

REFINITIV

DELTA REPORT

10-Q

UGIC - UGI CORP /PA/

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1667

■ CHANGES	163
■ DELETIONS	878
■ ADDITIONS	626

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023** **December 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

23-2668356

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

500 North Gulph Road, King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)

(610) 337-1000

(Registrant's telephone number, including area code)

460 North Gulph Road, King of Prussia, PA 19406

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Stock, without par value	UGI	New York Stock Exchange
Corporate Units	UGIC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At **July 31, 2023** **January 26, 2024**, there were **209,478,774** **209,551,431** shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Form 10-Q are defined below:

UGI Corporation and Related Entities

AmeriGas Finance Corp. - A wholly owned subsidiary of AmeriGas Partners

AmeriGas OLP - AmeriGas Propane, L.P., the principal operating subsidiary of AmeriGas Partners

AmeriGas Partners - AmeriGas Partners, L.P., a Delaware limited partnership and an indirect wholly owned subsidiary of UGI; also referred to, together with its consolidated subsidiaries, as the "Partnership"

AmeriGas Propane - Reportable segment comprising AmeriGas Propane, Inc. and its subsidiaries, including AmeriGas Partners and AmeriGas OLP

AmeriGas Propane, Inc. - A wholly owned second-tier subsidiary of UGI and the general partner of AmeriGas Partners

AvantiGas - AvantiGas Limited, an indirect wholly owned subsidiary of UGI International, LLC

Company - UGI and its consolidated subsidiaries collectively

DVEP - DVEP Investeringen B.V., an indirect wholly owned subsidiary of UGI International, LLC

Electric Utility - UGI Utilities' regulated electric distribution utility

Energy Services - UGI Energy Services, LLC, a wholly owned subsidiary of Enterprises

Enterprises - UGI Enterprises, LLC, a wholly owned subsidiary of UGI

ESFC - Energy Services Funding Corporation, a wholly owned subsidiary of Energy Services

Flaga - Flaga GmbH, an indirect wholly owned subsidiary of UGI International, LLC

Gas Utility - UGI's regulated natural gas businesses, inclusive of PA Gas Utility and WV Gas Utility

MBL Bioenergy - MBL Bioenergy, LLC

Midstream & Marketing - Reportable segment comprising Energy Services and **subsidiaries including UGID**

Mountaineer - Mountaineer Gas Company, a natural gas distribution company in West Virginia and a wholly owned subsidiary of Mountaintop Energy Holdings, LLC

Mountaintop Energy Holdings, LLC - Parent company of Mountaineer and wholly owned subsidiary of UGI, acquired on September 1, 2021

PA Gas Utility - UGI Utilities' regulated natural gas distribution business, primarily located in Pennsylvania

Partnership - AmeriGas Partners and its consolidated subsidiaries, including AmeriGas OLP; also referred to as "AmeriGas Partners"

Pennant - Pennant Midstream, LLC, an indirect wholly owned subsidiary of Energy Services

Pine Run - Pine Run Gathering, LLC

Stonehenge - Stonehenge Appalachia, LLC, a midstream natural gas gathering business

UGI - UGI Corporation or, collectively, UGI Corporation and its consolidated subsidiaries

UGI France - UGI France SAS (a *Société par actions simplifiée*), an indirect wholly owned subsidiary of UGI International, LLC

UGI International - Reportable segment principally comprising UGI's foreign operations

UGI International, LLC - UGI International, LLC, a wholly owned subsidiary of Enterprises

UGI Moraine East - UGI Moraine East Gathering LLC, a wholly owned subsidiary comprising the assets acquired in the Stonehenge Acquisition

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI comprising PA Gas Utility and Electric Utility

UGID - UGI Development Company, a wholly owned subsidiary of Energy Services

UniverGas - UniverGas Italia S.r.l, an indirect wholly owned subsidiary of UGI International, LLC

Utilities - Reportable segment comprising UGI Utilities and Mountaintop Energy Holdings, LLC

WV Gas Utility - Mountaineer's regulated natural gas distribution business, located in West Virginia

Other Terms and Abbreviations

5.625% Senior Notes - An underwritten public offering of \$675 million aggregate principal amount of notes due May 2024, issued by AmeriGas Partners. Pursuant to the tender offer, dated May 22, 2023, AmeriGas Partners, in June 2023 redeemed all outstanding 5.625% Senior Notes due May 2024 and in so doing was released from the obligations with respect to the indenture for the 5.625% Senior Notes

9.375% Senior Notes - An underwritten private offering of \$500 million aggregate principal amount of notes due May 2028, co-issued by AmeriGas Partners and AmeriGas Finance Corp.

2022 Annual Report - UGI Annual Report on Form 10-K for the fiscal year ended **September 30, 2022**

2022 nine-month period - Nine months ended **June 30, 2022** **September 30, 2023**

2022 three-month period - Three months ended **June 30, 2022**

2023 nine-month period - Nine months ended **June 30, 2023** **December 31, 2022**

2023 three-month period - Three months ended **June 30, 2023** **December 31, 2023**

2024 Purchase Contract - A forward stock purchase contract issued by the Company as a part of the issuance of Equity Units which obligates holders to purchase a number of shares of UGI Common Stock from the Company on June 1, 2024

2022 AmeriGas OLP Credit Agreement - Entered Revolving credit agreement entered into by AmeriGas OLP providing for borrowings of up to \$600 million, with the option to increase to a maximum principal amount of \$900 million assuming certain conditions are met, including a letter of credit subfacility of up to \$100 million expire in September 2026

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

ASC 606 - ASC 606, "Revenue from Contracts with Customers"

ASU - Accounting Standards Update

Bcf - Billions of cubic feet

COA - Consent Order and Agreement

CODM - Chief Operating Decision Maker as defined in ASC 280, "Segment Reporting"

Common Stock - Shares of UGI common stock

Convertible Preferred Stock - Preferred stock of UGI titled 0.125% series A cumulative perpetual convertible preferred stock without par value and having a liquidation preference of \$1,000 per share

COVID-19 - A novel strain of coronavirus disease discovered in 2019

DS - Default service

DSIC - Distribution System Improvement Charge

Energy Services Amended Term Loan Credit Agreement - The first amendment to the Energy Services Term Loan Credit Agreement, entered into on February 23, 2023, comprising an \$800 million variable-rate term loan with a final maturity of February 2030

Energy Services Term Loan Credit Agreement - A seven-year \$700 million variable rate senior secured term loan agreement entered into on August 13, 2019 by Energy Services and amended on February 23, 2023

Equity Unit - A corporate unit consisting of a 2024 Purchase Contract and 1/10th or 10% undivided interest in one share of Convertible Preferred Stock

Exchange Act - Securities Exchange Act of 1934, as amended

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

Fiscal 2021 - The fiscal year ended September 30, 2021

Fiscal 2022 - The fiscal year ended September 30, 2022

Fiscal 2023 - The fiscal year ending September 30, 2023

Fiscal 2024 - The fiscal year ending September 30, 2024

Fiscal 2025 - The fiscal year ending September 30, 2025

Fiscal 2026 - The fiscal year ending September 30, 2026

GAAP - U.S. generally accepted accounting principles

Gwh - Millions of kilowatt hours

ICE - Intercontinental Exchange

IREP - Infrastructure Replacement and Expansion Plan

IRPA - Interest rate protection agreement

LIBOR - London Inter-Bank Offered Rate

LNG - Liquefied natural gas

LPG - Liquefied petroleum gas

MDPSC - Maryland Public Service Commission

MGP - Manufactured gas plant

Mountaineer Acquisition - Acquisition of Mountaintop Energy Holdings LLC, which closed on September 1, 2021

Mountaineer 2023 Credit Agreement - Third amendment to the third amended and restated credit agreement entered into by Mountaineer, as borrower, providing for borrowings up to \$150 million, with the option to increase to a maximum principal amount of \$250 million assuming certain conditions are met, including a letter of credit subfacility of up to \$20 million, scheduled to expire in November 2024, with an option to extend the maturity date

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NTSB - National Transportation Safety Board

NYDEC - New York State Department of Environmental Conservation

NYMEX - New York Mercantile Exchange

OSHA - Occupational Safety and Health Administration

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

Pennant Acquisition - Energy Services' Fiscal 2022 acquisition of the remaining 53% equity interest in Pennant

PGA - Purchased gas adjustment

PGC - Purchased gas costs

PRP - Potentially responsible party

Purchase Contracts - Forward stock purchase contracts issued by UGI Corporation in May 2021, which obligate holders to purchase a number of shares of UGI common stock from the Company on June 1, 2024

Receivables Facility - A receivables purchase facility of Energy Services with an issuer of receivables-backed commercial paper

Retail core-market - Comprises firm residential, commercial and industrial customers to whom Utilities has a statutory obligation to provide service that purchase their natural gas from Utilities

RNG - Renewable natural gas

ROD - Record of Decision

SEC - U.S. Securities and Exchange Commission

Stonehenge Acquisition - Acquisition of Stonehenge Appalachia, LLC, which closed January 27, 2022

Term SOFR - Secured Overnight Financing Rate

U.K. - United Kingdom

U.S. - United States of America

UGI Corporation Utilities 2023 Credit Agreement - An amended and restated unsecured senior- Revolving credit facilities agreement entered into by UGI Corporation Utilities on May 4, 2021 November 9, 2023, comprising (1) a \$250 million term loan facility maturing as amended, scheduled to expire in August 2024, (2) a \$300 million term loan facility maturing in May 2025, (3) a \$300 million delayed draw term loan facility maturing in May 2025, and (4) a \$300 million revolving credit facility maturing in August 2024 (including a \$10 million sublimit for letters of credit). On May 12, 2023, the Company entered into the second amendment to the UGI Corporation Credit Agreement to replace the reference rate from LIBOR with Term SOFR. November 2028

UGI Energy Services Utilities Credit Agreement - A five-year unsecured revolving Revolving credit agreement entered into by Energy Services UGI Utilities on March 6, 2020 June 27, 2019, providing for borrowings up to \$260 million, including a letter of credit subfacility of up to \$50 million, as amended, scheduled to expire in March 2025. On May 12, 2023, Energy Services entered into the second amendment to the UGI Energy Services Credit Agreement to replace the reference rate from LIBOR with Term SOFR.

UGI International 2023 Credit Facilities Agreement – A five-year unsecured senior facilities agreement entered into in March 2023 comprising a €300 million variable-rate term loan facility and a €500 million multicurrency revolving credit facility scheduled to expire in March 2028

UGI International 3.25% Senior Notes - An underwritten private placement of €350 million principal amount of senior unsecured notes originally due November 1, 2025, issued by UGI International, LLC. The UGI International 3.25% Senior Notes were repaid in December 2021.

UGI International Credit Facilities Agreement - A five-year unsecured senior facilities agreement entered into in October 2018, by UGI International, LLC comprising a €300 million term loan facility and a €300 million revolving credit facility.

scheduled to expire in October 2023, June 2024, repaid in full and terminated concurrently with the execution of the UGI International Utilities 2023 Credit Facilities Agreement

UGI Utilities Credit Agreement - A five-year unsecured revolving credit agreement entered into by UGI Utilities on June 27, 2019 providing for borrowings up to \$350 million, including a letter of credit subfacility of up to \$100 million, scheduled to expire in June 2024. On December 13, 2022, UGI Utilities entered into an amendment to UGI Utilities Credit Agreement, providing for borrowings up to \$425 million and to replace the reference rate from LIBOR with Term SOFR

USD - U.S. dollar

WVPSC - Public Service Commission of West Virginia

UGI CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(Millions of dollars)

		September					
		June 30,	30,	June 30,	December 31,	September 30,	December 31,
		2023	2022	2022	2023	2023	2022
ASSETS	ASSETS						
Current assets:	Current assets:						
Current assets:							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents							
Restricted cash	Restricted cash						
Accounts receivable (less allowances for doubtful accounts of \$87, \$64 and \$66, respectively)		955	1,127	1,234			

Accounts receivable (less allowances for doubtful accounts of \$77, \$71 and \$69, respectively)				
Accrued utility revenues	Accrued utility revenues	29	23	19
Income taxes receivable		36	128	127
Inventories				
Inventories	Inventories	410	665	496
Derivative instruments	Derivative instruments	31	865	773
Held for sale assets		64	295	—
Derivative instruments				
Derivative instruments				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets	Prepaid expenses and other current assets	172	230	176
Total current assets	Total current assets	2,035	3,802	3,509
Property, plant and equipment, (less accumulated depreciation of \$4,536, \$4,166 and \$4,160, respectively)		8,394	8,040	7,839
Property, plant and equipment, (less accumulated depreciation of \$4,709, \$4,581 and \$4,344, respectively)				
Goodwill	Goodwill	3,060	3,612	3,671
Intangible assets, net	Intangible assets, net	460	500	523
Utility regulatory assets	Utility regulatory assets	310	301	352
Derivative instruments	Derivative instruments	59	565	410
Other assets	Other assets	925	755	807
Other assets				
Other assets				
Total assets	Total assets	\$ 15,243	\$ 17,575	\$ 17,111
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			
Current liabilities:	Current liabilities:			
Current liabilities:				
Current maturities of long-term debt				
Current maturities of long-term debt				
Current maturities of long-term debt	Current maturities of long-term debt	\$ 56	\$ 149	\$ 47
Short-term borrowings				

Short-term borrowings					
Short-term borrowings	Short-term borrowings	481	368	276	
Accounts payable	Accounts payable	541	891	843	
Derivative instruments	Derivative instruments	120	144	70	
Held for sale liabilities		37	19	—	
Derivative instruments					
Derivative instruments					
Other current liabilities					
Other current liabilities					
Other current liabilities	Other current liabilities	848	873	832	
Total current liabilities	Total current liabilities	2,083	2,444	2,068	
Long-term debt	Long-term debt	6,579	6,483	6,399	
Deferred income taxes	Deferred income taxes	905	1,305	1,291	
Deferred income taxes					
Deferred income taxes					
Derivative instruments					
Derivative instruments					
Derivative instruments	Derivative instruments	47	50	54	
Other noncurrent liabilities	Other noncurrent liabilities	1,256	1,219	1,294	
Total liabilities	Total liabilities	10,870	11,501	11,106	
Commitments and contingencies (Note 9)	Commitments and contingencies (Note 9)				Commitments and contingencies (Note 9)
Equity:	Equity:				
UGI Corporation stockholders' equity:	UGI Corporation stockholders' equity:				
UGI Corporation stockholders' equity:	UGI Corporation stockholders' equity:				
Preferred stock, without par value (authorized – 5,000,000 shares; issued – 220,000, 220,000 and 220,000 Series A shares, respectively)	Preferred stock, without par value (authorized – 5,000,000 shares; issued – 220,000, 220,000 and 220,000 Series A shares, respectively)	167	162	162	
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 210,882,552, 210,560,494 and 210,378,881 shares, respectively)		1,500	1,483	1,474	
Preferred stock, without par value (authorized - 5,000,000 shares; issued – 220,000, 220,000 and 220,000 Series A shares, respectively)					
Preferred stock, without par value (authorized – 5,000,000 shares; issued – 220,000, 220,000 and 220,000 Series A shares, respectively)					

UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 210,908,238, 210,906,052 and 210,621,970 shares, respectively)				
Retained earnings	Retained earnings	2,974	4,841	4,674
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(222)	(380)	(273)
Treasury stock, at cost	Treasury stock, at cost	(55)	(40)	(41)
Total UGI Corporation stockholders' equity	Total UGI Corporation stockholders' equity	4,364	6,066	5,996
Noncontrolling interests	Noncontrolling interests	9	8	9
Total equity	Total equity	4,373	6,074	6,005
Total liabilities and equity	Total liabilities and equity	\$ 15,243	\$ 17,575	\$ 17,111

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(Millions of dollars, except per share amounts)

		Three Months Ended		Nine Months Ended			
		June 30,		June 30,			
		Three Months Ended					
		December 31,					
		Three Months Ended					
		December 31,					
		Three Months Ended					
		December 31,					

Operating and administrative expenses	Operating and administrative expenses	523	465	1,639	1,532
Depreciation and amortization	Depreciation and amortization	134	130	397	387
Impairment of goodwill		656	—	656	—
Loss on disposal of U.K. energy marketing business		—	—	215	—
Depreciation and amortization					
Depreciation and amortization					
Loss on disposal of UGI International energy marketing business					
Loss on disposal of UGI International energy marketing business					
Loss on disposal of UGI International energy marketing business					
Other operating income, net	Other operating income, net	(26)	(22)	(60)	(61)
		1,889			
Operating income (loss)					
Income from equity investees					
		2,391	1,934	9,205	6,809
Operating (loss) income		(732)	99	(1,681)	1,363
Income (loss) from equity investees		1	(45)	2	(32)
Loss on extinguishments of debt		(9)	—	(9)	(11)
Other non-operating income (expense), net		1	20	(25)	41
Other non-operating expense, net					
Other non-operating expense, net					
Other non-operating expense, net					
Interest expense	Interest expense	(96)	(82)	(281)	(245)
(Loss) income before income taxes		(835)	(8)	(1,994)	1,116
Income tax benefit (expense)		46	1	361	(285)
Net (loss) income including noncontrolling interests		(789)	(7)	(1,633)	831
Deduct net income attributable to noncontrolling interests		—	—	—	(2)
Net (loss) income attributable to UGI Corporation		\$ (789)	\$ (7)	\$ (1,633)	\$ 829

(Loss) earnings per common share attributable to UGI Corporation stockholders:	
Income (loss) before income taxes	
Income tax (expense) benefit	
Net income (loss) attributable to UGI Corporation	
Net income (loss) attributable to UGI Corporation	
Net income (loss) attributable to UGI Corporation	
Earnings (loss) per common share attributable to UGI Corporation stockholders:	
Basic	
Basic	
Basic	Basic $\$ (3.76)$ $\$ (0.03)$ $\$ (7.78)$ $\$ 3.95$
Diluted	Diluted $\$ (3.76)$ $\$ (0.03)$ $\$ (7.78)$ $\$ 3.84$
Weighted-average common shares outstanding (thousands):	Weighted-average common shares outstanding (thousands):
Basic	Basic 209,706 210,190 209,811 209,992
Basic	
Basic	
Diluted	Diluted 209,706 210,190 209,811 215,965

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited) (Millions of dollars)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net (loss) income including noncontrolling interests	\$ (789)	\$ (7)	\$ (1,633)	\$ 831
Other comprehensive income (loss):				
Net gains on derivative instruments (net of tax of \$(10), \$(3), \$(5) and \$(17), respectively)	22	8	10	42
Reclassifications of net (gains) losses on derivative instruments (net of tax of \$4, \$(1), \$8 and \$(4), respectively)	(10)	3	(20)	13
Foreign currency adjustments (net of tax of \$2, \$(17), \$31 and \$(30), respectively)	8	(106)	169	(191)
Benefit plans (net of tax of \$1, \$0, \$1 and \$(1), respectively)	(1)	—	(1)	3
Other comprehensive income (loss)	19	(95)	158	(133)
Comprehensive (loss) income including noncontrolling interests	(770)	(102)	(1,475)	698
Deduct comprehensive income attributable to noncontrolling interests	—	—	—	(2)

Comprehensive (loss) income attributable to UGI Corporation	\$ (770)	\$ (102)	\$ (1,475)	\$ 696
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	Three Months Ended December 31,	
	2023	2022
	\$ 94	\$ (954)
Net income (loss) including noncontrolling interests		
Other comprehensive income (loss):		
Net (losses) gains on derivative instruments (net of tax of \$7 and \$(1), respectively)	(15)	3
Reclassifications of net gains on derivative instruments (net of tax of \$3 and \$2, respectively)	(10)	(5)
Foreign currency adjustments (net of tax of \$12 and \$30, respectively)	49	151
Other comprehensive income	24	149
Comprehensive income (loss) attributable to UGI Corporation	\$ 118	\$ (805)

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) (Millions of dollars)

		Nine Months Ended June 30,		Three Months Ended December 31,		Three Months Ended December 31,	
		2023	2022	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) income including noncontrolling interests		\$ (1,633)	\$ 831				
Adjustments to reconcile net (loss) income including noncontrolling interests to net cash provided by operating activities:							
Net income (loss) including noncontrolling interests							
Net income (loss) including noncontrolling interests							
Net income (loss) including noncontrolling interests							
Adjustments to reconcile net income (loss) including noncontrolling interests to net cash provided (used) by operating activities:							
Depreciation and amortization	Depreciation and amortization	397	387				
Deferred income tax (benefit) expense, net		(418)	142				

Depreciation and amortization				
Depreciation and amortization				
Deferred income tax benefit, net				
Provision for uncollectible accounts	Provision for uncollectible accounts	56	46	
Changes in unrealized gains and losses on derivative instruments	Changes in unrealized gains and losses on derivative instruments	1,866	(372)	
Loss on disposal of U.K. energy marketing business		215	—	
Changes in unrealized gains and losses on derivative instruments				
Changes in unrealized gains and losses on derivative instruments				
Loss on disposal of UGI International energy marketing business				
Impairment of assets	Impairment of assets	19	—	
Impairment of goodwill		656	—	
Loss on extinguishments of debt		9	11	
(Income) loss from equity investees		(2)	32	
Settlement of Energy Services interest rate swap		32	—	
Amortization of settled Energy Services interest rate swap		(8)	—	
Income from equity investees				
Income from equity investees				
Income from equity investees				
Amortization of Energy Services interest rate swap settlement				
Amortization of Energy Services interest rate swap settlement				
Amortization of Energy Services interest rate swap settlement				
Other, net	Other, net	20	37	
Net change in:	Net change in:			
Accounts receivable and accrued utility revenues				
Accounts receivable and accrued utility revenues				
Accounts receivable and accrued utility revenues	Accounts receivable and accrued utility revenues	139	(486)	
Income taxes receivable	Income taxes receivable	91	1	

Inventories	Inventories	275	(42)
Utility deferred fuel and power costs, net of changes in unsettled derivatives	Utility deferred fuel and power costs, net of changes in unsettled derivatives	73	(7)
Accounts payable	Accounts payable	(365)	50
Derivative instruments collateral deposits (paid) received		(489)	181
Derivative instruments collateral deposits paid			
Other current assets	Other current assets	(22)	93
Other current liabilities	Other current liabilities	(54)	(56)
Net cash provided by operating activities		857	848
Net cash provided (used) by operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment			
Expenditures for property, plant and equipment			
Expenditures for property, plant and equipment	Expenditures for property, plant and equipment	(670)	(551)
Acquisitions of businesses and assets, net of cash acquired	Acquisitions of businesses and assets, net of cash acquired	(9)	(188)
Investments in equity method investees	Investments in equity method investees	(101)	(41)
Settlements of net investment hedges		22	26
Other, net			
Other, net			
Other, net	Other, net	(3)	37
Net cash used by investing activities	Net cash used by investing activities	(761)	(717)
CASH FLOWS FROM FINANCING ACTIVITIES	CASH FLOWS FROM FINANCING ACTIVITIES		

Dividends on UGI Common Stock	Dividends on UGI Common Stock	(230)	(220)
Dividends on UGI Common Stock			
Dividends on UGI Common Stock			
Issuances of long-term debt, net of discount and issuance costs	Issuances of long-term debt, net of discount and issuance costs	1,867	863
Issuances of long-term debt, net of discount and issuance costs			
Issuances of long-term debt, net of discount and issuance costs			
Repayments of long-term debt and finance leases, including redemption premiums	Repayments of long-term debt and finance leases, including redemption premiums	(1,953)	(806)
Increase (decrease) in short-term borrowings		49	(91)
(Decrease) increase in short-term borrowings			
Receivables Facility net borrowings	Receivables Facility net borrowings	45	—
Payments on Purchase Contracts			
Payments on Purchase Contracts			
Payments on Purchase Contracts	Payments on Purchase Contracts	(12)	(12)
Issuances of UGI Common Stock	Issuances of UGI Common Stock	12	14
Repurchases of UGI Common Stock	Repurchases of UGI Common Stock	(22)	(38)
Net cash used by financing activities		(244)	(290)
Net cash provided by financing activities			
Net cash provided by financing activities			
Net cash provided by financing activities			
Effect of exchange rate changes on cash, cash equivalents and restricted cash	Effect of exchange rate changes on cash, cash equivalents and restricted cash	17	(34)
Cash, cash equivalents and restricted cash decrease		\$ (131)	\$ (193)
Cash, cash equivalents and restricted cash (decrease) increase			
CASH, CASH EQUIVALENTS AND RESTRICTED CASH	CASH, CASH EQUIVALENTS AND RESTRICTED CASH	—	—
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	\$ 338	\$ 684
Cash, cash equivalents and restricted cash at end of period			
Cash, cash equivalents and restricted cash at end of period			

Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	469	877
Cash, cash equivalents and restricted cash decrease		\$ (131)	\$ (193)
Cash, cash equivalents and restricted cash (decrease) increase			

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

(Millions of dollars, except per share amounts)

	Three Months Ended		Nine Months Ended		Three Months Ended December 31, 2023	2023
	June 30, 2023	2022	June 30, 2023	2022		
Preferred stock, Preferred without par value						
Balance, beginning of period	Balance, beginning of period	\$ 167	\$ 161	\$ 162	\$ 213	
Balance, beginning of period						
Balance, beginning of period						
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)	—	1	5	1		
Cumulative effect of change in accounting						
Cumulative effect of change in accounting						
Cumulative effect of change in accounting						
Other	—	—	—	(52)		
Balance, end of period						
Balance, end of period						
Balance, end of period	Balance, end of period	\$ 167	\$ 162	\$ 167	\$ 162	
Common stock, Common without par value	Common stock, without par value					
Balance, beginning of period	Balance, beginning of period	\$1,492	\$1,465	\$1,483	\$1,394	

Common Stock issued in connection with employee and director plans, net of tax withheld	Common Stock issued in connection with employee and director plans, net of tax withheld	3	5	9	13
Equity-based compensation expense		5	4	14	14
Equity-based compensation (income) expense					
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)		—	—	(6)	—
Other		—	—	—	53
Cumulative effect of change in accounting					
Cumulative effect of change in accounting					
Cumulative effect of change in accounting					
Balance, end of period					
Balance, end of period					
Balance, end of period	Balance, end of period	\$1,500	\$1,474	\$1,500	\$1,474
Retained earnings	Retained earnings				
Balance, beginning of period	Balance, beginning of period	\$3,842	\$4,757	\$4,841	\$4,081
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)		—	(1)	1	(1)
Cumulative effect of change in accounting					
Losses on common stock transactions in connection with employee and director plans	Losses on common stock transactions in connection with employee and director plans	—	—	(5)	(15)
Net (loss) income attributable to UGI Corporation		(789)	(7)	(1,633)	829
Cash dividends on UGI Common Stock (\$0.375, \$0.36, \$1.095 and \$1.05, respectively)		(79)	(75)	(230)	(220)
Net income (loss) attributable to UGI Corporation					

Cash dividends on UGI Common Stock (\$0.375 and \$0.36, respectively)				
Balance, end of period				
Balance, end of period				
Balance, end of period	Balance, end of period	\$2,974	\$4,674	\$2,974
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)			Accumulated other comprehensive income (loss)
Balance, beginning of period	Balance, beginning of period	\$ (241)	\$ (178)	\$ (380)
Net gains on derivative instruments		22	8	10
Reclassification of net (gains) losses on derivative instruments		(10)	3	(20)
Benefit plans		(1)	—	(1)
Net (losses) gains on derivative instruments				42
Reclassification of net gains on derivative instruments				13
Foreign currency adjustments				
Foreign currency adjustments				
Foreign currency adjustments	Foreign currency adjustments	8	(106)	169
Balance, end of period	Balance, end of period	\$ (191)		
Balance, end of period		\$ (222)	\$ (273)	\$ (222)
Treasury stock	Treasury stock			Treasury stock
Balance, beginning of period	Balance, beginning of period	\$ (55)	\$ (5)	\$ (40)
Common Stock issued in connection with employee and director plans, net of tax withheld	Common Stock issued in connection with employee and director plans, net of tax withheld	—	3	7
Repurchases of UGI Common Stock	Repurchases of UGI Common Stock	—	(38)	(22)
Reacquired UGI Common Stock - employee and director plans	—	(1)	—	(10)
Balance, end of period				
Balance, end of period				

Balance, end of period	Balance, end of period	\$ (55)	\$ (41)	\$ (55)	\$ (41)
Total UGI stockholders' equity	Total UGI stockholders' equity	\$4,364	\$5,996	\$4,364	\$5,996
Noncontrolling interests	Noncontrolling interests			Noncontrolling interests	
Balance, beginning of period	Balance, beginning of period	\$ 9	\$ 10	\$ 8	\$ 9
Net income attributable to noncontrolling interests		—	—	—	2
Other					
Other	Other	—	(1)	1	(2)
Balance, end of period	Balance, end of period	\$ 9	\$ 9	\$ 9	\$ 9
Total equity	Total equity	\$4,373	\$6,005	\$4,373	\$6,005

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Note 1 — Nature of Operations

UGI is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In services in the U.S., we and Europe. We own and operate (1) a retail propane marketing and distribution business; (2) natural gas and electric distribution utilities; and (3) (2) energy marketing, midstream infrastructure, storage, natural gas gathering and processing, natural gas production, electricity generation and energy services businesses. In Europe, we market businesses; and distribute (3) retail propane and other LPG and market other energy products and services.

