APA GROUP

TAX TRANSPARENCY REPORT

2023

APA Group (APA) is a leading Australian energy infrastructure business. We own and/or manage and operate a portfolio of assets of around $22 billion.

Our purpose is to strengthen communities through responsible energy. In fulfilling our purpose APA recognises its responsibilities to contribute to the financial wellbeing of the communities in which we operate by paying our fair share of tax. APA is therefore committed to meeting the highest standards of tax governance. This means that APA:

- Will comply with all appropriate tax laws;
- Will only undertake transactions that have a clear commercial purpose; and
- Will not enter a transaction for the purpose of avoiding tax.

As part of this commitment APA has voluntarily adopted the Board of Taxation's Tax Transparency Code and therefore releases a Tax Transparency Report for each year ended 30 June.

Tax Governance and Oversight

Responsibility for tax risk resides with the APA Board. Levels of delegated tax risk and responsibility are specified in the APA Group Executive Delegation Policy and within APA's Enterprise Risk Management Framework.

APA's tax governance framework, which forms a part of APA's Enterprise Risk Management Framework, includes a documented tax policy, together with guides and procedures that are reviewed and updated annually. APA has appropriate systems, processes and controls in place to identify, monitor, manage and escalate tax risks arising from material transactions undertaken and in its business affairs generally. Controls are tested regularly to ensure they are working appropriately. APA's tax governance framework broadly complies with the ATO's governance control guidelines.

APA also maintains a formal Tax Compliance Plan which recognises required tax compliance obligations and sets out controls that are in place to ensure these are met.

APA has an experienced in-house tax team that reports six monthly to the Audit and Finance Committee of the Board confirming that material tax risks have been identified and dealt with in accordance with the APA Tax Policy. Additional oversight is provided by APA's internal and external auditors. In addition, APA uses a range of highly qualified external tax advisers to provide specific advice in respect of tax risks arising on material transactions.

Tax Risk Profile

Consistent with its approach to its business and recognising the need to provide sustainable securityholder value, APA considers itself to be a low-risk taxpayer. APA will not engage in aggressive tax planning, but will avail itself of available tax benefits, concessions, incentives and exemptions.

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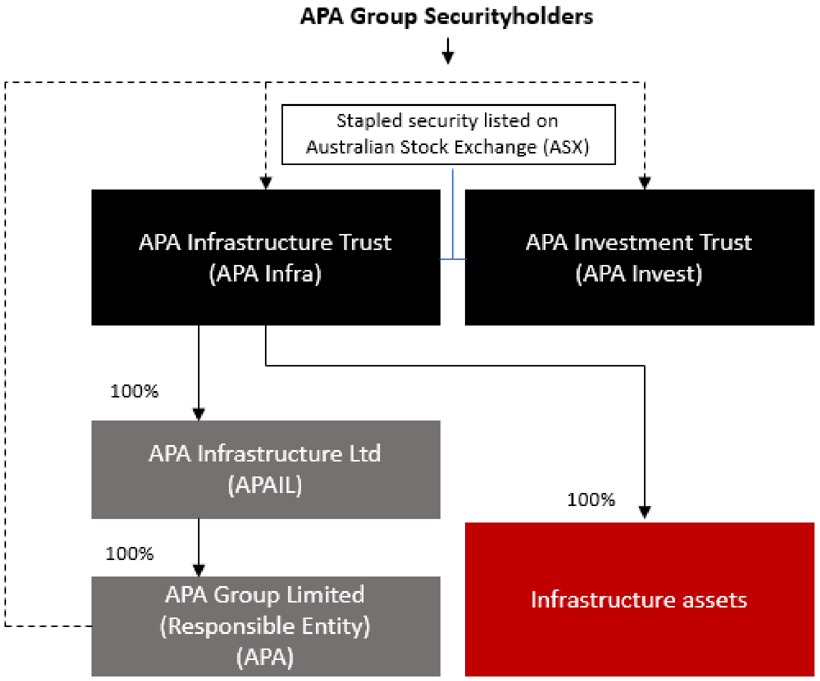
APA Group Structure



APA Group is a stapled trust structure comprising APA Infrastructure Trust (APA Infrastructure) and APA Investment Trust (APA Investment). APA Group operates primarily in Australia. APA Infrastructure has two subsidiaries incorporated in the United States (one operating subsidiary and one dormant entity). Service fees charged by the United States operating subsidiary have been documented using an appropriate arm's length methodology. No businesses are conducted in or through tax haven jurisdictions.

APA Infrastructure is a Division 6C public trading trust which is treated as if it were a company for tax purposes. APA Infrastructure carries on APA's active businesses and is the head of the APA Infrastructure tax consolidated group (APA Infrastructure TCG). As head of the APA Infrastructure TCG, APA Infrastructure is liable for corporate tax of 30% in respect of its business activities.

APA Investment is a Division 6 "flow through" trust which owns a land asset used by APA Infrastructure and provides funding to APA Infrastructure. Cross staple charges of rent and interest by APA Investment are considered to be at appropriate arm's length market rates. Net income derived by APA Investment is fully distributed annually to APA securityholders on a "present entitlement" basis and is taxed in their hands at their applicable marginal tax rates.

