APA Investment Trust for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants

Independence Auditor's Review Report

Deloitte.

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Independent Auditor's Review Report to the Unitholders of APA Investment Trust

Conclusion

We have reviewed the half-year financial report of APA Investment Trust ("APA Invest") and its controlled entity (together the "Consolidated Entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 13 to 38.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Consolidated Entity does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year 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 and 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 annual 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 Consolidated Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Responsible Entity, APA Group Limited, are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Independence Auditor's Review Report (continued)

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants
Sydney, 22 February 2024

Jimmy McGarty
Partner
Chartered Accountants
Sydney, 22 February 2024