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners conducts its propane marketing and distribution business through its principal operating subsidiary, AmeriGas OLP.

UGI International, LLC, through its subsidiaries and affiliates, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, and the Netherlands. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas. See Note 5 for additional information regarding the UGI International energy marketing businesses.

Energy Services conducts, directly and through subsidiaries and affiliates, energy marketing, including RNG, midstream transmission, LNG storage, natural gas gathering and processing, natural gas and RNG production, electricity generation and energy services businesses primarily in the eastern region of the U.S., eastern Ohio, the panhandle of West Virginia and California. UGID owns electricity generation facilities principally located in Pennsylvania. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC.

Our Utilities segment includes UGI Utilities and Mountaineer. PA Gas Utility serves customers in eastern and central Pennsylvania and in portions of one Maryland county, and Mountaineer serves customers in West Virginia. Electric Utility serves customers in portions of Luzerne and Wyoming counties in northeastern Pennsylvania. PA Gas Utility is subject to regulation by the PAPUC and FERC and, with respect to its customers in Maryland, the MDPSC. Mountaineer is subject to regulation by the WWPSC and FERC. Electric Utility is subject to regulation by the PAPUC and FERC.

Energy Services conducts, directly and through subsidiaries and affiliates, energy marketing, including RNG, midstream transmission, LNG storage, natural gas gathering and processing, natural gas and RNG production, electricity generation and energy services businesses primarily in the eastern region of the U.S., eastern Ohio, the panhandle of West Virginia and California. UGID owns electricity generation facilities principally located in Pennsylvania. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC.

UGI International, LLC, through its subsidiaries and affiliates, primarily conducts an LPG distribution business throughout much of Europe. The LPG business is conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, and UniverGas. During Fiscal 2023, we made significant progress on our strategic decision to exit the energy marketing business at UGI International. In Fiscal 2023, we divested our energy marketing business in the United Kingdom and Belgium. During the three months ended December 31, 2023 we divested substantially all of our energy marketing business in France and continued to make significant progress on the wind-down of our energy marketing business in the Netherlands. See Note 5 for additional information regarding the UGI International energy marketing business.

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners conducts its propane marketing and distribution business through its principal operating subsidiary, AmeriGas OLP.

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements and footnotes are unaudited and have been prepared in accordance with GAAP and the rules and regulations of the SEC. They include all adjustments that we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The **September 30, 2022** **September 30, 2023**, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all footnote disclosures from the annual financial statements.

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's **2022** **2023** Annual Report. Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Restricted Cash. Restricted cash principally represents those cash balances in our commodity futures brokerage accounts that are restricted from withdrawal. The following table provides a reconciliation of the total cash, cash equivalents and restricted cash reported on the Condensed Consolidated Balance Sheets to the corresponding amounts reported on the Condensed Consolidated Statements of Cash Flows.

	June			
	June 30, 2023	30, 2022	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 260	\$ 670		
Restricted cash	78	14		
Cash, cash equivalents and restricted cash	\$ 338	\$ 684		

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Earnings Per Common Share. Basic earnings per share attributable to UGI stockholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share attributable to UGI stockholders include the effects of dilutive stock options, common stock awards and Equity Units. Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,			
	2023	2022	2023	2022	2023	2022
Denominator (thousands of shares):					2023	2022

Weighted-average common shares outstanding	Weighted-average common shares outstanding
— basic	— basic 209,706 210,190 209,811 209,992
Weighted-average common shares outstanding — basic	Weighted-average common shares outstanding — basic
Incremental shares issuable for stock options, common stock awards and Equity Units (a)	Incremental shares issuable for stock options, common stock awards and Equity Units (a) — — — 5,973
Weighted-average common shares outstanding	Weighted-average common shares outstanding
— diluted	— diluted 209,706 210,190 209,811 215,965

(a) For the three months ended June 30, 2023 and 2022 and for the nine months ended June 30, 2023 December 31, 2022, 5,972, 5,668, and 6,222, 6,431 of such incremental shares respectively, have been excluded as such incremental shares would be antidilutive due to the net losses loss for the periods. For the nine months ended June 30, 2022, 5,718 period. At December 31, 2023 and 2022, there were 8,285 and 6,625 shares, respectively, associated with outstanding stock option awards that were excluded from not included in the computation of diluted earnings per share above because their effect was antidilutive.

Equity Method Investments. We account for privately held equity securities of entities without readily determinable fair values in which we do not have control, but have significant influence over operating and financial policies, under the equity method. These are included in "Other assets" on the Condensed Consolidated Balance Sheets. Equity method earnings are included in "Income (loss) from equity investees" on the Condensed Consolidated Statements of Income. Our equity method investments primarily comprise MBL Bioenergy, Pine Run and other equity method investments in biomass and other renewable energy projects.

MBL Bioenergy. The Company has an approximate 99.99% interest in MBL Bioenergy, a company jointly owned by UGI Dakota, LLC, Sevana Bioenergy and a subsidiary of California Bioenergy. The sole purpose of MBL Bioenergy is the development of RNG projects in South Dakota comprising three dairy waste anaerobic digester systems. MBL Bioenergy is a variable interest entity whereby the Company has determined that it is not the primary beneficiary since it does not direct the activities that most significantly impact the entity's economic performance. The carrying value of our investment in MBL Bioenergy totaled \$93 and \$0 at June 30, 2023 and 2022, respectively.

Pine Run. The Company has an approximately 49% interest in Pine Run, a company jointly owned by Stonehenge Energy Resources and UGI Pine Run LLC. Pine Run owns Pine Run Midstream, which operates dry gas gathering pipelines and compression assets in western Pennsylvania. The carrying value of our investment in Pine Run totaled \$75 and \$67 at June 30, 2023 and 2022, respectively.

Pennant. At June 30, 2022, the carrying value of our investment in Pennant was \$49. In connection with negotiations related to the acquisition of a controlling financial interest in Pennant, as of June 30, 2022, the Company recognized an other-than-temporary pre-tax impairment charge of \$50 related to its then 47% membership interest, which was recorded in "Income (loss) from equity investees" in the Condensed Consolidated Statements of Income. During the fourth quarter of Fiscal 2022, UGI, through Energy Services, completed the Pennant Acquisition in which Energy Services acquired the remaining 53% of the equity interests in Pennant. The acquisition of the remaining interests was accounted for as an acquisition of assets, and the purchase price of approximately \$61 was primarily allocated to property, plant and equipment.

Other Equity Method Investments. The carrying values of our other equity method investments totaled \$84 and \$44 at June 30, 2023 and 2022, respectively, and principally comprise a number of investments in biomass and other renewable energy projects at Midstream & Marketing and a renewable energy joint venture at UGI International. Our maximum exposure to loss related to these investments is limited to the amount invested.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument, whether it is subject to regulatory ratemaking mechanisms or if it qualifies and is designated as a hedge for accounting purposes.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Certain of our derivative instruments qualify and are designated as cash flow hedges. For cash flow hedges, changes in the fair values of the derivative instruments are recorded in AOCI, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if occurrence of the forecasted transaction is determined to be no longer probable. Hedge accounting is also discontinued for derivatives that cease to be highly effective. We do not designate our commodity and certain foreign currency derivative instruments as hedges under GAAP. Changes in the fair values of these derivative instruments are reflected in net income. Gains and losses on substantially all of the commodity derivative instruments used by Utilities are included in regulatory assets or liabilities because it is probable such gains or losses will be recoverable from, or refundable to, customers. From time to time, we also enter into net investment hedges. Gains and losses on net investment hedges that relate to our foreign operations are included in the cumulative translation adjustment component in AOCI until such foreign net investment is substantially sold or liquidated.

Cash flows from derivative instruments, other than **certain cross-currency swaps and net investment hedges, if any**, are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows. Cash flows from **the interest portion of our cross-currency hedges, if any, are included in cash flows from operating activities while cash flows from the currency portion of such hedges, if any, are included in cash flows from financing activities**. Cash flows from **net investment hedges if any**, are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 12.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management's knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Goodwill. Goodwill. We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is an operating segment, or one level below an operating segment (a component) if it constitutes a business for which discrete financial information is available and regularly reviewed by segment management. Components are aggregated into a single reporting unit if they have similar economic characteristics. Each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired.

During the quarter ended June 30, 2023, the Company identified interim impairment indicators related to goodwill within the AmeriGas Propane reporting unit: (1) AmeriGas Partners issued \$500 of Senior Notes at an interest rate of 9.375%, which was significantly higher than the interest rates on the other AmeriGas Propane debt obligations; and (2) financial projections for the AmeriGas Propane reporting unit were reduced significantly compared to previous forecasts following declines **As previously disclosed in gross margins and customer retention and higher operating expenses.** The Company concluded that these events constituted triggering events that indicate that the AmeriGas Propane goodwill may be impaired and, as such, performed an interim impairment test of its goodwill as of May 31, 2023.

Using level 3 inputs, we performed a quantitative assessment of the AmeriGas Propane reporting unit using a weighting of the income and market approaches to determine its fair value. With respect to the income approach, management used a discounted cash flow ("DCF") method, using unobservable inputs. The significant assumptions in our DCF model include projected gross margin, terminal growth rates, and a discount rate (and estimates **Note 12** in the discount rate inputs). With respect to the market approach, management used recent transaction market multiples for similar companies in the U.S. The resulting estimates of fair value from the income approach and the market approach were then weighted equally in determining the overall estimated fair value of AmeriGas Propane.

Based on our evaluation, the estimated fair value of the reporting unit was determined to be less than its carrying value. As a result, the Company recorded **Company's 2023 Annual Report**, a non-cash pre-tax goodwill impairment charge of \$656 **included** was recognized in **"Impairment of goodwill"** on the Condensed Consolidated Statement of Income, **Fiscal 2023** to reduce the carrying value of the **AmeriGas Propane reporting unit** to its fair value. The Company **calculated** continues to monitor the **deferred tax effect** using the **simultaneous equation method**.

AmeriGas Propane reporting unit for any changes in facts and circumstances that would

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

The performance **indicate** it is more likely than not that the fair value of the AmeriGas Propane reporting unit **and the potential for future developments in the global economic environment, including the prospect of higher interest rates, introduces a heightened risk for additional impairment in the** is less than its carrying amount. No such indicators were identified at December 31, 2023, however if AmeriGas Propane **reporting unit**. If there were not able to achieve its anticipated results and/or if its discount rate were to increase, its fair value would be adversely affected, which may result in further impairment. There is **continued deterioration** approximately \$1.3 billion of goodwill in the results of operations, a portion or all of the remaining recorded goodwill for the AmeriGas Propane **this** reporting unit which was \$1.3 billion as of June 30, 2023, could be subject **December 31, 2023**.

With respect to further impairment.

Impairment testing for long-lived assets (or an asset group) and definite lived intangible assets is required when circumstances indicate that such assets may be impaired. The UGI International's Fiscal 2023 goodwill impairment of AmeriGas Propane's goodwill during the quarter ended June 30, 2023, was determined to be a triggering event requiring an interim impairment analysis of AmeriGas Propane's long-lived and definite lived intangible assets. Accordingly, the Company performed a recoverability test of AmeriGas Propane's long-lived assets, including right-of-use ("ROU") assets and definite lived intangible assets, as of May 31, 2023, using estimated undiscounted cash flow projections expected to be generated over the remaining useful life of the primary asset of the asset group at the lowest level with identifiable cash flows that are independent of other assets. Based on the recoverability test performed, we determined that (1) AmeriGas Propane's long-lived assets, including ROU assets UGI International's fair value exceeded its carrying value by approximately 10%. While the Company believes that its judgments used in the quantitative assessment of UGI International's fair value are reasonable based upon currently available facts and **definite lived intangible assets**, circumstances, if UGI International were **recoverable** not able to achieve its anticipated results and/or if its discount rate were to increase, its fair value would be adversely affected, which may result in an impairment. There were no changes in facts and circumstances that would indicate that it is more likely than not that the fair value of the UGI International reporting unit may not be in excess of its book value at December 31, 2023. There is approximately \$953 of goodwill in this reporting unit as such, **no** of December 31, 2023. The Company will continue to monitor its reporting units and related goodwill for any possible future non-cash impairment charges were recorded; and (2) no adjustments to the remaining useful lives were necessary. charges.

Note 3 — Accounting Changes

New Accounting Standard Adopted in Fiscal 2023 Standards Not Yet Adopted.

Debt Segment Reporting. In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures (Topic 280)" which requires enhanced disclosure of (1) significant segment expenses that are regularly provided to the CODM and **Derivatives** included within each reported measure of segment profit or loss, (2) the amount and **Hedging**. Effective October 1, 2022, description of the composition of other segment items which reconcile to segment profit or loss, and (3) the title and position of the entity's CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and allocating resources. The amendments also expand the interim segment disclosure requirements. This new guidance is effective for the Company **adopted** ASU 2020-06, "Debt - Debt with Conversion for annual periods beginning October 1, 2024 (Fiscal 2025) and **Other Options (Subtopic 470-20)** and **Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)** interim periods beginning October 1, 2025 (Fiscal 2026)." Early adoption is permitted. The amendments in this ASU affect entities that issue convertible instruments and/or contracts **indexed** apply retrospectively to and potentially settled all prior periods presented in an entity's own equity. This ASU reduces the **number** financial statements. The Company is in the process of accounting models for convertible debt instruments and convertible preferred stock, expands disclosure requirements for convertible instruments, and simplifies assessing the related earnings per share guidance. We adopted this ASU using **impact** on its financial statements from the modified retrospective transition method and applied the new guidance to applicable features of our Equity Units. Periods prior to October 1, 2022 have not been restated.

Upon adoption, we reclassified \$6 from Common Stock to Preferred Stock associated with the previously separated equity-classified beneficial conversion feature, which was accounted for as a deemed dividend. The increase to Preferred Stock was partially offset by an increase of \$1 to opening retained earnings for the previously recognized non-cash amortization of the beneficial conversion feature. The ASU 2020-06 also removes the presumption of cash settlement for contracts that may be settled in cash or shares. In accordance with the new guidance, we included the dilutive impact of the quarterly contract adjustment payment liability associated with the 2024 Purchase Contracts, which may be settled in cash or shares, in our computation of weighted average diluted common shares outstanding. The adoption of the new guidance **did not**, and the period in which the new guidance will be adopted.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures (Topic 740)" which requires entities to disclose, among other items, disaggregated information about a reporting entity's effective tax rate reconciliation and income taxes paid. This new guidance is **not expected to**, have **a material** effective for the Company for annual periods beginning October 1, 2025 (Fiscal 2026). Early adoption is permitted. The amendments in this ASU may be adopted using the prospective or retrospective methods. The Company is in the process of assessing the impact on **our consolidated** its financial **statements**, statements and determining the transition method and the period in which the new guidance will be adopted.

Note 4 — Revenue from Contracts with Customers

The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 4 in the Company's **2022** **2023** Annual Report for additional information on our revenues from contracts with customers.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Revenue Disaggregation

The following tables present our disaggregated revenues by reportable segment:

Three Months Ended June 30, 2023	Midstream						
	Eliminations	AmeriGas	UGI	&	Corporate	Utilities	& Other
	Total	(a)	Propane	International	Marketing		

Three Months Ended December 31, 2023		Eliminations		Midstream & Marketing	UGI International	AmeriGas Propane	Corporate & Other
Revenues from contracts with customers:	Revenues from customers:	Total	(a)	Utilities			
<u>Utility:</u>	<u>Utility:</u>						
Core Market:							
Core Market:							
Core Market:	Core Market:						
Residential	Residential	\$ 151	\$ —	\$ —	\$ —	\$ 151	\$ —
Residential							
Residential							
Commercial & Industrial	Commercial & Industrial	60	—	—	—	60	—
Large delivery service							
Large delivery service							
Large delivery service	Large delivery service	39	—	—	—	39	—
Off-system sales and capacity releases	Off-system sales and capacity releases	7	(7)	—	—	14	—
Other	Other	8	—	—	—	8	—
Total Utility	Total Utility	265	(7)	—	—	272	—
<u>Non-Utility:</u>	<u>Non-Utility:</u>						
LPG:	LPG:						
LPG:							
LPG:							
Retail	Retail	799	—	423	376	—	—
Wholesale	Wholesale	76	—	24	52	—	—
Energy Marketing	Energy Marketing	336	(14)	—	156	194	—
Energy Marketing (b)							
Midstream:	Midstream:						
Pipeline							
Pipeline	Pipeline	58	—	—	—	58	—
Peaking	Peaking	1	(5)	—	—	6	—
Other	Other	3	—	—	—	3	—
Electricity Generation	Electricity Generation	17	—	—	—	17	—
Other	Other	65	—	47	18	—	—
Total Non-Utility	Total Non-Utility	1,355	(19)	494	602	278	—

Total revenues from contracts with customers	Total revenues from contracts with customers	1,620	(26)	494	602	278	272	—
Other revenues (b)(c)	Other revenues (c)	39	1	20	9	1	6	2
Total revenues	Total revenues	\$1,659	\$ (25)	\$ 514	\$ 611	\$ 279	\$ 278	\$ 2

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Three Months Ended June 30, 2022	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
	(a)						
Revenues from contracts with customers:							
<i>Utility:</i>							
Core Market:							
Residential	\$ 140	\$ —	\$ —	\$ —	\$ —	\$ 140	\$ —
Commercial & Industrial	57	—	—	—	—	57	—
Large delivery service	38	—	—	—	—	38	—
Off-system sales and capacity releases	9	(24)	—	—	—	33	—
Other	5	—	—	—	—	5	—
Total Utility	249	(24)	—	—	—	273	—
<i>Non-Utility:</i>							
LPG:							
Retail	880	—	478	402	—	—	—
Wholesale	107	—	48	59	—	—	—
Energy Marketing	631	(70)	—	246	455	—	—
Midstream:							
Pipeline	53	—	—	—	53	—	—
Peaking	9	(5)	—	—	14	—	—
Other	2	—	—	—	2	—	—
Electricity Generation	1	—	—	—	1	—	—
Other	72	—	51	21	—	—	—
Total Non-Utility	1,755	(75)	577	728	525	—	—
Total revenues from contracts with customers	2,004	(99)	577	728	525	273	—
Other revenues (b)	29	—	20	10	—	1	(2)
Total revenues	\$ 2,033	\$ (99)	\$ 597	\$ 738	\$ 525	\$ 274	\$ (2)

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(Currency in millions, except per share amounts and where indicated otherwise)

Nine Months Ended June 30, 2023	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
	(a)						
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Revenues from contracts with customers:											
<u>Utility:</u>											
Core Market:											
Residential	\$	911	\$	—	\$	—	\$	—	\$	911	\$
Commercial & Industrial		369		—		—		—		369	
Large delivery service		139		—		—		—		139	
Off-system sales and capacity releases		84		(68)		—		—		152	
Other		34		(1)		—		—		35	
Total Utility		1,537		(69)		—		—		1,606	
<u>Non-Utility:</u>											
LPG:											
Retail		3,243		—		1,812		1,431		—	
Wholesale		287		—		120		167		—	
Energy Marketing		1,854		(130)		—		755		1,229	
Midstream:											
Pipeline		189		—		—		—		189	
Peaking		28		(102)		—		—		130	
Other		10		—		—		—		10	
Electricity Generation		27		—		—		—		27	
Other		207		—		151		56		—	
Total Non-Utility		5,845		(232)		2,083		2,409		1,585	
Total revenues from contracts with customers		7,382		(301)		2,083		2,409		1,585	
Other revenues (b)(c)		142		(1)		64		27		1	
Total revenues	\$	7,524	\$	(302)	\$	2,147	\$	2,436	\$	1,586	\$
										1,644	\$
											13

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(Currency in millions, except per share amounts and where indicated otherwise)

Midstream									
Nine Months Ended June 30,	Eliminations	AmeriGas	UGI	&	Corporate				
2022	Total	(a)	Propane	International	Marketing	Utilities	& Other		
Three Months Ended December 31, 2022									
Three Months Ended December 31, 2022									
Three Months Ended December 31, 2022									
Revenues	Revenues								
from	from								
contracts with	contracts with								
customers:	customers:								
<u>Utility:</u>	<u>Utility:</u>								
<u>Utility:</u>									
<u>Utility:</u>									
Core Market:	Core Market:								
Core Market:									
Core Market:									
Residential									
Residential									

Residential	Residential	\$ 774	\$ —	\$ —	\$ —	\$ —	\$ 774	\$ —
Commercial	Commercial							
& Industrial	& Industrial	318	—	—	—	—	318	—
Large	Large							
delivery	delivery							
service	service	135	—	—	—	—	135	—
Off-system	Off-system							
sales and	sales and							
capacity	capacity							
releases	releases	65	(86)	—	—	—	151	—
Other	Other	17	(1)	—	—	—	18	—
Total Utility	Total Utility	1,309	(87)	—	—	—	1,396	—
Non-Utility:	Non-Utility:							
LPG:	LPG:							
LPG:								
Retail								
Retail	Retail	3,684	—	2,032	1,652	—	—	—
Wholesale	Wholesale	401	—	172	229	—	—	—
Energy	Energy							
Marketing	Marketing	2,254	(206)	—	1,045	1,415	—	—
Midstream:	Midstream:							
Pipeline								
Pipeline	Pipeline	149	—	—	—	149	—	—
Peaking	Peaking	38	(101)	—	—	139	—	—
Other	Other	6	—	—	—	6	—	—
Electricity	Electricity							
Generation	Generation	20	—	—	—	20	—	—
Other	Other	221	—	163	58	—	—	—
Total Non-Utility	Total Non-Utility	6,773	(307)	2,367	2,984	1,729	—	—
Total revenues from contracts with customers	customers	8,082	(394)	2,367	2,984	1,729	1,396	—
Other revenues (b)		90	(2)	56	27	2	4	3
Other revenues (c)								
Total revenues	Total revenues	\$8,172	\$ (396)	\$ 2,423	\$ 3,011	\$ 1,731	\$ 1,400	\$ 3

(a) Includes intersegment revenues principally among Midstream & Marketing, Utilities and AmeriGas Propane. Utilities.

(b) Corporate & Other includes reduction of revenues of \$42 associated with the early termination of certain DVEP customer contracts. See Note 5 for additional information.

(c) Primarily represents (1) revenues from tank rentals at AmeriGas Propane and UGI International, International; (2) revenues from certain gathering assets at Midstream & Marketing, Marketing; (3) revenues from alternative revenue programs at Utilities, including the weather normalization adjustment rider beginning on November 1, 2022 for PA Gas Utility; and (4) gains and losses on commodity derivative instruments not associated with current-period transactions reflected in Corporate & Other, none of which are within the scope of ASC 606 and are accounted for in accordance with other GAAP.

(c) Includes the impact of the weather normalization adjustment rider, a five-year pilot program beginning on November 1, 2022 for PA Gas Utility. See Note 7 for additional information.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers or cash receipts. Contract assets represent our right to consideration after the performance obligations have been satisfied when such right is conditioned on something other than the passage of time. Contract assets were not material for all periods presented.