APA Group Distributions

APA pays distributions from both APA Infrastructure and APA Investment. APA makes distributions to securityholders based on available free cash flows. Distributions are made on a profits first basis. Where there are insufficient profits in any period, returns of capital are made to securityholders.

Australian resident securityholders are subject to income tax at their applicable tax rate on APA Infrastructure profit distributions received. Where tax has been paid by APA Infrastructure, profit distributions will include applicable franking credits which can be used by securityholders to offset their tax liabilities.

Where tax has not been paid by APA Infrastructure, profit distributions will generally be fully taxed in the hands of resident securityholders[1]. This is consistent with Australia's dividend imputation regime.

Non-resident securityholders are subject to withholding tax of up to 30% on unfranked APA Infrastructure profit distributions. No withholding tax is deducted from fully franked APA Infrastructure profit distributions.

APA Investment profit distributions are taxed in the hands of Australian resident securityholders at their applicable marginal tax rate.

Non-resident securityholders are generally subject to withholding tax of 10% on the interest component of APA Investment profit distributions (subject to any double tax agreements with Australia as applicable).

Returns of capital by APA Infrastructure and APA Investment are "tax deferred" to securityholders. This means that the amount of the capital return reduces the cost base of the units held with tax only being paid once the cost base reduces below nil or the units are sold for consideration in excess of the reduced cost base.

Distributions paid by APA during the 2023 financial year totalled $638 million. This comprised of franked profit distributions of $175 million (attaching franking credits of $75 million), unfranked distributions of $88 million and returns of capital of $260 million from APA Infrastructure, and profit distributions of $26 million and a tax deferred component of $89 million from APA Investment.

(1) Securityholders should always consider their own tax position in determining assessability of APA distributions and should seek their own tax advice.

Reconciliation of Accounting Profit to Income Tax Expense[2]
Financial Year 2023

	$M
Profit before tax	**477**
Income tax expense calculated at 30%	**(143)**
Non-assessable trust income (APA Investment)	**7**
Non-deductible expenses[3]	**(53)**
Non assessable income	**-**
	(189)
Franking credits received	**1**
Other	**(2)**
Income Tax Expense	**(190)**

Effective Tax Rate Financial Year 2023

The accounting effective tax rate for 2023 is 39.8%.

[2] Figures are based on provisional tax numbers. Refer to Note 6 in the 2023 published annual report.

[3] Predominantly amortisation/write off of contract intangibles that are not deductible for tax.

Reconciliation from Income Tax Expense to Provisional Income Tax Payable / Tax Loss[4]

	$M
Profit/(loss) Before Tax	**477**
Adjustments made in determining income tax expense[5]	**171**
Adjusted Profit Before Tax	**648**
Accounting depreciation & amortisation	**539**
Tax depreciation	**(546)**
Capitalised expenditure deductible for tax	**(90)**
Capitalised expenditure eligible for temporary full expensing	**(902)**
Timing difference between accounting and tax on disposal of assets	**(70)**
Capitalised interest deductible for tax purposes	**(42)**
Hedging adjustments	**19**
Revenue previously assessed for tax purposes	**(13)**
Movement in provisions and accruals	**21**
Capital expenditure deductible for tax over 5 years	**(2)**
Business related capital costs to add back	**12**
Other adjustments	**19**
Gross Taxable Income	**(407)**
Tax @ 30%	**-**
Imputation credit offset converted into a tax loss	**(3)**
Income Tax Loss in respect of the FY23 tax year	**(410)**

[4] Figures are prepared in conjunction with the 2023 published annual report and based on provisional tax numbers calculated and excludes our US entities.

[5] Generally non-deductible amortisation of contract intangibles offset by non-assessable trust income (APA Investments)

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The more significant tax timing differences in the above reconciliation relate to the following:

- Expenditure that was capitalised for accounting purposes but is immediately deductible for tax purposes in 2023 of $90 million (excludes capitalised interest);
- Expenditure of $902 million eligible for the temporary tax concessions announced by the Government that allow businesses to claim an immediate deduction for the full cost of eligible depreciable assets; and
- Timing difference between accounting and tax for recognising loss on disposal of fixed assets of $70 million.

Taxes Paid During FY23

The tables below shows taxes paid by APA either in its own capacity or on behalf of employees/contractors/customers/securityholders during the year ended 30 June 2023. All taxes shown are payable in Australia with the exception of $0.3 million income tax which is payable in the United States.

APA taxes paid in its own capacity	**$M**
Corporate Income Tax[(6)]	21
Fringe Benefits Tax	1
Payroll Taxes	22
Land Tax	1
Stamp Duty	17
Excise	2
Subtotal	*64*
Taxes paid on behalf of others	**$M**
Goods & Services Tax	118
Employee Pay-As-You-Go Withholding	118
Withholding taxes (securityholders)	2
Subtotal	*238*
Grand total	**302**

[(6)] Australian corporate income tax paid relates to the FY22 income tax year.

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