Substantially all of our receivables are unconditional rights to consideration and are included in "Accounts receivable" and, in the case of Utilities, "Accrued utility revenues" on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Company's obligations to transfer goods or services to a customer for which we have received consideration. The balances of contract liabilities were \$133, \$164, \$153, \$158 and \$128, \$143 at June 30, 2023, December 31, 2023, September 30, 2022, September 30, 2023 and June 30, 2022, December 31, 2022, respectively, and are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

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Balance Sheets. Revenues recognized for the nine three months ended June 30, 2023, December 31, 2023 and 2022, from the amounts included in contract liabilities at September 30, 2022, September 30, 2023 and 2021, 2022, were \$118, \$75 and \$117, \$81, respectively.

Remaining Performance Obligations

The Company excludes disclosures related to the aggregate amount of the transaction price allocated to certain performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less, or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date. Certain contracts with customers at Midstream & Marketing and Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At June 30, 2023, December 31, 2023, Midstream & Marketing and Utilities expect to record approximately \$2.2, \$2.3 billion and \$0.2 billion of revenues, respectively, related to the minimum future performance obligations over the remaining terms of the related contracts.

Note 5 — Dispositions and Acquisition

UGI International Energy Marketing Businesses Transactions

As of December 31, 2023, pursuant to its previously announced decision, the Company has exited substantially all of its European energy marketing business which primarily marketed natural gas and electricity to customers through third-party distribution systems in France, Belgium, the Netherlands, and the United Kingdom.

Sale France. In October 2023, UGI International, through a wholly-owned subsidiary, sold substantially all of U.K. Energy Marketing Business, its energy marketing business located in France for a net cash payment to the buyer of \$28. In conjunction with the sale, during the three months ended December 31, 2023, the Company recorded a pre-tax loss of \$28, which amount principally represents the net payment to the buyer. The loss is reflected in "Loss on disposal of UGI International energy marketing business" on the Condensed Consolidated Statements of Income. The carrying values of the assets and liabilities associated with this business, principally comprising certain commodity derivative instruments, energy certificates and certain working capital, were not material.

Belgium. On October 21, 2022, In September 2023, UGI International, through a wholly-owned subsidiary, sold its energy marketing business located in Belgium for a net cash payment to the buyer of \$3. Pursuant to the sale agreement, the Company transferred to the buyer certain assets, principally comprising customer and energy broker contracts. In conjunction with the sale, during the fourth quarter of Fiscal 2023, the Company recorded a pre-tax loss of \$6 which amount includes the net payment to the buyer, the write-off of certain prepaid energy broker payments and associated transaction costs and fees.

United Kingdom. In October 2022, UGI International, through a wholly-owned subsidiary, sold its natural gas marketing business located in the U.K. for a net cash payment to the buyer of \$19 which includes certain working capital adjustments. In conjunction with the sale, during the first quarter of Fiscal 2023, three months ended December 31, 2022, the Company recorded a pre-tax loss of \$215 (\$151 after-tax) substantially all of which loss was due to the non-cash transfer of commodity derivative instruments associated with the business. The loss is reflected in "Loss on disposal of UGI International energy marketing business" on the Condensed Consolidated Statements of Income. At the date of closing of the sale, these commodity derivative instruments had a net carrying value of \$206 which is attributable to net unrealized gains on such instruments. At September 30, 2022

Netherlands. In September 2023, a substantial number of DVEP's customers agreed to modify their energy marketing contracts whereby the Company would continue to provide the delivery of electricity and natural gas at fixed prices through December 31, 2023, these with the Company's obligations to provide future services terminated effective January 1, 2024. As consideration for the early termination of such contracts, the Company has agreed to make cash payments to the customers equal to the fair values of specific commodity derivative instruments were classified associated with periods after December 31, 2023. The early termination agreements with DVEP customers are considered contract modifications and the cash consideration paid to these customers has been reflected as held a reduction in revenues, on a pro-rata basis, over the remaining performance period of such agreements through December 31, 2023. For the three months ended December 31, 2023, the Company settled the commodity derivative instruments for a gain of \$46, which represents the fair value of the specific commodity derivative instruments associated with periods after December 31, 2023; and reduced its revenues from these customers by \$42, which represents the pro-rated performance obligation from October 1, 2023 through December 31, 2023.

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In conjunction with the wind-down of its European energy marketing business, in December 2023, DVEP completed a sale assets and liabilities of a substantial portion of its power purchase agreements to a third party for a total consideration to the buyer of \$5. In conjunction with the sale, the Company recorded a loss of \$5, which is reflected in "Other operating income, net" on the Condensed Consolidated Balance Sheet and had a net carrying value Statements of \$276. The change in the carrying value of these derivative instruments between September 30, 2022 and October 21, 2022 resulted from changes in their fair values during that period.

Other UGI International Energy Marketing Businesses. In November 2022, the Company announced that it expected to sign a definitive agreement during the first quarter of Fiscal 2023 to sell its energy marketing business in France. In December 2022, the Company announced that it no longer expected to sign such agreement as extended negotiations with the potential buyer had been discontinued. **Income.**

During the first quarter of Fiscal 2023, three months ended December 31, 2022, the Company recorded a \$19 pre-tax impairment charge to reduce the carrying values of certain assets associated with its energy marketing business in the Netherlands, comprising property, plant and equipment and intangible assets. The impairment charge is reflected in "Operating and administrative expenses" on the Condensed Consolidated Statement Statements of Income and included in the UGI International reportable segment.

On July 8, 2023, UGI International, through a wholly-owned subsidiary, entered into a definitive agreement to sell a substantial portion of its energy marketing business located in Belgium, principally comprising customer contracts and prepaid broker fees. The assets associated with the pending sale were not material at June 30, 2023 and have been classified as "Held for sale assets" on the Condensed Consolidated Balance Sheet as of June 30, 2023. The initially estimated cash proceeds, less a payment to the buyer, on or subsequent to the closing date, pursuant to the definitive agreement is not expected to be material. The cash payment to buyer is equal to an agreed upon portion of the fair value, as of the closing date, of associated derivative commodity hedge contracts currently held by UGI International. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the fourth quarter of Fiscal 2023.

On August 1, 2023, UGI International, through a wholly-owned subsidiary, entered into a definitive agreement to sell a substantial portion of its energy marketing business located in France, principally comprising customer contracts, energy certificates and substantially all of its derivative commodity hedge contracts, for an initially estimated net cash payment to the buyer of €23. This initially estimated closing date payment is subject to adjustments relating to, among other things, the actual date of closing, the fair value of derivative commodity hedge contracts currently held by the Company but not subject to transfer to the buyer, and conditions associated with certain customer contracts. The effects of these adjustments will be settled on, or subsequent to, the closing date. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the first quarter of Fiscal 2024.

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The assets and liabilities associated with the energy marketing business in France, principally comprising the fair values of substantially all of its derivative commodity hedge contracts, have been classified as "Held for sale assets" and "Held for sale liabilities" on the Condensed Consolidated Balance Sheet as of June 30, 2023. The net fair value of these derivative commodity hedge contracts at June 30, 2023 was an asset of \$10.

The amount of the gain or loss to be recognized upon the closing of these transactions will depend, in large part, on the fair values of the associated derivative commodity hedge contracts as of the respective dates of closing. The Company's policy for the recognition of impairment charges is limited to the disposal group's long-lived assets related to held for sale. The Company did not recognize any such impairment for the period ended June 30, 2023.

The Company continues to pursue the wind-down of its energy marketing business located in the Netherlands and its remaining natural gas marketing business in France. On July 21, 2023, DVEP signed a definitive agreement to sell a substantial portion of its power purchase agreement portfolio for a net cash payment to the buyer. Such payment is not expected to be material. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the first half of Fiscal 2024.

Acquisition of Assets

Stonehenge. On January 27, 2022, UGI, through Energy Services, completed the Stonehenge Acquisition in which Energy Services acquired all of the equity interests in Stonehenge for total cash consideration of approximately \$190. The Stonehenge business includes a natural gas gathering system, located in western Pennsylvania, with more than 47 miles of pipeline and associated compression assets. The Stonehenge Acquisition is consistent with our growth strategies, including expanding our midstream natural gas gathering assets within the Appalachian basin production region. The Stonehenge Acquisition was funded using available cash. This transaction has been accounted for as an acquisition of assets, and the purchase price has been primarily allocated to property, plant and equipment. We refer to Stonehenge and its assets as "UGI Moraine East."

Note 6 — Inventories

Inventories comprise the following:

	September	June		
June 30,	30,	30,		
2023	2022	2022		
December				
31,				
2023				
	December 31,		September 30,	December 31,
	2023		2023	2022

Non-utility	Non-utility				
LPG and natural gas	LPG and natural gas	\$ 189	\$ 335	\$ 261	
Gas Utility	Gas Utility				
natural gas	natural gas	37	166	84	
Energy certificates	Energy certificates	68	70	70	
Materials, supplies and other	Materials, supplies and other	116	94	81	
Total inventories	Total inventories	\$ 410	\$ 665	\$ 496	

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Note 7 — Utility Regulatory Assets and Liabilities and Regulatory Matters

For a description of the Company's regulatory assets and liabilities, other than those described below, see Note 9 in the Company's 2022 2023 Annual Report. Other than removal costs, Utilities currently does not recover a rate of return on its regulatory assets listed below. The following regulatory assets and liabilities associated with Utilities are included on the Condensed Consolidated Balance Sheets:

		September	June		
		June 30, 2023	30, 2022	30, 2022	
		December		December 31, 2023	September 30, 2023
		31, 2023			December 31, 2022
Regulatory assets (a):	Regulatory assets (a):				
Income taxes recoverable	Income taxes recoverable				
Income taxes recoverable	Income taxes recoverable	\$ 95	\$ 83	\$ 151	
Underfunded pension plans	Underfunded pension plans	118	114	103	
Environmental costs	Environmental costs	28	37	34	
Deferred fuel and power costs	Deferred fuel and power costs	30	32	14	
Removal costs, net	Removal costs, net	22	22	22	
Other	Other	57	52	47	
Total regulatory assets	Total regulatory assets	\$ 350	\$ 340	\$ 371	
Regulatory liabilities (a):	Regulatory liabilities (a):				
Postretirement benefit overcollections	Postretirement benefit overcollections	\$ 10	\$ 11	\$ 12	
Postretirement benefit overcollections	Postretirement benefit overcollections				

Postretirement benefit overcollections				
Deferred fuel and power refunds				
Deferred fuel and power refunds				
Deferred fuel and power refunds	Deferred fuel and power refunds	63	3	1
State tax benefits — distribution system repairs	State tax benefits — distribution system repairs	40	38	34
Excess federal deferred income taxes	Excess federal deferred income taxes	260	279	281
Excess federal deferred income taxes				
Excess federal deferred income taxes				
Other	Other	3	4	8
Total regulatory liabilities	Total regulatory liabilities	\$ 376	\$ 335	\$336

(a) Current regulatory assets are included in "Prepaid expenses and other current assets" and regulatory liabilities are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Deferred fuel and power - costs and refunds. Utilities' tariffs contain clauses that permit recovery of all prudently incurred purchased gas and power costs through the application of PGC rates, PGA rates and DS tariffs. These clauses provide for periodic adjustments to PGC, PGA and DS rates for differences between the total amount of purchased gas and electric

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generation supply costs collected from customers and recoverable costs incurred. Net undercollected costs are classified as a regulatory asset and net overcollections are classified as a regulatory liability.

The WVPSC, in an effort to mitigate the impact of WV Gas Utility's 2022 PGA rate increase to customers, delayed the effective date in 2022 from November 1 to December 1 and deferred \$12 of unrecovered gas costs in determining the rates to be charged to the various customer classes effective December 1, 2022. Additionally, in order to lower winter bills for residential customers, the WVPSC removed transportation and storage costs from the volumetric rate and created a fixed monthly pipeline demand charge applicable only to residential customers. On April 12, 2023, the WVPSC issued a final Order that increased the PGA rate, which included the unrecovered gas cost balance initially deferred in the interim order, and continued the fixed monthly demand charge for residential customers.

PA Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for retail core-market customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel and power costs or refunds. Net unrealized (losses) gains losses on such contracts at June 30, 2023 December 31, 2023, September 30, 2022 September 30, 2023 and June 30, 2022 December 31, 2022 were \$(7), \$5 \$11, \$2 and \$7, \$17, respectively.

Other Regulatory Matters

UGI Utilities. On January 27, 2023, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by \$11. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. Electric Utility requested that On September 21, 2023, the new electric rates become effective March 28, 2023. The PAPUC issued an a final order on March 2, 2023, suspending the effective date for the rate increase to allow for investigation and public hearings. On July 14, 2023, approving a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed

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with the PAPUC settlement providing for a \$9 annual base distribution rate increase for Electric Utility. The Joint Petition is subject to receipt of a recommended decision and a final order of the PAPUC approving the settlement. In accordance with the terms of the Joint Petition, the proposed rate increase will become Utility, effective on or before October 1, 2023, or as directed by the PAPUC in the final order. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 28, 2022, PA Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by \$83 annually. On September 15, 2022, the PAPUC issued a final order approving a settlement providing for a \$49 annual base distribution rate increase for PA Gas Utility, through a phased approach, with \$38 beginning October 29, 2022 and an additional \$11 beginning October 1, 2023. In accordance with the terms of the final order, PA Gas Utility will was not be permitted to file a rate case prior to January 1, 2024. Also in accordance with the terms of the final order, PA Gas Utility was authorized to implement a weather normalization adjustment rider as a five-year pilot program beginning on November 1, 2022. Under this rider, when weather deviates from normal by more than 3%, residential and small commercial customer billings for distribution services are adjusted monthly for weather related impacts exceeding the 3% threshold. Additionally, under the terms of the final order, PA Gas Utility was authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reached \$3,368 (which threshold was achieved in September 2022).

On February 8, 2021, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by \$9. On October 28, 2021, the PAPUC issued a final Order approving a settlement that permitted Electric Utility, effective November 9, 2021, to increase its base distribution revenues by \$6.

Mountaineer. On July 31, 2023, Mountaineer submitted its 2023 IREP filing to the WVPSC requesting recovery of \$10 for costs associated with capital investments after December 31, 2022, that total \$131, including \$67 in calendar year 2024. With new base rates expected to be effective January 1, 2024, revenues from IREP rates would decrease by \$12. The filing included capital investments totaling \$383 over the 2024 - 2028 period.

On July 28, 2023 December 20, 2023, Mountaineer submitted its annual PGA filing with the WVPSC. This filing allows the WVPSC to review the prudence of Mountaineer's incurred gas costs, to review the computation of any over or under collection of gas costs, and to establish issued a PGA billing rate for the upcoming year. The new PGA billing rate is intended to settle past over or under collections and allows Mountaineer to recover its projected gas costs for the upcoming year. final order approving a settlement.

On March 6, 2023, Mountaineer submitted a base rate case filing with the WVPSC seeking a net revenue increase of \$20, which consists of an increase in base rates of \$38 and a decrease in the IREP rates of \$18 annually to be annually. On October 6, 2023, Mountaineer filed a joint stipulation and agreement for settlement of the base rate case, which included a \$14 net revenue increase, effective on April 5, 2023 January 1, 2024. On March 31, 2023 December 21, 2023, the WVPSC suspended issued a final order approving the effective date joint stipulation and agreement, except the WVPSC authorized Mountaineer to implement a weather normalization adjustment rider as a five-year pilot program beginning on October 1, 2024 subject to modification by the WVPSC of the requested rate change increase until January 1, 2024 to allow final calculation methodology. Under this rider, when weather deviates from normal by more than 2%, residential and small commercial customer billings for a full review of distribution services are adjusted monthly for weather related impacts exceeding the filing, 2% threshold.

On July 29, 2022, Mountaineer submitted its 2022 IREP filing to the WVPSC requesting recovery of costs associated with capital investments totaling \$354 over the 2023 - 2027 period, including \$64 in calendar year 2023. On November 16, 2022, Mountaineer and the intervening parties submitted a Joint Stipulation and Agreement for Settlement to the WVPSC requesting approval of 2023 IREP revenue of \$22 to be charged effective January 1, 2023, which includes the recovery of a \$1 under-recovery of 2021 IREP revenue. On December 21, 2022, the WVPSC issued an final order approving the Joint Stipulation and Agreement a settlement for Settlement as filed, \$22 in cumulative revenue, effective January 1, 2023.

Note 8 — Debt

Significant Financing Activities

The following significant financing activities occurred during the three months ended December 31, 2023.

AmeriGas Partners UGI Utilities Senior Notes. On May 31, 2023 November 30, 2023, AmeriGas Partners and AmeriGas Finance Corp. UGI Utilities, Inc. entered into a Note Purchase Agreement with a consortium of lenders. Pursuant to the Note Purchase Agreement, UGI Utilities, Inc. issued \$500(1) \$25 aggregate principal amount of 9.375% 6.02% Senior Notes due May 2028. The 9.375% November 30, 2030; (2) \$150 aggregate principal amount of 6.10% Senior Notes rank equally with AmeriGas Partners' existing due November 30, 2033; and future outstanding senior notes. The net proceeds from the issuance (3) \$75 aggregate principal amount of the 9.375% 6.40% Senior Notes together due November 30, 2053. The Note Purchase Agreement contains customary covenants and default provisions and requires compliance with cash on hand, certain financial covenants including a \$150 cash contribution from the Company and other sources of liquidity, were used for the early repayment, pursuant to a tender offer and notice of redemption, of all AmeriGas Partners 5.625% Senior Notes having an aggregate principal balance of \$675, plus tender premiums and accrued and unpaid interest. In conjunction with the early repayment of the 5.625% Senior Notes, in June 2023 the Partnership recognized a pre-tax loss of \$9 primarily comprising tender premiums and the write-off of unamortized debt issuance costs, which is reflected in "Loss on extinguishments of debt" on the Condensed Consolidated Statement of Income.

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leverage ratio and priority debt ratio as defined in the agreement. These senior notes are unsecured and will rank equally with UGI Utilities Inc.'s existing outstanding senior debt. The 9.375% Senior Notes are redeemable at the issuers' option prior net proceeds from these issuances were used to June 2025 at a make whole premium or, on or after June 2025, at a call premium that declines from 4.688% to 0% depending on the year of redemption.

The 9.375% Senior Notes indenture contains customary covenants reduce short-term borrowings and default provisions that limit AmeriGas Partners' ability to, among other things: incur additional indebtedness; create or incur liens; engage in transactions with affiliates; engage in mergers or consolidations or sell all or substantially all of the issuers' assets;

make restricted payments, loans and investments; enter into business combinations and sell assets; and engage in other lines of business.

for general corporate purposes.

2022 AmeriGas OLP Credit Agreement. Under the 2022 AmeriGas OLP Credit Agreement, AmeriGas OLP, as borrower, is required to comply with financial covenants related to leverage and interest coverage measured at the Partnership and at AmeriGas OLP. The 2022 AmeriGas OLP Credit Agreement contains an equity cure provision, which allows AmeriGas OLP's direct or indirect parent, including UGI and its other subsidiaries, to fund capital contributions to eliminate any EBITDA (as defined in the 2022 AmeriGas OLP Credit Agreement) shortfalls that would otherwise result in non-compliance with these financial covenants. Each equity cure is eligible to eliminate such EBITDA shortfalls up to four quarters after contribution. We are permitted to use the equity cure provision five times over the course of the Credit Agreement, twice during any rolling four-quarter period, and not in consecutive quarters.

As of March 31, 2023, AmeriGas OLP was in breach of the leverage ratio debt covenant and interest coverage ratio, which it cured with the funds received from UGI. UGI made capital contributions to AmeriGas OLP of \$20 and \$11 on March 31, 2023 and April 24, 2023, respectively, during Fiscal 2023, which in aggregate represented one equity cure that is eligible to eliminate any EBITDA shortfalls through December 31, 2023, in accordance with the 2022 AmeriGas OLP Credit Agreement. As a result of these such capital contributions, AmeriGas OLP and the Partnership were in compliance with all financial covenants after consideration of the equity cure provision as of June 30, 2023 and March 31, 2023 December 31, 2023.

UGI also provided an irrevocable letter of support whereby UGI has committed to fund any such EBITDA shortfalls and debt service, if any. Based on the support and the projected EBITDA, AmeriGas OLP is expected to remain in compliance with its financial debt covenants for the succeeding twelve-month period. In addition, in May 2023, the Company contributed \$52 in an equity contribution principally to fund debt service on the senior notes.

UGI International 2023 Credit Facilities Agreement. On March 7, 2023, UGI International, LLC and its indirect wholly-owned subsidiary, UGI International Holdings B.V., entered into the UGI International 2023 Credit Facilities Agreement, a five-year unsecured senior facilities agreement, maturing March 7, 2028, with a consortium of banks. The UGI International 2023 Credit Facilities Agreement consists of (1) a €300 variable-rate term loan facility ("Facility A") and (2) a €500 multicurrency revolving credit facility, including a €100 sublimit for swingline loans ("Facility B"). We have designated borrowings under Facility A as a net investment hedge. In connection with the entering into of the UGI International 2023 Credit Facilities Agreement, UGI International, LLC paid off in full and terminated the UGI International Credit Facilities Agreement, dated as of October 18, 2018. The net proceeds from the UGI International 2023 Credit Facilities Agreement were used to refinance the UGI International Credit Facilities Agreement. Borrowings under the multicurrency revolving credit facility may be used to finance the working capital needs of UGI International, LLC and its subsidiaries and for general corporate purposes.

Borrowings under Facility A bear interest at the euro interbank offered rate plus the applicable margin and borrowings under Facility B bear interest at the daily non-cumulative compounded Reference Rate Terms, as defined in the Agreement, plus the applicable margin. The applicable margin for Facility A ranges from 1.70% to 3.35%, and for Facility B from 1.35% to 3.35%, and are dependent on the total net leverage ratio of UGI International, LLC and its subsidiaries on a consolidated basis. UGI International, LLC entered into an interest rate swap, effective March 31, 2023, that fixes the underlying market-based interest rate on Facility A at 3.10% through March 2026.

The UGI International 2023 Credit Facilities Agreement requires UGI International, LLC to maintain a consolidated net leverage ratio of not more than 3.85 to 1.00, provided the maximum ratio permitted may be increased to 4.25 to 1.00 for two consecutive testing dates following a permitted acquisition.

UGI Energy Services Credit Agreement. On May 12, 2023, Energy Services entered into the second amendment to the UGI Energy Services Credit Agreement, which provides that the Term SOFR rate (as defined in the UGI Energy Services Credit Agreement) shall replace LIBOR as a reference rate. After giving effect to the second amendment, the UGI Energy Services

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Credit Agreement shall bear interest at a floating rate of, at Energy Services' option, either (i) Term SOFR plus the Applicable Rate (as defined in the UGI Energy Services Credit Agreement) plus a credit spread adjustment of 0.10%, or (ii) the base rate plus the applicable margin that is based on the leverage of Energy Services.

Energy Services Amended Term Loan Credit Agreement. On February 23, 2023, Energy Services entered into the Energy Services Amended Term Loan Credit Agreement, the first amendment to the Energy Services Term Loan Credit Agreement, dated August 13, 2019. The Energy Services Amended Term Loan Credit Agreement provides, among other items, that (i) the outstanding principal amount of the loans will be increased by \$125 to \$800, (ii) the maturity date of the loans shall be extended to February 22, 2030, (iii) Term SOFR (as defined in the Energy Services Amended Term Loan Credit Agreement) shall replace LIBOR as a reference rate and (iv) borrowings under the Energy Services Amended Term Loan Credit Agreement shall bear interest at a floating rate of, at Energy Services' option, either (x) Term SOFR plus the applicable margin plus a credit spread adjustment of 0.10% or (y) the base rate, as defined in the Agreement, plus the applicable margin. The applicable margin shall be 3.25% per annum for Term SOFR loans and 2.25% per annum for base rate loans. Borrowings under the Energy Services Amended Term Loan Credit Agreement are payable in equal quarterly installments of \$2, commencing in March 2023, with the balance of the principal being due and payable in full at maturity.

The Energy Services Amended Term Loan Credit Agreement contains customary covenants and default provisions and requires compliance with certain financial covenants including a minimum debt service coverage ratio as defined in the Agreement.

On March 1, 2023 November 15, 2023, in connection with the Energy Services Amended Term Loan Credit Agreement, Energy Services terminated and settled its existing interest rate swap derivative instrument associated with the Energy Services Term Loan Credit Agreement at a \$32 gain. This gain has been deferred in AOCI and is being amortized to

interest expense over the remaining term of the initial interest rate swap ending July 2024. Energy Services entered into a new interest rate swap, effective March 31, 2023, that fixes the underlying market-based interest rate on this variable-rate term loan at 4.53% through September 2026.

UGI Utilities Credit Agreement. On December 13, 2022, UGI Utilities Partnership entered into an amendment to the 2022 AmeriGas OLP Credit Agreement, which amends certain provisions of the credit agreement to, among other things, (i) reduce the maximum revolver amount from \$600 to \$400, (ii) reduce the minimum interest coverage ratio, effective for the fourth quarter of Fiscal 2023 through the end of Fiscal 2024 and (iii) provided that, beginning for the first quarter of Fiscal 2025, the minimum interest coverage ratio will remain reduced if the net leverage ratio is below a certain threshold as defined by the agreement; if the net leverage ratio exceeds such threshold, the minimum interest coverage ratio will revert to the original ratio as defined by the agreement.

UGI Utilities 2023 Credit Agreement. On November 9, 2023, UGI Utilities entered into the UGI Utilities 2023 Credit Agreement providing for borrowings up to \$425 and to replace the use of LIBOR with Term SOFR. Borrowings under the amended UGI Utilities Credit Agreement can be used to finance the working capital needs of UGI Utilities and for general corporate purposes. The UGI Utilities Credit Agreement is scheduled to expire June 2024.

Borrowings under the amended UGI Utilities Credit Agreement bear interest, subject to our election, at \$375 (including a floating rate of either (i) Term SOFR plus the applicable margin plus a credit spread adjustment of 0.10% or (ii) the base rate plus the applicable margin. The applicable margin remains unchanged from the original credit agreement.

Mountaineer Credit Agreement. On October 20, 2022, Mountaineer entered into the Mountaineer 2023 Credit Agreement, with a group of lenders. The Mountaineer 2023 Credit Agreement amends and restates a previous credit agreement and provides for borrowings up to \$150, including a \$20 \$50 sublimit for letters of credit. Mountaineer credit and a \$38 sublimit for swingline loans). UGI Utilities may request an increase in the amount of loan commitments under the credit agreement to a maximum aggregate amount of \$250, subject \$125. The interest rates applicable to certain terms and conditions. Borrowings under the Mountaineer UGI Utilities 2023 Credit Agreement can be used to finance will remain unchanged from its predecessor agreement, the working capital needs of Mountaineer and for general corporate purposes. UGI Utilities Credit Agreement. The Mountaineer UGI Utilities 2023 Credit Agreement is scheduled to expire in November 2024, with an option to extend the maturity date.

Borrowings under the Mountaineer 2023 Credit Agreement bear interest, subject to our election, at either (i) the base rate, defined as the highest of (a) the prime rate, (b) the federal funds rate plus 0.50% and (c) the adjusted Term SOFR rate for a one-month tenor plus 1%, in each case, plus the applicable margin or (ii) the adjusted Term SOFR rate plus the applicable margin. The applicable margin for base rate loans ranges from 0% to 1.25%, and for Term SOFR loans from 1.00% to 2.25%, depending on the debt rating of Mountaineer. The adjusted Term SOFR rate is defined as the Term SOFR reference rate for the selected interest period, plus 0.10% per annum for a one-month interest period, 0.15% per annum for a three-month interest period, or 0.25% per annum for a six-month interest period. The Mountaineer Credit Agreement contains customary covenants and default provisions and requires compliance with certain financial covenants including a maximum leverage ratio and a minimum interest coverage debt to capitalization ratio as defined in the agreement.

The credit agreement is scheduled to expire November 2028. Borrowings under the credit agreement may be used to refinance UGI CORPORATION AND SUBSIDIARIES

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for general corporate purposes and ongoing working capital needs of UGI Corporation Credit Agreement Utilities. On May 12, 2023, the Company entered into the second amendment to the UGI Corporation Credit Agreement, which provides that the Term SOFR rate (as defined in the UGI Corporation Credit Agreement) shall replace LIBOR as a reference rate. After giving effect to the second amendment, the UGI Corporation Credit Agreement shall bear interest at a floating rate of, at the Company's option, either (i) Term SOFR plus the Applicable Rate (as defined in the UGI Corporation Credit Agreement) plus a credit spread adjustment of 0.10%, or (ii) the base rate plus the applicable margin that will be based on the leverage of the Company or credit ratings assigned to certain indebtedness of the Company.

The Company is pursuing the refinancing of the UGI Corporation revolving credit facility, which matures August 1, 2024. The UGI Corporation revolving credit facility contains a leverage ratio debt covenant which the Company was in compliance with as of June 30, 2023, and expects to maintain compliance through the August 1, 2024 maturity date. The Company has other sources of liquidity currently available which would be sufficient to repay the maturing credit facility should a refinancing not be successful.

Note 9 — Commitments and Contingencies

Environmental Matters

UGI Utilities

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. By the early 1950s, UGI Utilities divested all of its utility operations other than certain gas and electric operations. Beginning in 2006 and 2008, UGI Utilities also owned and operated two acquired subsidiaries, with similar histories of owning, and in some cases operating, MGPs in Pennsylvania.

UGI Utilities is subject to a COA with the PADEP to address the remediation of specified former MGP sites in Pennsylvania, which is scheduled to terminate at the end of 2031. In accordance with the COA, UGI Utilities is required to either obtain a

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certain number of points per calendar year based on defined eligible environmental investigatory and/or remedial activities at the MGPs, or make expenditures for such activities in an amount equal to an annual environmental minimum expenditure threshold. The annual minimum expenditure threshold of the COA is \$5. At **June 30, 2023** December 31, 2023, **September 30, 2022** September 30, 2023 and **June 30, 2022** December 31, 2022, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the COA totaled \$50, \$52 **\$53** and \$51, **\$54**, respectively.

We do not expect the costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to UGI Utilities' results of operations because UGI Utilities receives ratemaking recovery of actual environmental investigation and remediation costs associated with the sites covered by the COA. This ratemaking recognition reconciles the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. As such, UGI Utilities has recorded an associated regulatory asset for these costs because recovery of these costs from customers is probable (see Note 7).

From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by a former subsidiary. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. Management believes that under applicable law, UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by a former subsidiary of UGI Utilities if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded, or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP. Neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Utilities' MGP sites outside Pennsylvania were material for all periods presented.

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AmeriGas Propane

AmeriGas OLP Saranac Lake. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately \$28 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas OLP renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of **June 30, 2023** December 31, 2023, the Partnership has an undiscounted environmental remediation liability of \$8 related to the site. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Other Matters

West Reading, Pennsylvania Explosion. On March 24, 2023, an explosion occurred in West Reading, Pennsylvania which resulted in seven fatalities, significant injuries to eleven others, and extensive property damage to buildings owned by R.M. Palmer, a local chocolate manufacturer, and other neighboring structures. The NTSB OSHA and the PAPUC are investigating the West Reading incident. On July 18, 2023, the NTSB issued an Investigative Update in its ongoing investigation. That report identifies a fracture in a retired UGI gas service tee and a fracture in a nearby steam system, but it does not address causation of the fractures or the explosion. The NTSB investigative team includes representatives from the Company, the PAPUC, the local fire department and the Pipeline and Hazardous Materials Safety Administration. The Company is cooperating with the investigation. The NTSB may invite other parties to participate. **In September 2023, OSHA closed their investigation of this matter, without any finding pertaining to UGI Utilities.**

While the investigation into this incident is still underway and the cause of the explosion has not been determined, the Company has received claims as a result of the explosion and is involved in lawsuits relative to the incident. The Company maintains liability insurance for personal injury, property and casualty damages and believes that third-party claims associated

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with the explosion, in excess of the Company's deductible, are recoverable through the Company's insurance. The Company cannot predict the result of these pending or future claims and legal actions at this time.

Regarding these pending claims and legal actions, the Company does not believe, at this early stage, that there is sufficient information available to reasonably estimate a range of loss, if any, or conclude that the final outcome of these matters will or will not have a material effect on our financial statements.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, including those described above, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

UGI International

During 2023, UGI France outlined its strategic priorities to better align with business needs. As part of this initiative, in November 2023, the French Works Councils were engaged in consultations regarding the organizational transformation and the initiation of external mobility programs. The Company cannot estimate a range of reasonably possible costs at this time but such costs could be material.

Note 10 — Defined Benefit Pension and Other Postretirement Plans

The Company maintains defined benefit pension plans and other postretirement plans for certain current and former employees. The service cost component of our pension and other postretirement plans, net of amounts capitalized, is reflected in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income. The non-service cost components, net of amounts capitalized by Utilities as a regulatory asset, are reflected in "Other non-operating income (expense), expense, net" on the Condensed Consolidated Statements of Income. Other postretirement benefit cost was not material for all periods presented.

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Net periodic pension benefit includes the following components:

		Pension Benefits	
Three Months Ended		2023	2022
June 30,			
Service cost		\$ 2	\$ 4
Interest cost		9	6
Expected return on assets		(11)	(12)
Amortization of:			
Actuarial (gain) loss		(1)	2
Net benefit		\$ (1)	\$ —
		Pension Benefits	
Nine Months Ended June 30,		2023	2022
Three Months Ended December 31,			
Three Months Ended December 31,			
Three Months Ended December 31,		2023	2022
Service cost	Service cost	\$ 7	\$ 12
Interest cost	Interest cost	26	19
Expected return on plan assets	Expected return on plan assets	(34)	(37)
Amortization of:	Amortization of:		
Actuarial (gain) loss		(2)	6
Actuarial gain			
Actuarial gain			

Actuarial gain	
Net benefit	Net benefit <u><u>\$ (3)</u></u> <u><u>\$ —</u></u>

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Note 11 — Fair Value Measurements

Recurring Fair Value Measurements

The following table presents, on a gross basis, our financial assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy:

June 30, 2023:	Asset (Liability)				Asset (Liability)			
	Level				Level			
	Level 1	Level 2	3	Total	Level 1	Level 2	Level 3	Total
December 31, 2023:								
Derivative instruments:								
Derivative instruments:								
Derivative instruments:								
Assets:	Assets:				Assets:			
Commodity contracts (c)	\$ 146	\$ 111	\$ —	\$ 257				
Assets:								
Assets:								
Commodity contracts								
Commodity contracts								
Commodity contracts								
Foreign currency contracts	Foreign currency contracts	\$ —	\$ 18	\$ —	\$ 18			
Interest rate contracts	Interest rate contracts	\$ —	\$ 30	\$ —	\$ 30			
Liabilities:	Liabilities:				Liabilities:			
Commodity contracts (c)	\$ (242)	\$ (224)	\$ —	\$ (466)				
Liabilities:								
Liabilities:								
Commodity contracts								
Commodity contracts								
Commodity contracts								
Foreign currency contracts	Foreign currency contracts	\$ —	\$ (4)	\$ —	\$ (4)			
Interest rate contracts	Interest rate contracts	\$ —	\$ (4)	\$ —	\$ (4)			

Non-qualified supplemental postretirement grantor trust investments (a)	Non-qualified supplemental postretirement grantor trust investments (a)	\$ 40	\$ —	\$ —	\$ 40
September 30, 2022:					
Non-qualified supplemental postretirement grantor trust investments (a)					
Non-qualified supplemental postretirement grantor trust investments (a)					
September 30, 2023:					
Derivative instruments:					
Derivative instruments:					
Derivative instruments:	Derivative instruments:				
Assets:	Assets:				
Assets:	Assets:				
Assets:	Assets:				
Commodity contracts (b)	Commodity contracts (b)				
Commodity contracts (b)	Commodity contracts (b)	\$ 938	\$ 1,268	\$ 27	\$ 2,233
Foreign currency contracts	Foreign currency contracts	\$ —	\$ 119	\$ —	\$ 119
Interest rate contracts	Interest rate contracts	\$ —	\$ 66	\$ —	\$ 66
Liabilities:	Liabilities:				
Liabilities:	Liabilities:				
Commodity contracts (b)	Commodity contracts (b)				
Commodity contracts (b)	Commodity contracts (b)				
Commodity contracts (b)	Commodity contracts (b)	\$ (377)	\$ (136)	\$ —	\$ (513)
Foreign currency contracts	Foreign currency contracts	\$ —	\$ (2)	\$ —	\$ (2)
Non-qualified supplemental postretirement grantor trust investments (a)	Non-qualified supplemental postretirement grantor trust investments (a)	\$ 43	\$ —	\$ —	\$ 43
June 30, 2022:					
Non-qualified supplemental postretirement grantor trust investments (a)					

Non-qualified supplemental postretirement grantor trust investments (a)	
December	
31, 2022:	
Derivative instruments:	
Derivative instruments:	
Derivative instruments:	
Assets:	
Assets:	
Assets:	
Assets:	
Commodity contracts	
Foreign currency contracts	
Interest rate contracts	
Liabilities:	
Liabilities:	
Liabilities:	
Commodity contracts	
Commodity contracts	
Commodity contracts	
Foreign currency contracts	
Non-qualified supplemental postretirement grantor trust investments	
(a)	
Non-qualified supplemental postretirement grantor trust investments (a)	
Non-qualified supplemental postretirement grantor trust investments (a)	

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans.

(b) Includes derivative assets and liabilities associated with the October 2022 sale of the U.K. certain UGI International energy marketing business classified as held for sale transactions (see Note 5).

(c) Includes derivative assets and liabilities associated with certain UGI International energy marketing businesses classified as held for sale (see Note 5).

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The fair values of our Level 1 exchange-traded commodity futures and option contracts and non-exchange-traded commodity futures and forward contracts are based upon actively quoted market prices for identical assets and liabilities. Substantially all of the remaining derivative instruments are designated as Level 2. The fair values of certain non-exchange-

traded commodity

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derivatives designated as Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. The fair values of our Level 2 interest rate contracts and foreign currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of our Level 3 natural gas commodity contracts at September 30, 2022 attributable to our UGI International operations have been determined using unobservable inputs in an illiquid market and ranged from \$7 to \$27 given the available inputs considered. The fair values of investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets.

Nonrecurring Fair Value Measurements

During the quarter ended June 30, 2023, the Company performed an interim goodwill impairment test for its AmeriGas Propane reporting unit, which resulted in a non-cash pre-tax goodwill impairment charge of \$656 to reduce the carrying value of AmeriGas Propane to its fair value as of May 31, 2023. See Note 2 for further information on the results of the impairment test including the key assumptions used to determine the fair value of the AmeriGas Propane reporting unit.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amounts and estimated fair values of our long-term debt (including current maturities but excluding unamortized debt issuance costs) were as follows:

	June 30, 2023	June 30, 2022			
	December 31, 2023		December 31, 2023	September 30, 2023	December 31, 2022
Carrying amount	Carrying amount	\$6,682	\$ 6,665	\$6,483	
Estimated fair value	Estimated fair value	\$6,318	\$ 6,189	\$6,145	

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 12.

Note 12 — Derivative Instruments and Hedging Activities

We are exposed to certain market risks related to our ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage: (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies, which govern, among other things, the derivative instruments we can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months. For information on the accounting for our derivative instruments, see Note 2.

The following sections summarize the types of derivative instruments used by the Company to manage these market risks.

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Commodity Price Risk

Regulated Utility Operations

Natural Gas

PA Gas Utility's tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PAPUC pursuant to PA Gas Utility's annual PGC filings, PA Gas Utility currently uses NYMEX natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. See Note 7 for further information on the regulatory accounting treatment for these derivative instruments.

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Non-utility Operations

LPG

In order to manage market price risk associated with the Partnership's fixed-price programs and to reduce the effects of short-term commodity price volatility, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership and our UGI International operations also use over-the-counter price swap and option contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases.

Natural Gas

In order to manage market price risk relating to fixed-price sales contracts for physical natural gas, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures and over-the-counter and ICE natural gas basis swap contracts. In addition, Midstream & Marketing uses NYMEX and over-the-counter futures and options contracts to economically hedge price volatility associated with the gross margin derived from the purchase and anticipated later near-term sale of natural gas storage inventories. Outside of the financial market, Midstream & Marketing also uses ICE and over-the-counter forward physical contracts. UGI International also uses natural gas futures and forward contracts to economically hedge market price risk associated with a substantial portion of anticipated volumes under fixed-price sales contracts with its customers. See Note 5 for information on the exit of substantially all of the Company's European energy marketing business.

Electricity

In order to manage market price risk relating to fixed-price sales contracts for electricity, Midstream & Marketing enters into electricity futures and forward contracts. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. UGI International also uses electricity futures and forward contracts to economically hedge market price risk associated with fixed-price sales and purchase contracts for electricity. See Note 5 for information on the exit of substantially all of the Company's European energy marketing business.

Interest Rate Risk

Certain of our long-term debt agreements have interest rates that are generally indexed to short-term market interest rates. In order to fix the underlying short-term market interest rates, we may enter into pay-fixed, receive-variable interest rate swap agreements and designate such swaps as cash flow hedges.

The remainder of our long-term debt is typically issued at fixed rates of interest. As this long-term debt matures, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into IRPAs. We account for IRPAs as cash flow hedges. There were no unsettled IRPAs during any of the periods presented. At **June 30, 2023** **December 31, 2023**, the amount of pre-tax net gains associated with interest rate hedges expected to be reclassified into earnings during the next twelve months is **\$49. \$27.**

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Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the USD exchange rate to the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over multi-year periods to eventually equal approximately 90% of anticipated UGI International foreign currency earnings before income taxes. Because these contracts are not designated as hedging instruments, realized and unrealized gains and losses on these contracts are recorded in "Other non-operating income (expense), net," on the Condensed Consolidated Statements of Income.

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Net Investment Hedges

From time to time, we also enter into certain forward foreign currency exchange contracts to reduce the volatility of the USD value of a portion of our UGI International euro-denominated net investments, including anticipated foreign currency denominated dividends. We account for these foreign currency exchange contracts as net investment hedges and all changes in the fair value of these contracts are reported in the cumulative translation adjustment component in AOCI. We use the spot rate method to measure ineffectiveness of our net investment hedges.

Concurrent with the repayment of UGI International's 3.25% Senior Notes on December 7, 2021, we settled an associated net investment hedge having a notional value of €93. Additionally, in May 2022, we restructured certain net investment hedges associated with anticipated foreign currency denominated dividends. Cash flows from these settlements are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows.

Our euro-denominated long-term debt has also been designated as net investment hedges, representing a portion of our UGI International euro-denominated net investment. We recognized pre-tax losses associated with these net investment hedges in the cumulative translation adjustment component in AOCI of \$(7) \$32 and \$(41) \$64 during the three months ended June 30, 2023 December 31, 2023 and 2022, respectively, and \$(80) and \$75 during the nine months ended June 30, 2023 and 2022, respectively.

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Notes to Condensed Consolidated Financial Statements

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(Currency in millions, except per share amounts and where indicated otherwise)

Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at June 30, 2023 December 31, 2023, September 30, 2022 September 30, 2023 and June 30, 2022 December 31, 2022, and the final settlement dates of the Company's open derivative contracts as of June 30, 2023 December 31, 2023, but excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)						Notional Amounts (in millions)		
Type	Type	Units	Settlements Extending Through	June 30, 2023	June 30, 2022	Type	Units	Settlements Extending Through	December 31, 2023	September 30, 2023	December 31, 2022
Commodity	Commodity										
Price Risk:	Price Risk:										
Regulated	Regulated										
Utility	Utility										
Operations	Operations										
<i>Regulated Utility</i>											
<i>Operations</i>											
<i>Regulated Utility</i>											
<i>Operations</i>											
PA Gas Utility NYMEX											
natural gas futures and option contracts											
PA Gas Utility NYMEX											
natural gas futures and option contracts											
PA Gas	PA Gas										
Utility	Utility										
NYMEX	NYMEX										
natural	natural										
gas	gas										
futures	futures										
and option	and option										
contracts	contracts	Dekatherms	February 2024	24	19	13					
Non-utility	Non-utility										
Operations	Operations										

Non-utility Operations						
Non-utility Operations						
LPG swaps						
LPG swaps						
LPG swaps	LPG swaps	Gallons	September 2025	734	874	669
Natural gas futures, forward, basis swap, options and pipeline contracts	Natural gas futures, forward, basis swap, options and pipeline contracts	Dekatherms	October 2027	357	363	353
Electricity forward and futures contracts	Electricity forward and futures contracts	Kilowatt hours	December 2026	1,586	2,446	2,621
Electricity forward and futures contracts						
Electricity forward and futures contracts						
Interest rate swaps	Interest rate swaps	Euro	March 2026	€ 300	€ 300	€ 300
Interest rate swaps	Interest rate swaps	USD	September 2026	\$ 1,274	\$ 1,358	\$ 1,411
Foreign currency exchange contracts	Foreign currency exchange contracts	USD	September 2026	\$ 434	\$ 465	\$ 435

Net investment hedge forward foreign exchange contracts	Net investment hedge forward foreign exchange contracts	December
		Euro 2026 € 256 € 411 € 411

(a) Amounts at June 30, 2023 and September 30, 2022 September 30, 2023 include contracts associated with certain UGI International energy marketing businesses classified as held for sale business transactions (see Note 5).

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements

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with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of June 30, 2023 December 31, 2023, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was \$305. \$189. In general, many of our over-the-counter derivative instruments and all exchange contracts call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At June 30, 2023 December 31, 2023, in addition to cash collateral pledged, we had also pledged collateral in the form of letters of credit to derivative instrument counterparties totaling \$30. At December 31, 2023, we had received cash collateral from derivative instrument counterparties totaling \$36. \$17. In addition, we may have offsetting derivative liabilities and certain accounts payable balances with certain of these counterparties, which further mitigates the previously mentioned maximum amount of losses. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the

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Partnership's debt rating. At June 30, 2023 December 31, 2023, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. We offset amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty. Our derivative instruments include both those that are executed on an exchange through brokers and centrally cleared and over-the-counter transactions. Exchange contracts utilize a financial intermediary, exchange or clearinghouse to enter, execute or clear the transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter and exchange contracts contain contractual rights of offset through master netting arrangements, derivative clearing agreements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency or other conditions.

In general, many of our over-the-counter transactions and all exchange contracts are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

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Fair Value of Derivative Instruments

The following table presents the Company's derivative assets and liabilities by type, as well as the effects of offsetting:

		June 30, 2023	September 30, 2022	June 30, 2022			
		December 31, 2023			December 31,	September 30,	December 31, 2023
Derivative assets:	Derivative assets:						
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:						
Foreign currency contracts	Foreign currency contracts	\$ 6	\$ 57	\$ 28			
Foreign currency contracts	Foreign currency contracts						
Interest rate contracts	Interest rate contracts	30	66	44			
		36	123	72			
		20					
Derivatives subject to PGC and DS mechanisms:	Derivatives subject to PGC and DS mechanisms:						
Commodity contracts (a)	Commodity contracts	11	31	30			
Commodity contracts	Commodity contracts						
Commodity contracts	Commodity contracts						
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:						
Commodity contracts (a)	Commodity contracts (a)	246	2,202	1,935			
Foreign currency contracts	Foreign currency contracts	12	62	31			
		258	2,264	1,966			
		158					
Total derivative assets — gross	Total derivative assets — gross	305	2,418	2,068			
Gross amounts offset in the balance sheet	Gross amounts offset in the balance sheet	(134)	(295)	(226)			
Cash collateral received	Cash collateral received	(36)	(398)	(659)			

Total derivative assets — net	Total derivative assets — net	\$ 135	\$ 1,725	\$1,183
Derivative liabilities:				
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:			
Derivatives designated as hedging instruments:				
Foreign currency contracts				
Foreign currency contracts	Foreign currency contracts			
Foreign currency contracts				
Interest rate contracts	Interest rate contracts	(4)	—	—
Interest rate contracts				
Interest rate contracts	Interest rate contracts			
(17)				
Derivatives subject to PGC and DS mechanisms:	Derivatives subject to PGC and DS mechanisms:			
Commodity contracts				
Commodity contracts	Commodity contracts			
Commodity contracts	Commodity contracts	(18)	(26)	(23)
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:			
Commodity contracts (a)	Commodity contracts (a)	(448)	(487)	(338)
Commodity contracts (a)				
Commodity contracts (a)	Commodity contracts (a)			
Foreign currency contracts	Foreign currency contracts	(4)	(2)	(2)
		(452)	(489)	(340)
		(314)		
Total derivative liabilities — gross	Total derivative liabilities — gross	(474)	(515)	(363)
Gross amounts offset in the balance sheet	Gross amounts offset in the balance sheet	134	295	226
Cash collateral pledged	Cash collateral pledged	137	7	13
Total derivative liabilities — net	Total derivative liabilities — net	\$ (203)	\$ (213)	\$ (124)

(a) Amounts at June 30, 2023 and September 30, 2022 include certain derivative contracts associated with certain UGI International energy marketing businesses (see Note 5). At September 30, 2023 there were \$10 of derivative assets and \$12 of derivative liabilities classified as held for sale, (see Note

5) which are reflected in "Prepaid expenses and other current assets" and "Other current liabilities", respectively, on the Condensed Consolidated Balance Sheets at September 30, 2023.

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Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Income and changes in AOCI:

Three Months Ended

June 30,:

	Gain (Loss) Recognized in AOCI	Gain (Loss) Reclassified from AOCI into Income	Location of Gain (Loss) Reclassified from AOCI into Income
--	--------------------------------------	--	---

Three Months Ended

December 31,:

Three Months Ended

December 31,:

Three Months Ended

December 31,:

	Gain (Loss) Recognized in AOCI	Gain (Loss) Recognized in AOCI
		Gain (Loss) Recognized in AOCI

Gain
Reclassified
from
AOCI
into Income

Cash Flow Hedges:

Cash Flow Hedges:	Cash Flow Hedges:	2023	2022	2023	2022	Location of Gain (Loss) Reclassified from AOCI into Income
Interest rate contracts	Interest rate contracts	\$ 32	\$ 11	\$ 14	\$ (4)	Interest expense

Location of
Gain
Reclassified
from
AOCI into
Income

Net Investment Hedges:

Foreign currency contracts	\$ (5)	\$ 23	Gain (Loss) Recognized in Income
----------------------------	--------	-------	-------------------------------------

Location of
Gain
Reclassified
from
AOCI into
Income

Derivatives Not

Designated as Hedging Instruments:

	2023	2022	Location of Gain (Loss)
			Recognized in Income
Commodity contracts	\$ 1	\$ (6)	Revenues
Commodity contracts	(224)	466	Cost of sales
Commodity contracts	(10)	6	Other operating income, net
Foreign currency contracts	(2)	17	Other non-operating income (expense), net

Total	\$ (235)	\$ 483									
Nine Months Ended June 30, 2023											
Gain (Loss)											
Recognized in AOCI	Reclassified from AOCI into Income	Location of Gain (Loss) from AOCI into Income									
Cash Flow Hedges:	2023	2022									
Interest rate contracts											
Interest rate contracts	\$ 15	\$ 59	\$ 28	\$ (17)	Interest expense	\$ (22)	\$ 4	\$ 13	\$ 7	Interest expense	Interest expense
Net Investment Hedges:											
Net Investment Hedges:											
Foreign currency contracts											
Foreign currency contracts											
Foreign currency contracts	\$ (28)	\$ 34									
Gain (Loss) Recognized in Income											
Gain (Loss) Recognized in Income											
Gain (Loss) Recognized in Income											
Gain (Loss) Recognized in Income											
Derivatives Not Designated as Hedging Instruments:											
Derivatives Not Designated as Hedging Instruments:											
Derivatives Not Designated as Hedging Instruments:											
Derivatives Not Designated as Hedging Instruments:											
Commodity contracts	Commodity contracts	\$ 11	\$ (5)	Revenues	Location of Gain (Loss) Recognized in Income	2023		2022		Location of Gain (Loss) Recognized in Income	
Commodity contracts	Commodity contracts	(1,893)	792	Cost of sales	Commodity contracts	\$ 2	\$ 4	Revenues	Cost of sales	Revenues	Cost of sales
Commodity contracts	Commodity contracts	(5)	6	Other operating income, net	Commodity contracts	(155)	(1,326)	(1,326)	Cost of sales	Other operating income, net	Other operating income, net
Commodity contracts											
Commodity contracts											
Foreign currency contracts	Foreign currency contracts	(36)	32	Other non-operating income (expense), net	Foreign currency contracts	3	3	Other non-operating expense, net	Other non-operating expense, net	Other non-operating expense, net	Other non-operating expense, net
Total	Total	\$ (1,923)	\$ 825								

We are also a party to a number of other contracts that have elements of a derivative instrument. However, these contracts qualify for NPNS exception accounting because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in these contracts are based on an underlying that is directly associated with the price of the product or service being purchased or sold. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery, or sale, of energy products, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments.

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Note 13 — Accumulated Other Comprehensive Income (Loss)

The tables below present changes in AOCI, net of tax:

Three Months Ended June 30, 2023	Postretirement Benefit				Total
	Plans	Derivative Instruments	Foreign Currency		
AOCI — March 31, 2023	\$ 14	\$ 15	\$ (270)	\$ (241)	
Other comprehensive income before reclassification adjustments	—	22	8	30	
Amounts reclassified from AOCI	(1)	(10)	—	(11)	
Other comprehensive (loss) income attributable to UGI	(1)	12	8	19	
AOCI — June 30, 2023	<u>\$ 13</u>	<u>\$ 27</u>	<u>\$ (262)</u>	<u>\$ (222)</u>	
Three Months Ended June 30, 2022	Postretirement Benefit				Total
	Plans	Derivative Instruments	Foreign Currency		
AOCI — March 31, 2022	\$ (14)	\$ 11	\$ (175)	\$ (178)	
Other comprehensive income (loss) before reclassification adjustments	—	8	(106)	(98)	
Amounts reclassified from AOCI	—	3	—	3	
Other comprehensive income (loss) attributable to UGI	—	11	(106)	(95)	
AOCI — June 30, 2022	<u>\$ (14)</u>	<u>\$ 22</u>	<u>\$ (281)</u>	<u>\$ (273)</u>	
Nine Months Ended June 30, 2023	Postretirement Benefit				Total
	Plans	Derivative Instruments	Foreign Currency		
AOCI — September 30, 2022	\$ 14	\$ 37	\$ (431)	\$ (380)	
Other comprehensive income before reclassification adjustments	—	10	169	179	
Amounts reclassified from AOCI	(1)	(20)	—	(21)	
Other comprehensive (loss) income attributable to UGI	(1)	(10)	169	158	
AOCI — June 30, 2023	<u>\$ 13</u>	<u>\$ 27</u>	<u>\$ (262)</u>	<u>\$ (222)</u>	
Nine Months Ended June 30, 2022	Postretirement Benefit				Total
	Plans	Derivative Instruments	Foreign Currency		
AOCI — September 30, 2021	\$ (17)	\$ (33)	\$ (90)	\$ (140)	
Other comprehensive income (loss) before reclassification adjustments	—	42	(191)	(149)	
Amounts reclassified from AOCI	3	13	—	16	
Other comprehensive income (loss) attributable to UGI	3	55	(191)	(133)	
AOCI — June 30, 2022	<u>\$ (14)</u>	<u>\$ 22</u>	<u>\$ (281)</u>	<u>\$ (273)</u>	
Three Months Ended December 31, 2023	Postretirement Benefit				Total
	Plans	Derivative Instruments	Foreign Currency		
AOCI — September 30, 2023	\$ 17	\$ 26	\$ (299)	\$ (256)	
Other comprehensive (loss) income before reclassification adjustments	—	(15)	49	34	
Amounts reclassified from AOCI	—	(10)	—	(10)	

Other comprehensive (loss) income attributable to UGI	—	(25)	49	24
AOCI — December 31, 2023	\$ 17	\$ 1	\$ (250)	\$ (232)
Postretirement Benefit				
Three Months Ended December 31, 2022	Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2022	\$ 14	\$ 37	\$ (431)	\$ (380)
Other comprehensive income before reclassification adjustments	—	3	151	154
Amounts reclassified from AOCI	—	(5)	—	(5)
Other comprehensive (loss) income attributable to UGI	—	(2)	151	149
AOCI — December 31, 2022	\$ 14	\$ 35	\$ (280)	\$ (231)

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Note 14 — Equity Method Investments

We account for privately held equity securities of entities without readily determinable fair values in which we do not have control, but have significant influence over operating and financial policies, under the equity method. Our equity method investments principally comprise a number of investments in biomass and other renewable energy projects at Midstream & Marketing and a renewable energy joint venture at UGI International. Equity method investments are included in "Other assets" on the Condensed Consolidated Balance Sheets and equity method earnings are included in "Income from equity investees" on the Condensed Consolidated Statements of Income.

Equity method investments which are included within "Other assets" on the Condensed Consolidated Balance Sheets, comprise the following:

Investees	Carrying Value			Ownership Interest		
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	September 30, 2023	December 31, 2022
Midstream & Marketing:						
Aurum Renewables	\$ 46	\$ 45	—	40%	40%	N/A
Pine Run	80	77	71	49%	49%	49%
MBL Bioenergy	147	122	56	99.99%	99.99%	99.99%
Other	21	20	18	various	various	various
Total Midstream & Marketing	294	264	145			
UGI International	35	35	30	various	various	various
Total investments in equity method investees	\$ 329	\$ 299	\$ 175			

See the Company's 2023 Annual Report for additional information on our equity method investments.

Note 14.15 — Segment Information

Our operations comprise four reportable segments generally based upon products or services sold, geographic location and regulatory environment: (1) **AmeriGas Propane**; **Utilities**; (2) **UGI International**; (3) **Midstream & Marketing**; (3) **UGI International**; and (4) **Utilities**; **AmeriGas Propane**.

Corporate & Other includes certain items that are excluded from our CODM's assessment of segment performance (see below for further details on these items). Corporate & Other also includes the net expenses of UGI's captive general liability insurance company, UGI's corporate headquarters facility and UGI's unallocated corporate and general expenses as well as interest.

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expense on UGI debt that is not allocated. Corporate & Other assets principally comprise cash and cash equivalents of UGI and its captive insurance company, and UGI corporate headquarters' assets. The accounting policies of our reportable segments are the same as those described in Note 2, "Summary of Significant Accounting Policies," in the

Three Months Ended June 30, 2023	Total	Eliminations	AmeriGas		Midstream & Marketing		Utilities		Corporate & Other (a)
			Propane	UGI International					
Revenues from external customers	\$ 1,659	\$ —	\$ 514	\$ 611	\$ 260	\$ 270	\$ 4		
Intersegment revenues	\$ —	\$ (25) (b)	\$ —	\$ —	\$ 19	\$ 8	\$ (2)		
Cost of sales	\$ 1,104	\$ (26) (b)	\$ 251	\$ 418	\$ 192	\$ 118	\$ 151		
Operating (loss) income	\$ (732)	\$ —	\$ (8)	\$ 21	\$ 40	\$ 32	\$ (817)		
Income from equity investees	1	—	—	—	1	—	—		
Loss on extinguishment of debt	(9)	—	—	—	—	—	—		(9)
Other non-operating income (expense), net	1	—	—	1	—	2	—		(2)
(Loss) earnings before interest expense and income taxes	(739)	—	(8)	22	41	34			(828)
Interest expense	(96)	—	(40)	(10)	(11)	(20)			(15)
(Loss) income before income taxes	\$ (835)	\$ —	\$ (48)	\$ 12	\$ 30	\$ 14	\$ (843)		
Depreciation and amortization	\$ 134	\$ —	\$ 43	\$ 30	\$ 22	\$ 38	\$ 1		
Capital expenditures (including the effects of accruals)	\$ 255	\$ —	\$ 42	\$ 27	\$ 40	\$ 146	\$ —		
Three Months Ended June 30, 2022	Total	Eliminations	AmeriGas		Midstream & Marketing		Utilities		Corporate & Other (a)
			Propane	UGI International					
Revenues from external customers	\$ 2,033	\$ —	\$ 597	\$ 738	\$ 450	\$ 250	\$ (2)		
Intersegment revenues	\$ —	\$ (99) (b)	\$ —	\$ —	\$ 75	\$ 24	\$ —		
Cost of sales	\$ 1,361	\$ (99) (b)	\$ 370	\$ 544	\$ 436	\$ 121	\$ (11)		
Operating income (loss)	\$ 99	\$ —	\$ (10)	\$ 22	\$ 38	\$ 38	\$ 11		
(Loss) income from equity investees	(45)	—	—	—	6	—	(51)		
Other non-operating income, net	20	—	—	4	—	2	14		
Earnings (loss) before interest expense and income taxes	74	—	(10)	26	44	40	(26)		
Interest expense	(82)	—	(41)	(7)	(11)	(15)	(8)		
(Loss) income before income taxes	\$ (8)	\$ —	\$ (51)	\$ 19	\$ 33	\$ 25	\$ (34)		
Depreciation and amortization	\$ 130	\$ —	\$ 44	\$ 29	\$ 20	\$ 37	\$ —		
Capital expenditures (including the effects of accruals)	\$ 201	\$ —	\$ 28	\$ 25	\$ 9	\$ 139	\$ —		

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Nine Months Ended June 30, 2023	Total	Eliminations	Midstream				AmeriGas	Corporate	
			AmeriGas	UGI	&	Corporate			
Propane	International	Marketing	Utilities	& Other (a)					
Three Months Ended December 31, 2023									
Three Months Ended December 31, 2023									
Three Months Ended December 31, 2023									
Revenues from external customers									
Intersegment revenues									
Cost of sales									
Operating income (loss)									

Income	Income							
(loss) from	(loss) from							
equity	equity							
investees	investees	2	—	—	(2)	4	—	—
Loss on extinguishment								
of debt		(9)	—	—	—	—	—	(9)
Other non-operating								
(loss) income, net								
Other non-operating	Other non-operating							
(loss)	(loss)							
income,	income,							
net	net	(25)	—	—	21	—	6	(52)
(Loss)	(Loss)							
earnings	earnings							
before	before							
interest	interest							
expense	expense							
and	and							
income	income							
taxes	taxes	(1,713)	—	240	216	253	367	(2,789)
Interest	Interest							
expense	expense	(281)	—	(122)	(26)	(33)	(62)	(38)
(Loss)	(Loss)							
income	income							
before	before							
income	income							
taxes	taxes	\$ (1,994)	\$ —	\$ 118	\$ 190	\$ 220	\$ 305	\$ (2,827)
Depreciation	Depreciation							
and	and							
amortization	amortization	\$ 397	\$ —	\$ 132	\$ 86	\$ 65	\$ 112	\$ 2
Capital expenditures								
(including the effects of								
accruals)		\$ 647	\$ —	\$ 93	\$ 84	\$ 74	\$ 396	\$ —
As of June 30, 2023								
Total assets		\$ 15,243	\$ (182)	\$ 3,443	\$ 3,179	\$ 3,050	\$ 5,560	\$ 193
Midstream								
Nine Months Ended June				AmeriGas	UGI	&		Corporate
30, 2022	Total	Eliminations		Propane	International	Marketing	Utilities	& Other (a)
Revenues from external								
customers	\$ 8,172	\$ —		\$ 2,423	\$ 3,011	\$ 1,424	\$ 1,313	\$ 1
Intersegment revenues	\$ —	\$ (396) (b)		\$ —	\$ —	\$ 307	\$ 87	\$ 2
Cost of sales	\$ 4,951	\$ (394) (b)		\$ 1,333	\$ 2,267	\$ 1,389	\$ 701	\$ (345)
Operating income	\$ 1,363	\$ —		\$ 303	\$ 211	\$ 197	\$ 325	\$ 327
(Loss) income from								
equity investees	(32)	—		—	—	19	—	(51)
Loss on extinguishments								
of debt	(11)	—		—	—	—	—	(11)
Other non-operating								
income, net	41	—		—	17	—	7	17
Earnings before interest								
expense and income								
taxes	1,361	—		303	228	216	332	282
Interest expense	(245)	—		(120)	(22)	(31)	(47)	(25)
Income before income								
taxes	\$ 1,116	\$ —		\$ 183	\$ 206	\$ 185	\$ 285	\$ 257

Depreciation and amortization	
Depreciation and amortization	\$ 387 \$ — \$ 132 \$ 89 \$ 57 \$ 108 \$ 1
Capital expenditures (including the effects of accruals)	\$ 546 \$ — \$ 99 \$ 71 \$ 25 \$ 351 \$ —
As of June 30, 2022	
As of December 31, 2022	
Total assets	
Total assets	Total assets \$ 17,111 \$ (182) \$ 4,365 \$ 4,410 \$ 3,198 \$ 5,146 \$ 174

(a) Corporate & Other includes specific items attributable to our reportable segments that are not included in the segment profit measures used by our CODM in assessing our reportable segments' performance or allocating resources. The following table presents such pre-tax gains (losses) which have been included in Corporate & Other, and the reportable segments to which they relate:

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Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts and where indicated otherwise)

Three Months Ended June 30, 2023	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ 1	\$ 1
Net losses on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (51)	\$ (87)	\$ (14)
Net losses on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ (1)	\$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	\$ (6)	\$ —	\$ —
Loss on extinguishment of debt	Loss on extinguishments of debt	\$ (9)	\$ —	\$ —
Other non-operating income				
Unrealized losses on foreign currency derivative instruments	(expense), net	\$ —	\$ (2)	\$ —
Loss associated with impairment of AmeriGas Propane goodwill	Impairment of goodwill	\$ (656)	\$ —	\$ —
Three Months Ended June 30, 2022	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ 2	\$ (4)
Net (losses) gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (46)	\$ 110	\$ (51)
Net gains on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ 6	\$ —
Restructuring costs	Operating and administrative expenses	\$ (1)	\$ (2)	\$ (1)
Other non-operating income				
Unrealized gains on foreign currency derivative instruments	(expense), net	\$ —	\$ 14	\$ —
Impairments associated with certain equity method investments	Income (loss) from equity investees	\$ —	\$ —	\$ (50)

Nine Months Ended June 30, 2023	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ 4	\$ 7
Net losses on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (55)	\$ (1,491)	\$ (275)
Net losses on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ (4)	\$ —
Loss on extinguishment of debt	Loss on extinguishments of debt	\$ (9)	\$ —	\$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	\$ —	\$ (52)	\$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	\$ (19)	\$ —	\$ —
Loss on disposal of U.K. energy marketing business	Loss on disposal of U.K. energy marketing business	\$ —	\$ (215)	\$ —
Impairment of assets	Operating and administrative expenses	\$ —	\$ (19)	\$ —
Loss associated with impairment of AmeriGas Propane goodwill	Impairment of goodwill	\$ (656)	\$ —	\$ —

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(audited)

(Currency in millions, except per share amounts and where indicated otherwise)

Nine Months Ended June 30, 2022	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ 7	\$ (6)
Net (losses) gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (83)	\$ 458	\$ (29)
Net gains on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ 6	\$ —
Restructuring costs	Operating and administrative expenses	\$ (15)	\$ (4)	\$ (1)
Loss on extinguishment of debt	Loss on extinguishment of debt	\$ —	\$ (11)	\$ —
Unrealized gain on foreign currency derivative instruments	Other non-operating income (expense), net	\$ —	\$ 19	\$ —
Impairments associated with certain equity method investments	Income (loss) from equity investees	\$ —	\$ —	\$ (50)

Three Months Ended December 31, 2023	Location on Income Statement	Midstream & Marketing	UGI International	AmeriGas Propane
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	\$ 1	\$ 1	\$ —
Net losses on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (47)	\$ (41)	\$ (6)
Net losses on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ (3)	\$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating expense, net	\$ —	\$ (20)	\$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	\$ —	\$ —	\$ (7)
Costs associated with exit of the UGI International energy marketing business	Revenues	\$ —	\$ (42)	\$ —
Costs associated with exit of the UGI International energy marketing business	Operating and administrative expenses/Other operating income, net	\$ —	\$ (8)	\$ —

Costs associated with exit of the UGI International energy marketing business	Loss on disposal of UGI International energy marketing business	\$ —	\$ (28)	\$ —
Three Months Ended December 31, 2022				
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	\$ 2	\$ (1,169)	\$ (12)
Net losses on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ (183)	\$ (40)	\$ —
Net gains on commodity derivative instruments not associated with current-period transactions	Other operating income, net	\$ —	\$ (2)	\$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating expense, net	\$ —	\$ (7)	\$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	\$ —	\$ —	\$ (215)
Costs associated with exit of the UGI International energy marketing business	Loss on disposal of UGI International energy marketing business	\$ —	\$ (19)	\$ —
Costs associated with exit of the UGI International energy marketing business	Operating and administrative expenses	\$ —	\$ —	\$ —

(b) Represents the elimination of intersegment transactions principally among **Utilities**, **Midstream & Marketing**, **Utilities** and AmeriGas Propane.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Information contained in this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words and terms of similar meaning, although not all forward-looking statements contain such words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future. All forward-looking statements made in this Quarterly Report on Form 10-Q rely upon the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you against relying on any forward-looking statement as these statements are subject to risks and uncertainties that may cause actual results to vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind those factors set forth in Item 1A. Risk Factors in this report and in the Company's **2022** **2023** Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022 as well as the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions, including increasingly uncertain weather patterns due to climate change, resulting in reduced demand, the seasonal nature of our business, and disruptions in our operations and supply chain; (2) cost volatility and availability of energy products, including propane and other LPG, electricity, and natural gas, as well as the availability of LPG cylinders, and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, health, tax, transportation, consumer protection, data privacy, accounting, and environmental matters, such as regulatory responses to climate change; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal or regulatory proceedings, inquiries or investigations; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations and our ability to address existing or potential workforce shortages; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, acts of war, terrorism, natural disasters, pandemics, and other catastrophic events that may result from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and LPG in all forms; (13) transmission or distribution system service interruptions; (14) political, regulatory and economic conditions in the United States, Europe and other foreign countries, including uncertainties related to the war between Russia and Ukraine, the European energy crisis, and foreign currency exchange rate fluctuations, particularly the euro; (15) credit and capital market conditions, including reduced access to capital markets and interest rate fluctuations; (16) changes in commodity market prices resulting in significantly higher cash collateral requirements; (17) impacts of our indebtedness and the restrictive covenants in our debt agreements; (18) reduced distributions from subsidiaries impacting the ability to pay dividends or service debt; (19) changes in Marcellus and Utica Shale gas production; (20) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (21) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (22) the interruption, disruption, failure, malfunction, or breach of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (23) the inability to complete pending or future energy infrastructure projects; (24) our ability to achieve the operational benefits and cost efficiencies expected from the completion of pending and future business transformation initiatives, including the impact of customer service disruptions resulting in potential customer loss due to the transformation activities; (25) our ability to attract, develop, retain and engage key employees; (26) uncertainties related to global pandemics; (27) the impact of proposed or future tax legislation; (28) the impact of declines in the stock market or bond market, and a low interest rate environment, on our pension liability; (29) our ability to protect our intellectual property; and (30) our ability to overcome supply chain issues that may result in delays or shortages in, as well as increased costs of, equipment, materials or other resources that are critical to our business operations.

These factors, and those factors set forth in Item 1A. Risk Factors in this report and those factors set forth in Item 1A. Risk Factors in the Company's 2022 Annual Report, and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Any forward-looking statement speaks only as of the date on which such statement is made. We undertake no obligation (and expressly disclaim any obligation) to update publicly any forward-looking statement, whether as a result of new information or future events, except as required by the federal securities laws.

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ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Company's results of operations for the 2023 three-month period with the 2022 three-month period and the 2023 nine-month period with the 2022 nine-month period. Our analysis of results of operations should be read in conjunction with the segment information included in Note 14 to Condensed Consolidated Financial Statements.

Because most of our businesses sell or distribute energy products used in large part for heating purposes, our results are significantly influenced by temperatures in our service territories, particularly during the heating-season months of October through March. As a result, our operating results excluding of operations, after adjusting for the effects of gains and losses on derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

Non-GAAP Financial Measures

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and other significant discrete items that can affect the comparison of period-over-period results.

UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under GAAP. Volatility in net income (loss) attributable to UGI Corporation can occur as a result of gains and losses on such derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity and certain foreign currency derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions. However, because these derivative instruments economically hedge anticipated future purchases or sales of energy commodities, or in the case of certain foreign currency derivatives reduce volatility in anticipated future earnings associated with our foreign operations, we expect that such gains or losses will be largely offset by gains or losses on anticipated future energy commodity transactions or mitigate volatility in anticipated future earnings. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

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The following tables reflect the adjustments referred to above and reconcile net income (loss) attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income (loss) attributable to UGI Corporation, and reconcile diluted earnings (loss) per share, the most directly comparable GAAP measure, to adjusted diluted earnings (loss) per share:

Adjusted net income (loss) attributable to UGI Corporation (Dollars in millions)	Three Months Ended				Nine Months Ended			
	June 30,				June 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
AmeriGas Propane	\$ (35)	\$ (37)	\$ 87	\$ 135				
UGI International	13	15	150	161				
Midstream & Marketing	22	23	165	132				
Utilities	10	19	234	216				
Corporate & Other (a)	(799)	(27)	(2,269)	185				
Net (loss) income attributable to UGI Corporation	(789)	(7)	(1,633)	829				
Net losses (gains) on commodity derivative instruments not associated with current-period transactions (net of tax of \$(36), \$5, \$(465) and \$98, respectively)	115	(12)	1,349	(255)				
Unrealized losses (gains) on foreign currency derivative instruments (net of tax of \$(1), \$4, \$(15) and \$5, respectively)	1	(10)	37	(14)				
Loss associated with impairment of AmeriGas Propane goodwill (net of tax of \$4, \$0, \$4 and \$0, respectively)	660	—	660	—				
Loss on extinguishments of debt (net of tax of \$(2), \$0, \$(2) and \$(3), respectively)	7	—	7	8				
Acquisition and integration expenses associated with the Mountaineer Acquisition (net of tax of \$0, \$0, \$0 and \$0, respectively)	—	—	—	1				
Business transformation expenses (net of tax of \$(1), \$(1), \$(2) and \$(2), respectively)	1	1	4	4				

AmeriGas operations enhancement for growth project (net of tax of \$(2), \$0, \$(5) and \$0, respectively)	4	—	14	—
Impairments associated with certain equity method investments (net of tax of \$0, \$(14), \$0 and \$(14), respectively)	—	36	—	36
Restructuring costs (net of tax of \$0, \$(1), \$0 and \$(6), respectively)	—	4	—	17
Loss on disposal of U.K. energy marketing business (net of tax of \$0, \$0, \$(64) and \$0, respectively)	—	—	151	—
Impairment of assets (net of tax of \$0, \$0, \$0, and \$0, respectively)	—	—	19	—
Total adjustments (a) (b)	788	19	2,241	(203)
Adjusted net (loss) income attributable to UGI Corporation	\$ (1)	\$ 12	\$ 608	\$ 626

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Adjusted diluted earnings per share	Three Months Ended		Nine Months Ended	
	June 30,	2023	June 30,	2022
AmeriGas Propane	\$ (0.17)	\$ (0.17)	\$ 0.40	\$ 0.63
UGI International	0.06	0.07	0.69	0.75
Midstream & Marketing	0.10	0.11	0.76	0.61
Utilities	0.05	0.08	1.08	1.00
Corporate & Other (a)	(3.80)	(0.12)	(10.71)	0.85
Diluted (loss) earnings per share (c)	(3.76)	(0.03)	(7.78)	3.84
Net losses (gains) on commodity derivative instruments not associated with current-period transactions (c)	0.55	(0.06)	6.34	(1.18)
Unrealized losses (gains) on foreign currency derivative instruments	0.01	(0.05)	0.18	(0.06)
Loss associated with impairment of AmeriGas Propane goodwill	3.14	—	3.14	—
Loss on extinguishments of debt	0.03	—	0.03	0.03
Acquisition and integration expenses associated with the Mountaineer Acquisition	—	—	—	—
Business transformation expenses	0.01	0.01	0.02	0.02
AmeriGas operations enhancement for growth project	0.02	—	0.07	—
Impairments associated with certain equity method investments	—	0.17	—	0.17
Restructuring costs	—	0.02	—	0.08
Loss on disposal of U.K. energy marketing business	—	—	0.72	—
Impairment of assets	—	—	0.09	—
Total adjustments (a)	3.76	0.09	10.59	(0.94)
Adjusted diluted earnings per share (c)	\$ —	\$ 0.06	\$ 2.81	\$ 2.90

(a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income (loss) attributable to UGI Corporation. These adjustments have been excluded from the segment results to align with the measure used by our CODM in assessing segment performance and allocating resources. See Note 14 to Condensed Consolidated Financial Statements for additional information related to these adjustments, as well as other items included within Corporate & Other.

(b) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

(c) The loss per share for the three months ended June 30, 2022, was determined excluding the effect of 5.67 million dilutive shares as the impact of such shares would have been antidilutive due to the net loss for the period, while the adjusted earnings per share for the three months ended June 30, 2022, was determined based upon fully diluted shares of 215.89 million. The loss per share for the nine months ended June 30, 2023, was determined excluding the effect of 6.22 million dilutive shares as the impact of such shares would have been antidilutive due to the net loss for the period, while the adjusted earnings per share for the nine months ended June 30, 2023, was determined based upon fully diluted shares of 216.03 million.

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EXECUTIVE OVERVIEW

Recent Developments

Impairment Review of Goodwill. During the quarter ended June 30, 2023, Strategic Alternatives

In August 2023, the Company identified interim impairment indicators related to goodwill within the AmeriGas Propane reporting unit: (1) AmeriGas Partners issued \$500 million in the commencement of Senior Notes at an interest rate of 9.375%, which was significantly higher than the interest rates at the time of the strategic review, focused on the other AmeriGas Propane debt obligations; LPG businesses, intending to unlock and (2) financial projections for the AmeriGas Propane reporting unit were reduced significantly compared to previous forecasts following declines in gross margins and customer retention and higher operating expenses. The Company concluded that these events constituted triggering events that indicate that it is exploring a full range of options with the AmeriGas Propane goodwill may be impaired goal of reducing UGI's earnings volatility and as such, performed an interim impairment test strengthening its balance sheet. In conjunction with the strategic review, the Company is also pursuing actions to optimize its cost structure and re-align its capital allocation priorities. The Company continues on its existing plans while the review of strategic alternatives is ongoing.

UGI International Energy Marketing Transactions

As of December 31, 2023, pursuant to its previously announced decision, the Company has exited substantially all of its goodwill as of May 31, 2023, European energy marketing business which primarily marketed natural gas and electricity to customers through third-party distribution systems in France, Belgium, the Netherlands, and the United Kingdom.

We performed **France**. In October 2023, UGI International, through a quantitative assessment of wholly-owned subsidiary, sold substantially all of its energy marketing business located in France for a net cash payment to the AmeriGas Propane reporting unit using a weighting buyer of \$28 million. In conjunction with the income and market approaches to determine its fair value. Based on our evaluation, sale, during the estimated fair value of the reporting unit was determined to be less than its carrying value. As a result, three months ended December 31, 2023, the Company recorded a non-cash pre-tax goodwill impairment charge loss of \$656 million \$28 million, included in "Impairment which amount principally represents the net payment to the buyer. The carrying values of goodwill" on the Condensed Consolidated Statement of Income, to reduce the carrying value of AmeriGas Propane to its fair value. The Company calculated the deferred tax effect using the simultaneous equation method assets and liabilities associated with this business, principally comprising certain commodity derivative instruments, energy certificates and certain working capital, were not material.

The performance **Belgium**. In September 2023, UGI International, through a wholly-owned subsidiary, sold its energy marketing business located in Belgium for a net cash payment to the buyer of \$3 million. Pursuant to the AmeriGas Propane reporting unit sale agreement, the Company transferred to the buyer certain assets, principally comprising customer and energy broker contracts. In conjunction with the potential for future developments in sale, during the global economic environment, including fourth quarter of Fiscal 2023, the prospect Company recorded a pre-tax loss of higher interest rates, introduces a heightened risk for additional impairment in \$6 million which amount includes the AmeriGas Propane reporting unit. If there is continued deterioration in net payment to the results buyer, the write-off of operations, a portion or all of the remaining recorded goodwill for the AmeriGas Propane reporting unit, which was \$1.3 billion as of June 30, 2023, could be subject to further impairment. certain prepaid energy broker payments and associated transaction costs and fees.

See Note 2 to Condensed Consolidated Financial Statements for additional information.

Sale of U.K. Energy Marketing Business United Kingdom. On October 21, 2022, in October 2022, UGI International, through a wholly-owned subsidiary, sold its natural gas marketing business located in the U.K. for a net cash payment to the buyer of \$19 million which includes certain working capital adjustments. In conjunction with the sale, during the first quarter of Fiscal 2023, three months ended December 31, 2022, the Company recorded a pre-tax loss of \$215 million (\$151 million after-tax) substantially all of which loss was due to the non-cash transfer of commodity derivative instruments associated with the business. At

Netherlands. In September 2023, a substantial number of DVEP's customers agreed to modify their energy marketing contracts whereby the date Company would continue to provide the delivery of closing electricity and natural gas at fixed prices through December 31, 2023, with the Company's obligations to provide future services terminated effective January 1, 2024. As consideration for the early termination of such contracts, the sale, these Company has agreed to make cash payments to the customers equal to the fair values of specific commodity derivative instruments had associated with periods after December 31, 2023. For the three months ended December 31, 2023, the Company settled the commodity derivative instruments for a net carrying gain of \$46 million, which represents the fair value of \$206 million which is attributable to net unrealized gains on such instruments. At September 30, 2022, these specific commodity derivative instruments had a net carrying value of \$276 million. The change in associated with periods after December 31, 2023; and reduced its revenues from these customers by \$42 million, which represents the carrying amount of these derivative instruments between September 30, 2022 and October 21, 2022 resulted pro-rated performance obligation from changes in their fair value during that period. October 1, 2023 through December 31, 2023.

Other

UGI International Energy Marketing Businesses, CORPORATION AND SUBSIDIARIES

In November 2022, conjunction with the Company announced that it expected to sign a definitive agreement during the first quarter wind-down of Fiscal 2023 to sell its European energy marketing business, in France. December 2023, DVEP completed a sale of a substantial portion of its power purchase agreements to a third party for a total consideration to the buyer of \$5 million. In December 2022, conjunction with the sale, the Company announced that it no longer expected to sign recorded a such agreement as extended negotiations with the potential buyer had been discontinued. loss of \$5 million.

During the first quarter of Fiscal 2023, three months ended December 31, 2022, the Company recorded a \$19 million pre-tax impairment charge to reduce the carrying values of certain assets associated with its energy marketing business in the Netherlands, comprising property, plant and equipment and intangible assets.

On July 8, 2023, UGI International, through a wholly-owned subsidiary, entered into a definitive agreement to sell a substantial portion of its energy marketing business located in Belgium, principally comprising customer contracts and prepaid broker fees. The assets associated with the pending sale were not material at June 30, 2023 and have been classified as "Held for sale assets" on the Condensed Consolidated Balance Sheet as of June 30, 2023. The initially estimated cash proceeds, less a payment to the buyer, on or subsequent to the closing date, pursuant to the definitive agreement is not expected to be material. The cash payment to buyer is equal to an agreed upon portion of the fair value,

as of the closing date, of associated derivative commodity hedge contracts currently held by UGI International. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the fourth quarter of Fiscal 2023.

On August 1, 2023, UGI International, through a wholly-owned subsidiary, entered into a definitive agreement to sell a substantial portion of its energy marketing business located in France, principally comprising customer contracts, energy certificates and substantially all of its derivative commodity hedge contracts, for an initially estimated net cash payment to the buyer of €23 million. This initially estimated closing date payment is subject to adjustments relating to, among other things, the

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actual date of closing, the fair value of derivative commodity hedge contracts currently held by the Company but not subject to transfer to the buyer, and conditions associated with certain customer contracts. The effects of these adjustments will be settled on, or subsequent to, the closing date. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the first quarter of Fiscal 2024.

The Company continues to pursue the wind-down of its energy marketing business located in the Netherlands and its remaining natural gas marketing business in France. On July 21, 2023, DVEP signed a definitive agreement to sell a substantial portion of its power purchase agreement portfolio for a net cash payment to the buyer. Such payment is not expected to be material. The closing of the pending sale is subject to regulatory and other third-party approvals and is expected to occur during the first half of Fiscal 2024.

See Note 5 to Condensed Consolidated Financial Statements for additional information.

Global Macroeconomic Conditions. Conditions

Beginning in Fiscal 2021 and continuing into Fiscal 2023, through December 31, 2023, global commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political geopolitical factors, including among others: the economic recovery and evolving consumer patterns associated with the COVID-19 pandemic; but not limited to: supply chain issues disruptions including those associated with labor shortages; significant increases and volatility in energy commodity prices; changes in consumer behavior; and political geopolitical and regulatory conditions resulting from the war between Russia and Ukraine. These adverse macroeconomic factors have contributed/continue to contribute to inflationary pressures as evidenced by recent increases in various consumer price indices. In response an effort to curb these inflationary pressures, central banks in the U.S. and Europe began increasing/raising interest rates during in Fiscal 2022. In addition, during the last several years, we have experienced significant volatility in energy commodity prices, particularly in LPG, natural gas and electricity prices, which have resulted in substantial fluctuations in the fair values of our commodity derivative instruments. These Although these inflationary pressures and commodity price fluctuations/volatility have resulted moderated more recently, they continue to result in, among other things, fluctuations in the cost of our inventory and associated cost of sales, increases in inventory and certain operating and distribution expenses and higher interest expense across all of our businesses. Commodity price fluctuations have also significantly affected the cash collateral deposit requirements of our derivative instrument counterparties and the restricted cash required to be held in our derivative broker and clearing institution accounts. We cannot predict the duration or total ultimate magnitude of these conditions and the effects such conditions may have on our future business, financial results, financial position, and liquidity and cash flows. However, we continue believe that the Company is well positioned to monitor and respond to address the challenges resulting from these global economic and political geopolitical conditions and remain focused on managing our financial condition and liquidity as these conditions they continue to evolve.

Non-GAAP Financial Measures

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and other significant discrete items that can affect the comparison of period-over-period results.

UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under GAAP. Volatility in net income (loss) attributable to UGI Corporation can occur as a result of gains and losses on such derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity and certain foreign currency derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions. However, because these derivative instruments economically hedge anticipated future purchases or sales of energy commodities, or in the case of certain foreign currency derivatives reduce volatility in anticipated future earnings associated with our foreign operations, we expect that such gains or losses will be largely offset by gains or losses on anticipated future energy commodity transactions or mitigate volatility in anticipated future earnings. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

UGI CORPORATION AND SUBSIDIARIES

The following tables reflect the adjustments referred to above and reconcile net income (loss) attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income (loss) attributable to UGI Corporation, and reconcile diluted earnings per share, the most directly comparable GAAP measure, to adjusted diluted earnings per share:

Adjusted net income attributable to UGI Corporation (Dollars in millions)	Three Months Ended December 31,	
	2023	2022
Utilities	\$ 86	\$ 81
Midstream & Marketing	92	77
UGI International	83	45

AmeriGas Propane	16	49
Corporate & Other (a)	(183)	(1,206)
Net income (loss) attributable to UGI Corporation	94	(954)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of \$(18) and \$(363), respectively)	77	999
Unrealized losses on foreign currency derivative instruments (net of tax of \$(6) and \$(11), respectively)	14	29
Business transformation expenses (net of tax of \$0 and \$(1), respectively)	—	1
AmeriGas operations enhancement for growth project (net of tax of \$(2) and \$(2), respectively)	5	5
Restructuring costs (net of tax of \$(1) and \$0, respectively)	3	—
Costs associated with exit of UGI International energy marketing business (net of tax of \$(13) and \$(68), respectively)	65	166
Total adjustments (a) (b)	164	1,200
Adjusted net income attributable to UGI Corporation	\$ 258	\$ 246

	Three Months Ended December 31,	
	2023	2022
Adjusted diluted earnings per share		
Utilities	\$ 0.40	\$ 0.38
Midstream & Marketing	0.43	0.35
UGI International	0.39	0.21
AmeriGas Propane	0.07	0.23
Corporate & Other (a)	(0.85)	(5.71)
Diluted earnings (loss) per share (c)	0.44	(4.54)
Net losses on commodity derivative instruments not associated with current-period transactions (c)	0.37	4.73
Unrealized losses on foreign currency derivative instruments	0.06	0.14
AmeriGas operations enhancement for growth project	0.02	0.02
Restructuring costs	0.01	—
Costs associated with exit of UGI International energy marketing business	0.30	0.79
Total adjustments (a)	0.76	5.68
Adjusted diluted earnings per share (c)	\$ 1.20	\$ 1.14

(a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income (loss) attributable to UGI Corporation. These adjustments have been excluded from the segment results to align with the measure used by our CODM in assessing segment performance and allocating resources. See Note 15 to Condensed Consolidated Financial Statements for additional information related to these adjustments, as well as other items included within Corporate & Other.

(b) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

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(c) The loss per share for the three months ended December 31, 2022, was determined excluding the effect of 6.43 million dilutive shares as the impact of such shares would have been antidilutive due to the net loss for the period, while the adjusted earnings per share for the three months ended December 31, 2022, was determined based upon fully diluted shares of 216.37 million.

2023 three-month period compared with 2022 three-month period

Discussion. Net loss income attributable to UGI Corporation for the 2023 three-month period was \$789 million \$94 million (equal to \$3.76 loss \$0.44 per diluted share) compared to \$7 million net loss attributable to UGI Corporation of \$954 million (equal to \$0.03 \$4.54 loss per diluted share) for the 2022 three-month period. These results include net (losses) gains losses from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of \$(116) million \$91 million and \$22 million \$1,028 million during the 2023 and 2022 three-month periods, respectively. The higher lower losses from changes in commodity derivative instruments during the 2023 three-month period, principally reflects significant declines significantly less volatility in commodity energy prices in Europe following unprecedented increases volatility in such prices during Fiscal 2022, the 2022 three-month period.

Net loss income attributable to UGI Corporation during the 2023 three-month period also includes (1) a \$660 million loss \$65 million of costs associated with impairment the exit of AmeriGas Propane goodwill; (2) our UGI International energy marketing business in Europe, principally reflecting wind-down activities in the Netherlands and the loss on extinguishment the sale of debt of \$7 million at AmeriGas Propane; (3) the energy marketing business located in France; (2) external advisory fees of \$4 million \$5 million associated

with AmeriGas operations enhancement for growth project; and (4) business transformation expenses (3) restructuring costs of \$1 million associated with corporate support functions. \$3 million largely attributable to a reduction in workforce and related costs.

Net loss attributable to UGI Corporation during the 2022 three-month period also includes (1) impairments of \$36 million \$166 million costs associated with certain equity method investments; exit of our UGI International energy marketing business in Europe, principally reflecting loss on the sale of the energy marketing business located in the U.K. and an impairment of assets; (2) restructuring costs external advisory fees of \$4 million largely attributable to a reduction in workforce and related costs; \$5 million associated with AmeriGas operations enhancement for growth project; and (3) business transformation expenses of \$1 million associated with corporate support functions.

Adjusted net loss income attributable to UGI Corporation for the 2023 three-month period was \$1 million \$258 million (equal to \$0.00 \$1.20 per diluted share) compared to adjusted net income of \$12 million \$246 million (equal to \$0.06 \$1.14 per diluted share) for the 2022 three-month period. The increase in adjusted net loss income attributable to UGI Corporation during for the 2023 three-month period reflects a lower higher earnings contribution contributions from Utilities, our UGI International, and Midstream & Marketing business and Utilities segments, partially offset by a slightly higher lower earnings contribution contributions from the our AmeriGas Propane business segment. During the 2023 three-month period, temperatures in all of our business segments, except for our UGI International business segment, were significantly warmer than the prior-year period.

AmeriGas Propane's adjusted net loss attributable to UGI Corporation decreased \$2 million in the 2023 three-month period. This decrease principally reflects higher total margin primarily resulting from the benefit of higher average retail propane unit margin in the 2023 three-month period, partially offset by lower volumes sold and higher operating and administrative

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expenses. The higher operating and administrative expenses primarily reflect, among other things, higher overtime and other employee-related costs associated with distribution activity and the effects of continuing inflationary pressures.

UGI International's Utilities' adjusted net income attributable to UGI Corporation decreased \$2 million increased \$5 million in the 2023 three-month period notwithstanding slightly higher retail LPG gallons sold, principally reflecting lower total margin from our energy marketing business, substantially offset by higher average unit margin from our LPG business attributable the effects of significantly warmer weather. The increase is largely related to strong margin management efforts the increase in base rates (effective October 1, 2023) and colder weather. This decrease also reflects higher operating and administrative expenses primarily reflecting the impact implementation of inflationary increases, the weather normalization adjustments (effective November 1, 2022) for PA Gas Utility.

Midstream & Marketing's adjusted net income attributable to UGI Corporation decreased \$1 million increased \$15 million in the 2023 three-month period. The increase is primarily attributable to lower total margin from natural gas marketing activities, partially offset by income taxes reflecting higher investment tax credits in the impact of incremental natural gas gathering activities reflecting in large part the Fiscal 2022 acquisition of Pennant. 2023 three-month period.

Utilities' UGI International's adjusted net income attributable to UGI Corporation decreased \$9 million increased \$38 million in the 2023 three-month period, compared mainly reflecting higher margin contributions from both our LPG and energy marketing businesses and the translation effects of stronger foreign currencies. UGI International operating results reflect (1) higher total LPG margin principally due to the prior-year period. The decrease was largely effects of higher average unit margins attributable to the higher operating expenses, including higher uncollectible accounts expenses and higher contractor labor and personnel-related expenses. This decrease was partially offset by the increase in total strong margin due in large part to the increase in base rates management efforts and the implementation effects of higher LPG retail volumes sold; and (2) the weather normalization adjustment at PA Gas Utility, both absence of which became effective during the first quarter of Fiscal 2023.

2023 nine-month period compared with 2022 nine-month period

Discussion. Net loss attributable to UGI Corporation for the 2023 nine-month period was \$1,633 million (equal to \$7.78 loss per diluted share) compared to net income attributable to UGI Corporation of \$829 million (equal to \$3.84 per diluted share) for the 2022 nine-month period. These results include net (losses) gains from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of \$1,386 million and \$269 million during the 2023 and 2022 nine-month periods, respectively. The higher prior year losses from changes in commodity derivative instruments during the 2023 nine-month period, principally reflects significant declines in commodity energy prices in Europe following unprecedented increases in such prices during Fiscal 2022.

Net loss attributable to UGI Corporation during the 2023 nine-month period also includes (1) a \$660 million loss associated with impairment of AmeriGas Propane goodwill; (2) a \$151 million loss on the sale of our electricity energy marketing business in the U.K., activities principally reflecting the impact of the transfer continued wind-down of derivative hedge contracts; (3) an impairment of assets of \$19 million; (4) external advisory fees of \$14 million associated with AmeriGas operations enhancement for growth project; (5) loss on extinguishment of debt of \$7 million at AmeriGas Propane; and (6) business transformation expenses of \$4 million associated with corporate support functions. the energy marketing business.

Net income attributable to UGI Corporation during the 2022 nine-month period also includes (1) impairments of \$36 million associated with certain equity method investments; (2) restructuring costs of \$17 million largely attributable to a reduction in workforce and related costs; (3) loss on extinguishment of debt of \$8 million at UGI International; (4) business transformation expenses of \$4 million associated with corporate support functions; and (5) acquisition and integration expenses of \$1 million associated with the Mountaineer Acquisition.

Adjusted net income attributable to UGI Corporation for the 2023 nine-month period was \$608 million (equal to \$2.81 per diluted share) compared to \$626 million (equal to \$2.90 per diluted share) for the 2022 nine-month period. The decrease in adjusted net income attributable to UGI Corporation for the 2023 nine-month period reflects lower earnings contributions from our AmeriGas Propane and UGI International business segments, partially offset by higher earnings contributions from our Midstream & Marketing and Utilities business segments. During the 2023 nine-month period, temperatures in all of our business units, except for our AmeriGas Propane business segment, were warmer than the prior-year period.

AmeriGas Propane's adjusted net income attributable to UGI Corporation decreased \$48 million \$33 million in the 2023 nine-month three-month period. This The decrease principally reflects higher operating and administrative expenses reflecting, among other things, higher overtime and other employee-related costs associated with distribution activity, the effects of continuing inflationary pressures and lower total margin largely attributable to the lower retail propane volumes sold substantially and, to a much lesser extent, higher operating and administrative expenses, partially offset by the benefit of higher average retail propane unit margins in the 2023 nine-month three-month period.

UGI International's adjusted net income attributable to UGI Corporation decreased \$11 million in the 2023 nine-month period, mainly reflecting the translation effects of weaker foreign currencies. UGI International operating results reflect lower total LPG margin principally due to the effects of the lower LPG retail volumes sold attributable to the warmer weather and lower residential LPG consumption resulting from energy conservation measures in Europe due in large part to the war between

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Ukraine and Russia. These decreases were partially offset by higher margin from natural gas energy marketing activities and higher retail LPG average unit margins attributable to strong margin management efforts and lower commodity prices.

Midstream & Marketing's adjusted net income attributable to UGI Corporation increased \$33 million in the 2023 nine-month period. The increase in adjusted net income is primarily attributable to higher margins related to natural gas marketing activities and incremental earnings contributions from UGI Moraine East and Pennant.

Utilities' adjusted net income attributable to UGI Corporation increased \$18 million in the 2023 nine-month period. The increase was largely related to the increase in base rates and the implementation of the weather normalization adjustment at PA Gas Utility, both of which became effective during the first quarter of Fiscal 2023. The increase in total margin was partially offset by higher operating and administrative expenses.

SEGMENT RESULTS OF OPERATIONS

2023 Three-Month Period Compared with the 2022 Three-Month Period

AmeriGas Propane

For the three months ended June 30,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 514	\$ 597	\$ (83) (14)%
Total margin (a)	\$ 263	\$ 227	\$ 36 16 %
Operating and administrative expenses	\$ 236	\$ 204	\$ 32 16 %
Operating loss/loss before interest expense and income taxes	\$ (8)	\$ (10)	\$ 2 (20)%
Retail gallons sold (millions)	163	173	(10) (6)%
Heating degree days—% colder than normal (b)	4.2 %	16.5 %	— —

(a) Total margin represents total revenues less total cost of sales.

(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the United States, excluding Alaska and Hawaii.

Average temperatures during the 2023 three-month period were 4.2% colder than normal and 9.2% warmer than the prior-year period. Total retail gallons sold decreased 6% during the 2023 three-month period due to effects of continuing customer attrition and structural conservation.

Average daily wholesale propane commodity prices during the 2023 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 46% lower than such prices during the 2022 three-month period. Total revenues decreased \$83 million during the 2023 three-month period largely reflecting lower retail propane revenues (\$55 million) on the lower retail volumes sold (\$28 million) and the effects of lower average retail propane selling prices (\$27 million), and lower wholesale revenues (\$24 million).

Total cost of sales decreased \$119 million during the 2023 three-month period largely reflecting the lower retail propane product costs (\$71 million), the lower average retail propane volumes sold (\$17 million), and lower wholesale cost of sales (\$28 million). Total margin increased \$36 million in the 2023 three-month period largely attributable to higher average retail unit margins (\$44 million) and slightly higher wholesale margins (\$4 million), partially offset by the effects on total margin from the lower retail propane volumes sold (\$11 million).

Operating loss and loss before interest expense and income taxes decreased \$2 million during the 2023 three-month period primarily reflecting the increase in total margin (\$36 million), largely offset by higher operating and administrative expenses (\$32 million) compared to the prior-year period. The increase in operating and administrative expenses reflects, among other things, higher salaries and benefits expenses, higher overtime, higher advertising expenses and higher vehicle expenses.

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UGI International

For the three months ended June 30,	2023	2022	(Decrease) Increase
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(Dollars in millions)	2023	2022	Change	2023 %
Revenues	\$ 611	\$ 738	\$ (127)	(17)%
Total margin (a)	\$ 193	\$ 194	\$ (1)	(1)%
Operating and administrative expenses	\$ 157	\$ 143	\$ 14	10 %
Operating income	\$ 21	\$ 22	\$ (1)	(5)%
Earnings before interest expense and income taxes	\$ 22	\$ 26	\$ (4)	(15)%
LPG retail gallons sold (millions)	158	155	3	2 %
Heating degree days—% (warmer) than normal (b)	(9.8)%	(9.1)%	—	—

(a) Total margin represents revenues less cost of sales.

(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data at locations in our UGI International service territories.

Average temperatures during the 2023 three-month period were 9.8% warmer than normal and 5.1% colder than the prior-year period. Total LPG retail gallons sold during the 2023 three-month period were 2% higher than the prior-year period due in large part to the colder weather than the prior-year period, substantially offset by lower consumption, principally from residential customers, primarily resulting from the European conservation measures due in large part to high global energy prices and the war between Russia and Ukraine.

UGI International base-currency results are translated into USD based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2023 and 2022 three-month periods, the average unweighted euro-to-USD translation rates were approximately \$1.09 and \$1.06, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately \$1.25 and \$1.26, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The Company uses forward foreign currency exchange contracts entered into over multi-year periods to reduce the volatility in earnings that may result from such changes in foreign currency exchange rates. Realized gains (losses) on these foreign exchange contracts did not have a material impact on either of the three-month periods.

UGI International revenues and cost of sales decreased \$127 million and \$126 million, respectively, during the 2023 three-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2023 three-month period in northwest Europe were approximately 41% and 50% lower, respectively, compared with the prior-year period. The decrease in revenues and cost of sales principally reflects the impact from lower LPG sales prices and lower LPG costs, partially offset by slightly higher LPG retail volumes sold and the translation effects of the stronger foreign currencies (approximately \$10 million and \$6 million, respectively).

UGI International total margin decreased \$1 million during the 2023 three-month period primarily reflecting lower total margin from our energy marketing businesses, substantially offset by higher margins from our LPG business attributable to strong unit margin management efforts and colder weather than the prior-year period and the translation effects of stronger foreign currencies (approximately \$4 million).

UGI International operating income and earnings before interest expense and income taxes decreased \$1 million and \$4 million, respectively, during the 2023 three-month period compared to the prior-year period. The decrease in operating income principally reflects higher operating and administrative expenses (\$14 million), partially offset by higher other income (\$8 million). The higher operating and administrative expenses during the 2023 three-month period primarily reflects the effect of inflationary increases, higher uncollectible accounts expenses from energy marketing businesses and the translation effects of the stronger foreign currencies (approximately \$3 million). The decrease in earnings before interest expense and income taxes in the 2023 three-month period largely reflects the decrease in operating income and slightly lower realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International earnings resulting from the effects of changes in foreign currency exchange rates.

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Midstream & Marketing

For the three months ended June 30,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 279	\$ 525	\$ (246)
Total margin (a)	\$ 87	\$ 89	\$ (2)
Operating and administrative expenses	\$ 31	\$ 29	\$ 2
Operating income	\$ 40	\$ 38	\$ 2
Earnings before interest expense and income taxes	\$ 41	\$ 44	\$ (3)

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the 2023 three-month period were 6.8% warmer than normal and 3.0% warmer than the prior-year period.

Midstream & Marketing revenues decreased \$246 million during the 2023 three-month period compared to the prior-year period, primarily reflecting lower revenues from natural gas marketing activities (\$255 million), including the effects of peaking and capacity management activities, that were primarily impacted by significantly lower natural gas prices and, to a lesser extent, lower volumes from the warmer weather partially offset by higher retail power marketing revenues.

Midstream & Marketing cost of sales decreased \$244 million during the 2023 three-month period compared to the prior-year period, largely driven by the lower natural gas costs related to the previously mentioned natural gas marketing activities, partially offset by higher cost of sales related to retail power marketing activities.

Midstream & Marketing total margin decreased \$2 million during the 2023 three-month period largely reflecting lower margins from natural gas marketing activities (\$10 million), including the effects of peaking and capacity management activities, partially offset by incremental natural gas gathering and processing activities (\$7 million), primarily from the prior-year acquisition of Pennant.

Midstream & Marketing operating income during the 2023 three-month period increased \$2 million, largely attributable to higher other income, partially offset by the previously mentioned decrease in total margin, higher operating and administrative expenses (\$2 million) and higher depreciation and amortization (\$2 million). The decrease in earnings before interest expense and income taxes of \$3 million principally reflects lower income from equity investees following the acquisition of the remaining 53% ownership interest in Pennant during the fourth quarter of Fiscal 2022, partially offset by the increase in operating income.

Utilities

For the three months ended June 30,		2023		2022		Increase (Decrease)	
For the three months ended December 31,							
(Dollars in millions)	(Dollars in millions)			(Dollars in millions)			
Revenues	Revenues	\$ 278	\$ 274	\$ 4	1 %	Revenues	
Total margin	Total margin					Total margin (a)	
(a)	(a)	\$ 156	\$ 151	\$ 5	3 %		
Operating and administrative expenses (a)	Operating and administrative expenses (a)	\$ 87	\$ 79	\$ 8	10 %	Operating and administrative expenses (a)	
Operating income	Operating income	\$ 32	\$ 38	(\$6)	(16)%	Operating income	
Earnings before interest expense and income taxes	Earnings before interest expense and income taxes	\$ 34	\$ 40	(\$6)	(15)%	Earnings before interest expense and income taxes	
Gas Utility system throughput—bcf	Gas Utility system throughput—bcf						
Core market	Core market	12	13	(1)	(8)%		
Core market	Core market						
Total	Total	77	74	3	4 %	Total	
Electric Utility distribution sales - gwh	Electric Utility distribution sales - gwh	209	220	(11)	(5)%	Electric Utility distribution sales - gwh	
Natural gas heating degree days—% (warmer) than normal (b)	(11.2)% (3.0)% — —						
Gas Utility heating degree days—% (warmer) colder than normal (b)							

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of \$4 million and \$2 million, respectively, \$7 million each during the 2023 and 2022 three-month periods. For financial statement purposes, revenue-related taxes are included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).

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(b) Deviation from average heating degree days is determined on a 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for airports located within Gas Utility's service territories.

Temperatures in Gas Utility's service territories during the 2023 three-month period were 11.2% warmer than normal and 7.9% warmer than the prior-year period. The decrease in Gas Utility core market volumes during the 2023 three-month period is largely related to the significantly warmer weather, partially offset by growth in the core market customers. The decrease in Electric Utility distribution sales volumes is primarily attributable to warmer weather during the current-year period.

Utilities revenues increased \$4 million in the 2023 three-month period. The increase in Gas Utility revenues (\$4 million) is principally the result of the effects of the increase in base rates and the impact of the weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023. These increases were partially offset by the lower core market volumes due to the warmer weather and lower off-system sales. Electric Utility revenues during the 2023 three-month period were comparable to the prior-year period.

Utilities cost of sales during the 2023 three-month period were comparable to the prior-year period for both Gas Utility and Electric Utility.

Utilities total margin increased \$5 million during the 2023 three-month period largely reflecting higher Gas Utility total margin (\$5 million), mainly reflecting the effects of the increase in base rates and weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023, partially offset by the effects on core market volumes of the warmer weather. Electric Utility margin was comparable to the prior-year period.

Utilities operating income and earnings before interest expense and income taxes each decreased \$6 million during the 2023 three-month period. These decreases largely reflect higher operating and administrative expenses (\$8 million) compared to the prior-year period partially offset by the previously mentioned increase in total margin. The higher operating and administrative expenses reflects, among other things, higher uncollectible accounts expenses, contract labor costs and personnel-related expenses.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2023 three-month period was \$96 million compared to \$82 million during the 2022 three-month period. This increase largely reflects higher credit agreement interest rates and borrowings and higher long-term debt outstanding principally at Midstream & Marketing and Utilities.

The higher effective income tax rate for the 2023 three-month period reflects the impact of the tax benefit of the goodwill impairment at AmeriGas Propane which includes a gross-up component in the associated deferred tax asset. This benefit was slightly offset by a valuation allowance adjustment and by a lower concentration of pretax loss in higher tax rate jurisdictions resulting from losses on derivative instruments.

The Company continues to evaluate the elections available under current regulations and pending legislation. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

2023 Nine-Month Period Compared with the 2022 Nine-Month Period

AmeriGas Propane

For the nine months ended June 30,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 2,147	\$ 2,423	\$ (276) (11)%
Total margin (a)	\$ 1,080	\$ 1,090	\$ (10) (1)%
Operating and administrative expenses	\$ 734	\$ 684	\$ 50 7 %
Operating income/earnings before interest expense and income taxes	\$ 240	\$ 303	\$ (63) (21)%
Retail gallons sold (millions)	678	743	(65) (9)%
Heating degree days—% colder (warmer) than normal (b)	0.5 %	(0.8)%	— —

(a) Total margin represents total revenues less total cost of sales.

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(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the U.S., excluding Alaska and Hawaii.

Average temperatures during the 2023 nine-month period were 0.5% colder than normal and 1.9% colder than the prior-year period. Total retail gallons sold decreased 9% during the 2023 nine-month period due to the effects of driver staffing shortages (which also limited growth), continuing customer attrition and structural conservation.

Average daily wholesale propane commodity prices during the 2023 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 40% lower than such prices during the 2022 nine-month period. Total revenues decreased \$276 million during the 2023 nine-month period largely reflecting lower retail propane revenues (\$220 million) primarily on the lower retail volumes sold (\$178 million) and, to a much lesser extent, lower wholesale revenues (\$52 million) and the effects of lower average retail propane selling prices (\$42 million).

Total cost of sales decreased \$266 million during the 2023 nine-month period largely reflecting the lower retail propane product costs (\$112 million), the lower retail propane volumes sold (\$95 million) and lower wholesale cost of sales (\$53 million). Total margin decreased \$10 million in the 2023 nine-month period largely attributable to the lower retail propane volumes sold (\$83 million), largely offset by higher average retail propane unit margins (\$70 million).

Operating income and earnings before interest expense and income taxes each decreased \$63 million during the 2023 nine-month period primarily reflecting the decrease in total margin (\$10 million) and higher operating and administrative expenses (\$50 million). The increase in operating and administrative expenses reflects, among other things, the higher overtime and other employee-related costs associated with distribution activity, higher vehicle expenses, higher advertising expenses and higher uncollectible accounts expenses, partially offset by lower salaries and benefits expenses, including the carryover impact from the workforce reductions made during Fiscal 2022.

UGI International

For the nine months ended June 30,	2023		2022		Increase (Decrease)	
(Dollars in millions)						
Revenues	\$	2,436	\$	3,011	\$	(575)
Total margin (a)	\$	723	\$	744	\$	(21)
Operating and administrative expenses	\$	471	\$	466	\$	5
Operating income	\$	197	\$	211	\$	(14)
Earnings before interest expense and income taxes	\$	216	\$	228	\$	(12)
LPG retail gallons sold (millions)		585		651		(66)
Heating degree days—% (warmer) than normal (b)		(9.1)%		(2.3)%		—

(a) Total margin represents revenues less cost of sales.

(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data at locations in our UGI International service territories.

Average temperatures during the 2023 nine-month period were 9.1% warmer than normal and 7.1% warmer than the prior-year period. Total LPG retail gallons sold during the 2023 nine-month period were 10% lower than the prior-year period largely attributable to the significantly warmer weather, lower consumption, principally from residential customers, primarily resulting from the European conservation measures due in large part to high global energy prices and the war between Russia and Ukraine, lower cylinder volumes and reduced crop drying campaigns, partially offset by the growth due to natural gas conversion.

UGI International base-currency results are translated into USD based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2023 and 2022 nine-month periods, the average unweighted euro-to-USD translation rates were approximately \$1.06 and \$1.11, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately \$1.21 and \$1.32, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The Company uses forward foreign currency exchange contracts entered into over multi-year periods to reduce the volatility in earnings that may result from such changes in foreign currency exchange rates. These forward foreign currency exchange contracts resulted in realized net gains of \$16 million and \$12 million in the 2023 and 2022 nine-month periods, respectively.

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UGI International revenues and cost of sales decreased \$575 million and \$554 million, respectively, during the 2023 nine-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2023 nine-month period in northwest Europe were approximately 25% and 28% lower, respectively, compared with the prior-year period. The decrease in revenues and cost of sales principally reflects the impact from lower LPG retail volumes sold and the translation effects of the weaker foreign currencies (approximately \$153 million and \$112 million, respectively), partially offset by the impact from the LPG price increases. Energy marketing businesses also contributed to the decrease in revenues and cost of sales during the 2023 nine-month period primarily due to lower volumes sold, partially offset by the impact from price increases.

UGI International total margin decreased \$21 million during the 2023 nine-month period primarily reflecting the effects of the lower LPG retail volumes sold (\$83 million) and the translation effects of the weaker foreign currencies (approximately \$41 million). These factors were partially offset by higher average unit margins from our LPG business attributable to strong margin management efforts and lower commodity prices. The decrease in UGI International total margin was partially offset by higher total margin from our energy marketing businesses (\$42 million) during the 2023 nine-month period.

UGI International operating income and earnings before interest expense and income taxes decreased \$14 million and \$12 million, respectively, during the 2023 nine-month period. The decrease in operating income principally reflects the previously mentioned \$21 million decrease in total margin, lower gains associated with sales of assets (\$11 million) and higher operating and administrative expenses (\$5 million). These decreases were partially offset by higher foreign currency transaction gains (\$11 million), higher other operating income (\$7 million) and lower depreciation and amortization expenses (\$3 million). The higher operating and administrative expenses in the 2023 nine-month period primarily reflects the effects of inflationary increases, largely offset by the translation effects of the weaker foreign currencies (approximately \$25 million). The decrease in earnings before interest expense and income taxes in the 2023 nine-month period largely reflects the \$14 million decrease in operating income partially offset by higher realized gains on foreign

currency exchange contracts entered into in order to reduce volatility in UGI International earnings resulting from the effects of changes in foreign currency exchange rates (\$4 million).

Midstream & Marketing

For the nine months ended June 30,	2023	2022	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 1,586	\$ 1,731	\$ (145)	(8)%
Total margin (a)	\$ 401	\$ 342	\$ 59	17 %
Operating and administrative expenses	\$ 95	\$ 88	\$ 7	8 %
Operating income	\$ 249	\$ 197	\$ 52	26 %
Earnings before interest expense and income taxes	\$ 253	\$ 216	\$ 37	17 %

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the 2023 nine-month period were 11.0% warmer than normal and 5.8% warmer than the prior-year period.

Midstream & Marketing revenues decreased \$145 million compared to the prior-year period, primarily reflecting lower revenues from natural gas marketing activities (\$213 million), including the effects of peaking and capacity management activities, that were primarily impacted by lower natural gas prices and lower volumes from the warmer weather. This decrease was partially offset by higher natural gas gathering and processing activities (\$40 million), primarily due to the impact on revenues from the prior-year acquisitions of UGI Moraine East and Pennant and higher retail power marketing revenues (\$26 million).

Midstream & Marketing cost of sales decreased \$204 million compared to the prior-year period, primarily reflecting the lower natural gas costs (\$233 million) related to the previously mentioned natural gas marketing activities partially offset by higher cost of sales related to retail power marketing activities.

Midstream & Marketing total margin increased \$59 million in the 2023 nine-month period reflecting incremental natural gas gathering and processing activities (\$43 million), primarily from the prior year acquisitions of UGI Moraine East and Pennant; and higher margins from natural gas marketing activities (\$20 million), including the effects of peaking and capacity management activities that benefited from extremely cold weather in late December.

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Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2023 nine-month period increased \$52 million and \$37 million, respectively, compared to the prior-year period. The increase in operating income is largely attributable to the previously mentioned \$59 million increase in total margin and higher other income (\$7 million), partially offset by higher operating and administrative expense (\$7 million) and higher depreciation and amortization (\$8 million). The increase in earnings before interest expense and income taxes principally reflects the increase in operating income, partially offset by lower income from equity investees following the acquisition of the remaining 53% ownership interest in Pennant during the fourth quarter of Fiscal 2022.

Utilities

For the nine months ended June 30,	2023	2022	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 1,644	\$ 1,400	\$ 244	17 %
Total margin (a)	\$ 750	\$ 681	\$ 69	10 %
Operating and administrative expenses (a)	\$ 275	\$ 250	\$ 25	10 %
Operating income	\$ 361	\$ 325	\$ 36	11 %
Earnings before interest expense and income taxes	\$ 367	\$ 332	\$ 35	11 %
Gas Utility system throughput—bcf				
Core market	90	94	(4)	(4)%
Total	296	290	6	2 %
Electric Utility distribution sales - gwh	712	746	(34)	(5)%
Gas Utility heating degree days—% (warmer) than normal (b)	(11.6)%	(7.6)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of \$21 million and \$18 million, respectively, during the 2023 and 2022 nine-month periods. For financial statement purposes, revenue-related taxes are included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).

(b) Deviation from average heating degree days is determined on a 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for airports located within Gas Utility's service territories.

Temperatures in Gas Utility's service territories during the 2023 nine-month period were 11.6% 11.0% warmer than normal and 4.6% 11.2% warmer than the prior-year period. The decrease in Gas Utility core market volumes during the 2023 nine-month period is largely related to the warmer weather partially offset by growth in the core market customers. Total Gas Utility volume increased 11% during the 2023 three-month period, notwithstanding the decrease in core market volumes, reflecting higher large firm

delivery service volumes and higher interruptible delivery service volumes. The decrease in Electric Utility distribution sales volumes is primarily attributable to warmer weather during the 2023 nine-month three-month period.

Utilities revenues increased \$244 million decreased \$99 million in the 2023 nine-month three-month period reflecting a \$230 million increase in substantially due to lower Gas Utility revenues and a \$14 million increase in Electric Utility revenues. The increase decrease in Gas Utility revenues was largely driven by higher attributable to lower PGC and PGA rates reflecting higher lower natural gas costs; costs, the lower core market volumes due to warmer weather and lower off-system sales. These decreases were partially offset by the effects of the increase in base rates (effective October 1, 2023) and weather normalization adjustments (effective November 1, 2022) for PA Gas Utility that went into effect during the first quarter of Fiscal 2023; higher off-system sales; and higher other revenues. These increases were partially offset by the effects on core market volumes of the warmer weather. The increase in Utility Electric Utility revenues was largely driven by higher DS rates reflecting higher power costs. were comparable to the prior-year period.

Utilities cost of sales increased \$175 million decreased \$108 million in the 2023 nine-month three-month period primarily attributable to Gas Utility (\$159 106 million) mainly reflecting higher lower PGC and PGA rates, higher lower core market volumes due to warmer weather and lower cost of sales associated with off-system sales and higher other cost of sales. Electric Utility cost of sales increased \$16 million during was comparable to the 2023 nine-month period largely reflecting the higher DS rates. prior-year period.

Utilities total margin increased \$69 million \$9 million during the 2023 nine-month three-month period primarily attributable to higher Gas Utility total margin (\$71 7 million), notwithstanding the significantly warmer weather, mainly reflecting the effects of the increase in base rates (effective October 1, 2023) and weather normalization adjustments (effective November 1, 2022) for PA Gas Utility, that went into effect during the first quarter of Fiscal 2023 increases in DSIC revenue and, to a much lesser extent, impacts from growth in the core market customers and higher other revenues. customers. Electric Utility margin was comparable to increased by \$2 million during the prior-year period. 2023 three-month period mainly reflecting the increase in base rates effective October 1, 2023.

Utilities operating income and earnings before interest expense and income taxes increased \$36 million \$8 million and \$35 million \$7 million, respectively, during the 2023 nine-month three-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher and lower operating and administrative expenses (\$25 3 million) and partially offset by higher depreciation expense (\$4

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million). The higher slightly lower operating and administrative expenses principally reflect among other things, higher uncollectible accounts expenses, lower contract labor costs and personnel-related maintenance expenses. The higher depreciation expense compared to the prior-year period reflects the effects of continued distribution system capital expenditure activity.

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Midstream & Marketing

For the three months ended December 31,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 394	\$ 669	\$ (275) (41)%
Total margin (a)	\$ 155	\$ 155	\$ — — %
Operating and administrative expenses	\$ 31	\$ 29	\$ 2 7 %
Operating income	\$ 99	\$ 106	\$ (7) (7)%
Earnings before interest expense and income taxes	\$ 102	\$ 107	\$ (5) (5)%

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the 2023 three-month period were 9.4% warmer than normal and 10.5% warmer than the prior-year period.

Midstream & Marketing revenues decreased \$275 million compared to the prior-year period, primarily reflecting lower revenues from natural gas marketing activities (\$272 million), including the effects of peaking and capacity management activities, that were primarily impacted by lower natural gas prices and lower volumes resulting from the warmer weather.

Midstream & Marketing cost of sales decreased \$275 million compared to the prior-year period, primarily reflecting lower natural gas costs (\$271 million) related to the previously mentioned natural gas marketing activities and, to a much lesser extent, lower cost of sales related to retail power marketing activities.

Midstream & Marketing total margin during the 2023 three-month period was comparable to the prior-year period as higher margins from natural gas marketing activities, including the effects of peaking and capacity management activities, were largely offset by lower total margin from renewable energy.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2023 three-month period decreased \$7 million and \$5 million, respectively, compared to the prior-year period. The decrease in operating income is largely attributable to lower other operating income (\$4 million) and slightly higher operating and administrative expense (\$2 million). The decrease in earnings before interest expense and income taxes principally reflects the decrease in operating income partially offset by slightly higher income from equity investees.

UGI International

For the three months ended December 31,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 725	\$ 877	\$ (152) (17)%
Total margin (a)	\$ 279	\$ 215	\$ 64 30 %
Operating and administrative expenses	\$ 147	\$ 143	\$ 4 3 %
Operating income	\$ 113	\$ 56	\$ 57 102 %
Earnings before interest expense and income taxes	\$ 117	\$ 66	\$ 51 77 %
LPG retail gallons sold (millions)	214	205	9 4 %
Heating degree days—% (warmer) than normal (b)	(12.0)%	(12.3)%	— —

(a) Total margin represents revenues less cost of sales.

(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data at locations in our UGI International service territories.

Average temperatures during the 2023 three-month period were 12.0% warmer than normal and 1.5% colder than the prior-year period. Total LPG retail gallons sold during the 2023 three-month period were 4% higher than the prior-year period largely attributable to growth from natural gas conversion to LPG, the slightly colder weather than the prior-year period, and higher crop drying volumes, partially offset by lower cylinder volumes.

UGI International base-currency results are translated into USD based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser

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extent, the British pound sterling. During the 2023 and 2022 three-month periods, the average unweighted euro-to-USD translation rates were approximately \$1.08 and \$1.02, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately \$1.24 and \$1.17, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The Company uses forward foreign currency exchange contracts entered into over multi-year periods to reduce the volatility in earnings that may result from such changes in foreign currency exchange rates. These forward foreign currency exchange contracts resulted in realized net gains of \$4 million and \$8 million in the 2023 and 2022 three-month periods, respectively.

Average wholesale prices for propane and butane during the 2023 three-month period in northwest Europe were approximately 13% and 15% lower, respectively, compared with the prior-year period. UGI International revenues and cost of sales decreased \$152 million and \$216 million, respectively, during the 2023 three-month period compared to the prior-year period. The decrease in revenues and cost of sales principally reflects significantly lower energy marketing activities during the 2023 three-month period resulting from the sale of substantially all of UGI International's energy marketing business in Belgium and UGI France in September and October 2023, respectively. The decrease in revenues was partially offset by the translation effects of the stronger foreign currencies (approximately \$38 million) and higher LPG retail volumes sold. The decrease in cost of sales was also attributable to lower LPG product costs, partially offset by the translation effects of the stronger foreign currencies (approximately \$24 million) and the higher LPG retail volumes sold.

UGI International total margin increased \$64 million during the 2023 three-month period primarily reflecting higher margin contributions from both our LPG business and our energy marketing activities and the translation effects of the stronger foreign currencies (approximately \$15 million). The higher margin from our LPG business reflects the effects of higher average unit margins attributable to strong margin management efforts and the effects of the higher LPG retail volumes sold. The higher margin from our energy marketing activities primarily reflects the absence of losses experienced during the prior-year period, principally associated with electricity energy marketing activities that were not repeated during the 2023 three-month period and the impact of the aforementioned wind-down of the energy marketing business.

UGI International operating income and earnings before interest expense and income taxes increased \$57 million and \$51 million, respectively, during the 2023 three-month period. The increase in operating income principally reflects the previously mentioned \$64 million increase in total margin, partially offset by lower foreign currency transaction gains (\$4 million) and higher operating and administrative expenses (\$4 million). The higher operating and administrative expenses in the 2023 three-month period primarily reflects the translation effects of the stronger foreign currencies (approximately \$9 million) and the effects of inflationary increases, partially offset by, among other things, lower personnel and maintenance expenses. The increase in earnings before interest expense and income taxes in the 2023 three-month period largely reflects the \$57 million increase in operating income partially offset by lower realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International earnings resulting from the effects of changes in foreign currency exchange rates (\$4 million).

AmeriGas Propane

For the three months ended December 31,	2023	2022	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 629	\$ 766	\$ (137) (18)%
Total margin (a)	\$ 346	\$ 380	\$ (34) (9)%
Operating and administrative expenses	\$ 243	\$ 235	\$ 8 3 %
Operating income/earnings before interest expense and income taxes	\$ 71	\$ 110	\$ (39) (35)%
Retail gallons sold (millions)	206	236	(30) (13)%
Heating degree days—% (warmer) colder than normal (b)	(6.4)%	6.2 %	— —

(a) Total margin represents total revenues less total cost of sales.

(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the U.S., excluding Alaska and Hawaii.

Average temperatures during the 2023 three-month period were 6.4% warmer than normal and 12.0% warmer than the prior-year period. Total retail gallons sold decreased 13% during the 2023 three-month period primarily due to continuing customer attrition and the effects of the significantly warmer weather.

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Average daily wholesale propane commodity prices during the 2023 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 17% lower than such prices during the 2022 three-month period. Total revenues decreased \$137 million during the 2023 three-month period largely reflecting the lower retail volumes sold (\$81 million), lower wholesale revenues (\$29 million) and the effects of lower average retail propane selling prices (\$21 million).

Total cost of sales decreased \$103 million during the 2023 three-month period largely reflecting the lower retail propane volumes sold (\$39 million), lower wholesale cost of sales (\$29 million) and the lower retail propane product costs (\$27 million).

Total margin decreased \$34 million in the 2023 three-month period largely attributable to the lower retail propane volumes sold (\$41 million), partially offset by higher average retail propane unit margins (\$5 million).

Operating income and earnings before interest expense and income taxes each decreased \$39 million during the 2023 three-month period primarily reflecting the decrease in total margin (\$34 million) and higher operating and administrative expenses (\$8 million). The increase in operating and administrative expenses reflects, among other things, higher salaries and benefits expenses and higher vehicle expenses, partially offset by lower advertising expenses.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2023 nine-month three-month period was \$281 million \$100 million compared to \$245 million \$92 million during the 2022 nine-month three-month period. This increase largely reflects higher credit agreement interest rates and borrowings, higher average interest rates on UGI Corporation long-term debt and higher long-term debt outstanding principally at Utilities and Midstream & Marketing and Utilities, Marketing.

The lower effective decrease in the Company's income tax rate for the 2023 nine-month three-month period reflects the impact of the tax benefit of the goodwill impairment at AmeriGas Propane which includes a gross-up component an increase in the associated deferred tax asset. The current year income tax rate also includes the projected availability of investment tax credits in Fiscal 2023 following enactment of the Inflation Reduction Act in August 2022. These benefits were slightly offset by a greater concentration of pretax loss in higher tax rate jurisdictions resulting from losses on derivative instruments and adjustments to deferred tax valuation allowances, mainly at our Midstream & Marketing segment.

The Company continues to evaluate the elections available under current regulations and pending legislation. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

FINANCIAL CONDITION AND LIQUIDITY

The Company expects to have sufficient liquidity including cash on hand and available borrowing capacity, to continue to support long-term commitments and ongoing operations despite uncertainties associated with ongoing global macroeconomic conditions including, among others, changes in consumer behavior, resulting from the COVID-19 pandemic, the inflationary cost environment and ongoing energy commodity price volatility. Our total available liquidity balance, comprising cash and cash equivalents and available borrowing capacity on our revolving credit facilities, totaled approximately \$1.8 billion \$1.5 billion and \$1.7 billion \$1.6 billion at June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023, respectively. Our total available liquidity at June 30, 2023 increased due to higher available borrowing capacity on our revolving credit facilities, partially offset by the impact of cash collateral payments associated with a significant decline in commodity prices during the 2023 nine-month period and increases in restricted cash margin requirements in commodity futures brokerage accounts, principally at UGI International. The Company does not have any senior note notes or term loan maturities loans maturing in the next twelve months. The Company cannot predict the duration or total magnitude of the uncertain economic factors mentioned above and the total effects they will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. UGI and its subsidiaries were in compliance with all its debt covenants as of June 30, 2023 December 31, 2023. See Note 8 to the Condensed Consolidated Financial Statements and "Significant Financing Activities" below for additional information on the equity cure provision.

We depend on both internal and external sources of liquidity to provide funds for working capital and to fund capital requirements. Our short-term cash requirements not met by cash from operations are generally satisfied with borrowings under credit facilities and, in the case of Midstream & Marketing, also from a Receivables Facility. Long-term cash requirements are generally met through the issuance of long-term debt or equity securities. We believe that each of our business units has sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and Receivables Facility borrowing capacity; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt and equity securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units. Our cash and cash equivalents totaled \$260 million \$204 million at June 30, 2023 December 31, 2023, compared with \$405 million \$241 million at September 30, 2022 September 30, 2023. The decrease in cash and cash equivalents since September 30, 2022 is primarily attributable to commodity price volatility experienced in the 2023 nine-month period and the seasonality of our business as further described in "Cash Flows" below. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023, UGI had \$35 million \$46 million and \$140 million \$51 million of cash and cash equivalents, respectively. Such cash is available to pay dividends and interest on UGI Common Stock long-term debt and for investment purposes.

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Long-term Debt and Credit Facilities

Long-term Debt

The Company's debt outstanding at **June 30, 2023** December 31, 2023 and **September 30, 2022** September 30, 2023, comprises the following:

(Millions of dollars)	(Millions of dollars)	June 30, 2023						September 30, 2022						December 31, 2023						Sep 30												
		Midstream & Utilities						Midstream & Utilities						Midstream & Utilities						UGI	AmeriGas	Corp & Other	Total									
		Short-term borrowings	Short-term borrowings	\$ —	\$ 245	\$ 70	\$ 166	\$ —	\$ 481	\$ 368	Short-term borrowings	\$ —	\$ 327	\$ 796	\$ 130	\$ 738	\$ 1,991	\$ 1,871	Other long-term debt	\$ —	\$ 4	\$ 41	\$ 21	\$ 283	\$ 349	\$ 322	Unamortized debt issuance costs	\$ (16)	\$ (8)	\$ (15)	\$ (6)	\$ (2)
Short-term borrowings	Short-term borrowings	\$ —	\$ 245	\$ 70	\$ 166	\$ —	\$ 481	\$ 368	Short-term borrowings	\$ —	\$ 327	\$ 796	\$ 130	\$ 738	\$ 1,991	\$ 1,871	Other long-term debt	\$ —	\$ 4	\$ 41	\$ 21	\$ 283	\$ 349	\$ 322	Unamortized debt issuance costs	\$ (16)	\$ (8)	\$ (15)	\$ (6)	\$ (2)	\$ (47)	\$ (33)
Total long-term debt	Total long-term debt	\$ 2,384	\$ 760	\$ 822	\$ 1,650	\$ 1,019	\$ 6,635	\$ 6,632	Total long-term debt	\$ 2,384	\$ 1,005	\$ 892	\$ 1,816	\$ 1,019	\$ 7,116	\$ 7,000	Total debt	\$ 2,384	\$ 1,005	\$ 892	\$ 1,816	\$ 1,019	\$ 7,116	\$ 7,000								

Credit Facilities

Additional information related to the Company's credit agreements can be found in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 8 to Consolidated Financial Statements in the Company's **2022** **2023** Annual Report.

Information about the Company's principal credit agreements (excluding the Receivables Facility discussed below) as of **June 30, 2023** December 31, 2023 and 2022, is presented in the table below.

(Currency in millions)	(Currency in millions)	Letters of Credit and Guarantees				Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity					
		Total Capacity	Borrowings Outstanding	Guarantees Outstanding	Borrowing Capacity									
As of June 30, 2023														
As of December 31, 2022														
AmeriGas OLP														
AmeriGas OLP														

AmeriGas	AmeriGas					
OLP	OLP	\$ 600	\$ —	\$ 2	\$ 598	
UGI	UGI					
International, International,						
LLC (a)	LLC (a)	€ 500	€ 225	€ —	€ 275	
Energy	Energy					
Services	Services	\$ 260	\$ 25	\$ —	\$ 235	
UGI Utilities	UGI Utilities	\$ 425	\$ 108	\$ —	\$ 317	
Mountaineer	Mountaineer	\$ 150	\$ 58	\$ —	\$ 92	
UGI	UGI					
Corporation	Corporation					
(b)	(b)	\$ 300	\$ 283	\$ —	\$ 17	
As of June 30, 2022						

As of

December

31, 2022

AmeriGas OLP

AmeriGas OLP

AmeriGas	AmeriGas					
OLP	OLP	\$ 600	\$ 50	\$ 3	\$ 547	
UGI	UGI					
International, International,						
LLC (a)	LLC (a)	€ 300	€ —	€ —	€ 300	
Energy	Energy					
Services	Services	\$ 260	\$ —	\$ —	\$ 260	
UGI Utilities	UGI Utilities	\$ 350	\$ 170	\$ —	\$ 180	
Mountaineer	Mountaineer	\$ 100	\$ 55	\$ —	\$ 45	
UGI	UGI					
Corporation	Corporation					
(b)	(b)	\$ 300	\$ 230	\$ —	\$ 70	

(a) Permits UGI International, LLC to borrow in euros or USD. At **June 30, 2023** December 31, 2023, the amount borrowed consisted of euro-denominated borrowings equivalent to \$245 million \$182 million. At December 31, 2022, the amount borrowed consisted of euro-denominated borrowings equivalent to \$321 million.

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(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets. Subsequent to December 31, 2022, the Company repaid \$20 million of such borrowings and classified these repayments as "Current maturities of long-term debt" on the December 31, 2022 Condensed Consolidated Balance Sheet. There were no such repayments subsequent to December 31, 2023.

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The average daily and peak short-term borrowings under the Company's principal credit agreements are as follows:

	For the nine months ended	For the nine months ended			
	June 30, 2023	June 30, 2022			
	For the three months ended	For the three months ended			
	For the three months ended	For the three months ended			
	December 31, 2023	December 31, 2023			
(Millions of dollars or euros)	(Millions of dollars or euros)	Average	Peak	(Millions of dollars or euros)	Average
AmeriGas OLP	AmeriGas OLP	\$ 105	\$ 242	\$ 203	\$ 388

UGI	UGI						
International,	International,						
LLC	LLC	€ 194	€300	€ 100	€250		
Energy	Energy						
Services	Services	\$ 9	\$ 82	\$ —	\$ —		
UGI Utilities	UGI Utilities	\$ 202	\$340	\$ 178	\$270		
Mountaineer	Mountaineer	\$ 74	\$101	\$ 49	\$ 80		
UGI	UGI						
Corporation	Corporation	\$ 239	\$292	\$ 181	\$288		

Receivables Facility. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2023, on October 18, 2024. The Receivables Facility provides Energy Services with the ability to borrow up to \$150 million \$200 million of eligible receivables during the period October 21, 2022 October 20, 2023 to April 30, 2023 April 30, 2024, and up to \$75 million \$100 million of eligible receivables during the period May 1, 2023 May 1, 2024 to October 20, 2023 October 18, 2024. Energy Services uses the Receivables Facility to fund working capital, margin calls under commodity futures contracts, capital expenditures, dividends and for general corporate purposes.

Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, ESFC, which is consolidated for financial statement purposes. ESFC, in turn, has sold and, subject to certain conditions, may from time to time sell, an undivided interest in some or all of the receivables to a major bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. Trade receivables sold to the bank remain on the Company's balance sheet and the Company reflects a liability equal to the amount advanced by the bank. The Company records interest expense on amounts owed to the bank. Energy Services continues to service, administer and collect trade receivables on behalf of the bank, as applicable.

At June 30, 2023 December 31, 2023, the outstanding balance of ESFC trade receivables was \$62 million \$95 million, \$45 million \$60 million of which were sold to the bank. At June 30, 2022 December 31, 2022, the outstanding balance of ESFC trade receivables was \$88 million \$128 million, none \$121 million of which was sold to the bank. During the nine three months ended June 30, 2023 December 31, 2023 and 2022, peak sales of receivables were \$150 million \$70 million and \$98 million \$121 million, respectively, and average daily amounts sold were \$44 million \$45 million and \$2 million \$30 million, respectively.

Significant Financing Activities

The following significant financing activities occurred during the 2023 nine-month three-month period. See Note 8 to Condensed Consolidated Financial Statements for additional information on these transactions.

AmeriGas Partners UGI Utilities Senior Notes. On May 31, 2023 November 30, 2023, AmeriGas Partners and AmeriGas Finance Corp. UGI Utilities, Inc. entered into a Note Purchase Agreement with a consortium of lenders. Pursuant to the Note Purchase Agreement, UGI Utilities, Inc. issued \$500 million (1) \$25 million aggregate principal amount of 9.375% 6.02% Senior Notes due May 2028, The 9.375% November 30, 2030; (2) \$150 million aggregate principal amount of 6.10% Senior Notes due November 30, 2033; and (3) \$75 million aggregate principal amount of 6.40% Senior Notes due November 30, 2053. These senior notes are unsecured and will rank equally with AmeriGas Partners' UGI Utilities Inc.'s existing and future outstanding senior notes, debt. The net proceeds from the issuance of the 9.375% Senior Notes, together with cash on hand, a \$150 million cash contribution from the Company and other sources of liquidity, these issuances were used to reduce short-term borrowings and for the early repayment, pursuant to a tender offer and notice of redemption, of all AmeriGas Partners 5.625% Senior Notes having an aggregate principal balance of \$675 million, plus tender premiums and accrued and unpaid interest. In conjunction with the early repayment of the 5.625% Senior Notes, in June 2023 the Partnership recognized a pre-tax loss of \$9 million primarily comprising tender premiums and the write-off of unamortized debt issuance costs, which is reflected in "Loss on extinguishments of debt" on the Condensed Consolidated Statements of Income, general corporate purposes.

2022 AmeriGas OLP Credit Agreement. Under the 2022 AmeriGas OLP Credit Agreement, AmeriGas OLP, as borrower, is required to comply with financial covenants related to leverage and interest coverage measured at the Partnership and at AmeriGas OLP. The 2022 AmeriGas OLP Credit Agreement contains an equity cure provision, which allows AmeriGas OLP's direct or indirect parent, including UGI and its other subsidiaries, to fund capital contributions to eliminate any EBITDA (as defined in the 2022 AmeriGas OLP Credit Agreement) shortfalls that would otherwise result in non-compliance with these financial covenants. Each equity cure is eligible to eliminate such EBITDA shortfalls up to four quarters after contribution. We

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are permitted to use the equity cure provision five times over the course of the Credit Agreement, twice during any rolling four-quarter period, and not in consecutive quarters.

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As of March 31, 2023, AmeriGas OLP was in breach of the leverage ratio debt covenant and interest coverage ratio, which it cured with the funds received from UGI. UGI made capital contributions to AmeriGas OLP of \$20 million and \$11 million on March 31, 2023 and April 24, 2023, respectively, during Fiscal 2023, which in aggregate represented one equity cure that is eligible to eliminate any EBITDA shortfalls through December 31, 2023, in accordance with the 2022 AmeriGas OLP Credit Agreement. As a result of these such

capital contributions, AmeriGas OLP and the Partnership were in compliance with all financial covenants after consideration of the equity cure provision as of **June 30, 2023 and March 31, 2023** **December 31, 2023**.

UGI also provided an irrevocable letter of support whereby UGI has committed to fund any such EBITDA shortfalls and debt service, if any. Based on the support and the projected EBITDA, AmeriGas OLP is expected to remain in compliance with its financial debt covenants for the succeeding twelve-month period. **In addition, in May 2023,**

On November 15, 2023, the Company contributed \$52 million in an equity contribution principally to fund debt service on the senior notes.

UGI International 2023 Credit Facilities Agreement. On March 7, 2023, UGI International, LLC and its indirect wholly-owned subsidiary, UGI International Holdings B.V., entered into the UGI International 2023 Credit Facilities Agreement, a five-year unsecured senior facilities agreement, maturing March 7, 2028, with a consortium of banks. The UGI International 2023 Credit Facilities Agreement consists of (1) a €300 million variable-rate term loan facility ("Facility A") and (2) a €500 million multicurrency revolving credit facility, including a €100 million sublimit for swingline loans ("Facility B"). We have designated borrowings under Facility A as a net investment hedge. In connection with the entering into of the UGI International 2023 Credit Facilities Agreement, UGI International, LLC paid off in full and terminated the UGI International Credit Facilities Agreement, dated as of October 18, 2018. The net proceeds from the UGI International 2023 Credit Facilities Agreement were used to refinance the UGI International Credit Facilities Agreement. Borrowings under the multicurrency revolving credit facility may be used to finance the working capital needs of UGI International, LLC and its subsidiaries and for general corporate purposes.

UGI Energy Services Credit Agreement. On May 12, 2023, Energy Services entered into the second amendment to the UGI Energy Services Credit Agreement, which provides that the Term SOFR rate (as defined in the UGI Energy Services Credit Agreement) shall replace LIBOR as a reference rate. After giving effect to the second amendment, the UGI Energy Services Credit Agreement shall bear interest at a floating rate of, at Energy Services' option, either (i) Term SOFR plus the Applicable Rate (as defined in the UGI Energy Services Credit Agreement) plus a credit spread adjustment of 0.10%, or (ii) the base rate plus the Applicable Rate. The Applicable Rate will be based on the leverage of Energy Services.

Energy Services Amended Term Loan Credit Agreement. On February 23, 2023, Energy Services entered into the Energy Services Amended Term Loan Credit Agreement, the first amendment to the Energy Services Term Loan Credit Agreement, dated August 13, 2019. The Energy Services Amended Term Loan Credit Agreement provides, among other items, that (i) the outstanding principal amount of the loans will be increased by \$125 million to \$800 million, (ii) the maturity date of the loans shall be extended to February 22, 2030, and (iii) Term SOFR (as defined in the Energy Services Amended Term Loan Credit Agreement) shall replace LIBOR as a reference rate.

UGI Utilities Credit Agreement. On December 13, 2022, UGI Utilities Partnership entered into an amendment to the 2022 AmeriGas OLP Credit Agreement, which amends certain provisions of the credit agreement to, among other things, (i) reduce the maximum revolver amount from \$600 million to \$400 million, (ii) reduce the minimum interest coverage ratio, effective for the fourth quarter of Fiscal 2023 through the end of Fiscal 2024 and (iii) provided that, beginning for the first quarter of Fiscal 2025, the minimum interest coverage ratio will remain reduced if the net leverage ratio is below a certain threshold as defined by the agreement; if the net leverage ratio exceeds such threshold, the minimum interest coverage ratio will revert to the original ratio as defined by the agreement.

UGI Utilities 2023 Credit Agreement. On November 9, 2023, UGI Utilities entered into the UGI Utilities 2023 Credit Agreement providing for borrowings up to \$425 million and to replace the use of LIBOR with Term SOFR. Borrowings under the amended UGI Utilities Credit Agreement can be used to finance the working capital needs of UGI Utilities and for general corporate purposes. The UGI Utilities Credit Agreement is scheduled to expire June 2024.

Mountaineer Credit Agreement. On October 20, 2022, Mountaineer entered into the Mountaineer 2023 Credit Agreement, with \$375 million (including a group of lenders. The Mountaineer 2023 Credit Agreement amends and restates a previous credit agreement and provides for borrowings up to \$150 million, including a \$20 million \$50 million sublimit for letters of credit. Mountaineer credit and a \$38 million sublimit for swingline loans). UGI Utilities may request an increase in the amount of loan commitments under the credit agreement to a maximum aggregate amount of \$250 million, subject \$125 million. The interest rates applicable to certain terms and conditions, borrowings under the UGI Utilities 2023 Credit Agreement will remain unchanged from its predecessor agreement, the UGI Utilities Credit Agreement. The credit agreement is scheduled to expire November 2028. Borrowings under the Mountaineer 2023 Credit Agreement can credit agreement may be used to finance the refinance UGI Utilities existing indebtedness and for general corporate purposes and ongoing working capital needs of Mountaineer and for general corporate purposes. The Mountaineer 2023 Credit Agreement is scheduled to expire in November 2024, with an option to extend the maturity date. UGI Utilities.

UGI Corporation Credit Agreement. On May 12, 2023, the Company entered into the second amendment to the UGI Corporation Credit Agreement, which provides that the Term SOFR rate (as defined in the UGI Corporation Credit Agreement) shall replace LIBOR as a reference rate. After giving effect to the second amendment, the UGI Corporation Credit Agreement shall bear interest at a floating rate of, at the Company's option, either (i) Term SOFR plus the Applicable Rate (as defined in the UGI Corporation Credit Agreement) plus a credit spread adjustment of 0.10%, or (ii) the base rate plus the applicable margin that will be based on the leverage of the Company or credit ratings assigned to certain indebtedness of the Company.

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The Company is pursuing the refinancing of the UGI Corporation revolving credit facility, which matures August 1, 2024. The UGI Corporation revolving credit facility contains a leverage ratio debt covenant which the Company was in compliance with as of June 30, 2023, and expects to maintain compliance through the August 1, 2024 maturity date. The Company has other sources of liquidity currently available which would be sufficient to repay the maturing credit facility should a refinancing not be successful.

Dividends and Repurchases of Common Stock

On November 17, 2022 November 16, 2023, UGI's Board of Directors declared a cash dividend equal to \$0.36 \$0.375 per common share. The dividend was paid on January 1, 2023 January 1, 2024, to shareholders of record on December 15, 2022 December 15, 2023. On February 1, 2023 January 31, 2024, UGI's Board of Directors declared a quarterly dividend of \$0.36 per common share. The dividend was paid on April 1, 2023, to shareholders of record on March 15, 2023. On May 3, 2023, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to \$0.375 per common share, or \$1.50 on an annual basis. The new dividend rate reflects an approximate 4.2%

increase from the previous quarterly rate of \$0.36. The dividend was paid on July 1, 2023, to shareholders of record on June 15, 2023. On August 2, 2023, UGI's Board of Directors declared a quarterly dividend of \$0.375 per common share. The dividend is payable **October 1, 2023** **April 1, 2024**, to shareholders of record on **September 15, 2023** **March 15, 2024**.

On February 2, 2022, UGI's Board of Directors authorized an extension of an existing share repurchase program for up to 8 million shares of UGI Common Stock for an additional four-year period, expiring in February 2026. Pursuant to such authorization, during the nine months ended June 30, 2023, the Company purchased 0.6 million shares on the open market at a total purchase price of approximately \$22 million. The Company did not repurchase any shares during the third quarter of Fiscal 2023.

Cash Flows

Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers pay for natural gas, LPG, electricity and other energy products and services consumed during the peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the fourth and first fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest.

Operating Activities. Year-to-year variations in our cash flows from operating activities can be significantly affected by changes in operating working capital, especially during periods with significant changes in energy commodity prices. Cash flow provided by operating activities was **\$857 million** **\$119 million** in the 2023 nine-month three-month period compared to **\$848 million** cash used by operating activities of **\$(240) million** in the 2022 nine-month three-month period. Cash flow from provided by operating activities before changes in operating working capital was **\$1,209 million** **\$376 million** in the 2023 nine-month three-month period compared to **\$1,114 million** **\$491 million** in the 2022 nine-month three-month period. Cash used to fund changes in operating working capital totaled **\$352 million** **\$257 million** in the 2023 nine-month three-month period, a significant decrease compared to **\$266 million** in the 2022 nine-month period. The increase in cash used to fund operating working capital changes in the 2023 nine-month period principally reflects a significant increase in collateral payments on derivative instruments during the 2023 nine-month period and greater cash required to fund changes in accounts payable. These increases in **\$731 million** of cash used to fund changes in operating working capital in the 2022 three-month period. The prior-year period includes \$343 million of derivative instrument collateral deposit repayments principally at our UGI International and Midstream & Marketing segments compared to \$35 million of such repayments in the 2023 three-month period. The unusually high prior-year collateral deposit repayments were offset in large part by greater 2023 nine-month period cash from changes in accounts receivable and inventories. These changes in working capital items largely reflect the impacts result of the previously mentioned significant decrease declines in commodity energy prices during that period. The decrease in cash flow required to fund changes in operating working capital in the 2023 nine-month three-month period principally at our UGI International operations also reflects, among other things, significantly lower cash required to fund changes in accounts receivable reflecting, in large part, lower year-over-year commodity energy prices.

Investing Activities. Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses and assets; investments in equity method investees; and cash proceeds from sales and retirements of property, plant and equipment. Cash flow used by investing activities was **\$761 million** **\$165 million** in the 2023 nine-month three-month

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period compared to **\$717 million** **\$271 million** in the 2022 nine-month three-month period. Cash expenditures for property, plant and equipment were **\$670 million** **\$156 million** in the 2023 nine-month three-month period compared with **\$551 million** **\$210 million** in the 2022 nine-month three-month period principally reflecting higher lower cash capital expenditures in at our Utilities segment and, to a lesser extent, Midstream & Marketing. Cash flows from investing activities include cash received from the settlement of certain forward foreign currency contracts previously designated as net investment hedges of \$22 million in the 2023 nine-month period compared to \$26 million in the 2022 nine-month period. Investments in equity method investments during the 2023 nine-month three-month period include principally reflects our continuing investments in renewable energy projects principally at Midstream & Marketing. Prior-year cash flows from investing activities include cash used for the Stonehenge Acquisition.

Financing Activities. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings; dividends on UGI Common Stock; quarterly payments on outstanding Purchase Contracts; and issuances and repurchases of equity instruments.

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Cash flow used provided by financing activities was **\$244 million** **\$3 million** in the 2023 nine-month three-month period compared to **\$290 million** **\$548 million** in the 2022 nine-month three-month period. The 2023 nine-month three-month period includes the cash flow effects from entering into the previously mentioned issuance by UGI International 2023 Credit Facilities Agreement and the concurrent repayment Utilities of borrowings under the UGI International Credit Facilities Agreement (a predecessor agreement). The 2023 nine-month period cash flows from financing activities also includes the cash proceeds from the previously mentioned Energy Services Amended Term Loan Agreement entered into in February 2023 and the concurrent repayment of amounts outstanding under the Energy Services variable rate term loan, and the May 2023 AmeriGas Partners issuance of the \$500 million \$250 million principal amount of 9.375% Senior Notes senior notes the proceeds of which were used by UGI Utilities to reduce short-term borrowings and the repayment of the \$675 million aggregate principal balance of the 5.625% Senior Notes for general corporate purposes. Cash flow from financing activities in the prior-year period includes reflects significantly higher short-term borrowings a substantial portion of which was used to fund the previously mentioned 2022 three-month period derivative instrument collateral deposit repayments and restricted cash flow effects of the refinancing of senior notes at UGI International margin requirements in commodity futures brokerage accounts.

UTILITY REGULATORY MATTERS

UGI Utilities. On January 27, 2023, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by \$11 million. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. Electric Utility requested that On September 21, 2023, the new electric rates become effective March 28, 2023. The PAPUC issued an a final order on March 2, 2023, suspending the effective date for the rate increase to allow for investigation and public hearings. On July 14, 2023, approving a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed with the PAPUC settlement providing for a \$9

million annual base distribution rate increase for Electric Utility. The Joint Petition is subject to receipt of a recommended decision and a final order of the PAPUC approving the settlement. In accordance with the terms of the Joint Petition, the proposed rate increase will become Utility, effective on or before October 1, 2023, or as directed by the PAPUC in the final order. The Company cannot predict the timing or the ultimate outcome of the rate case review process.!

On January 28, 2022, PA Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by \$83 million annually. On September 15, 2022, the PAPUC issued a final order approving a settlement providing for a \$49 million annual base distribution rate increase for PA Gas Utility, through a phased approach, with \$38 million beginning October 29, 2022 and an additional \$11 million beginning October 1, 2023. In accordance with the terms of the final order, PA Gas Utility will was not be permitted to file a rate case prior to January 1, 2024. Also in accordance with the terms of the final order, PA Gas Utility was authorized to implement a weather normalization adjustment rider as a five-year pilot program beginning on November 1, 2022. Under this rider, when weather deviates from normal by more than 3%, residential and small commercial customer billings for distribution services are adjusted monthly for weather related impacts exceeding the 3% threshold. Additionally, under the terms of the final order, PA Gas Utility was authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reached \$3,368 million (which threshold was achieved in September 2022).

On February 8, 2021, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by \$9 million. On October 28, 2021, the PAPUC issued a final Order approving a settlement that permitted Electric Utility, effective November 9, 2021, to increase its base distribution revenues by \$6 million.

Mountaineer. On July 31, 2023, Mountaineer submitted its 2023 IREP filing to the WWPSC requesting recovery of \$10 million for costs associated with capital investments after December 31, 2022, that total \$131 million, including \$67 million in calendar year 2024. With new base rates expected to be effective January 1, 2024, revenues from IREP rates would decrease by \$12 million. The filing included capital investments totaling \$383 million over the 2024 - 2028 period.

On July 28, 2023 December 20, 2023, Mountaineer submitted its annual PGA filing with the WWPSC. This filing allows the WWPSC to review the prudence of Mountaineer's incurred gas costs, to review the computation of any over or under collection of gas costs, and to establish issued a PGA billing rate for the upcoming year. The new PGA billing rate is intended to settle past over or under collections and allows Mountaineer to recover its projected gas costs for the upcoming year. final order approving a settlement.

On March 6, 2023, Mountaineer submitted a base rate case filing with the WWPSC seeking a net revenue increase of \$20 million, which consists of an increase in base rates of \$38 million and a decrease in the IREP rates of \$18 million annually to be annually. On October 6, 2023, Mountaineer filed a joint stipulation and agreement for settlement of the base rate case, which included a \$14 million net revenue increase, effective on April 5, 2023 January 1, 2024. On March 31, 2023 December 21, 2023, the WWPSC suspended issued a final order approving the effective date joint stipulation and agreement, except the WWPSC authorized Mountaineer to implement a weather normalization adjustment rider as a five-year pilot program beginning on October 1, 2024 subject to modification by the WWPSC of the requested rate change increase until January 1, 2024 to allow final calculation methodology. Under this rider, when weather deviates from normal by more than 2%, residential and small commercial customer billings for a full review of distribution services are adjusted monthly for weather related impacts exceeding the filing. 2% threshold.

On July 29, 2022, Mountaineer submitted its 2022 IREP filing to the WWPSC requesting recovery of costs associated with capital investments totaling \$354 million over the 2023 - 2027 period, including \$64 million in calendar year 2023. On November 16, 2022 December 21, 2022, Mountaineer and the intervening parties submitted WWPSC issued a Joint Stipulation and Agreement final order approving a settlement for Settlement to the \$22 million in cumulative revenue, effective January 1, 2023.

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WPSC requesting approval of 2023 IREP revenue of \$22 million to be charged effective January 1, 2023, which includes the recovery of a \$1 million under-recovery of 2021 IREP revenue. On December 21, 2022, the WWPSC issued an order approving the Joint Stipulation and Agreement for Settlement as filed.

OTHER MATTERS

West Reading, Pennsylvania Explosion. On March 24, 2023, an explosion occurred in West Reading, Pennsylvania which resulted in seven fatalities, significant injuries to eleven others, and extensive property damage to buildings owned by R.M. Palmer, a local chocolate manufacturer, and other neighboring structures. The NTSB OSHA and the PAPUC are investigating the West Reading incident. On July 18, 2023, the NTSB issued an Investigative Update in its ongoing investigation. The report identifies a fracture in a retired UGI gas service tee and a fracture in a nearby steam system, but it does not address causation of the fractures or the explosion. The NTSB investigative team includes representatives from the Company, the PAPUC, the local fire department and the Pipeline and Hazardous Materials Safety Administration. The Company is cooperating with the investigation. The NTSB may invite other parties to participate. In September 2023, OSHA closed their investigation of this matter, without any finding pertaining to UGI Utilities.

While the investigation into this incident is still underway and the cause of the explosion has not been determined, the Company has received claims as a result of the explosion and is involved in lawsuits relative to the incident. The Company maintains liability insurance for personal injury, property and casualty damages and believes that third-party claims associated with the explosion, in excess of the Company's deductible, are recoverable through the Company's insurance. The Company cannot predict the result of these pending or future claims and legal actions at this time.

Regarding these pending claims and legal actions, the Company does not believe, at this early stage, that there is sufficient information available to reasonably estimate a range of loss, if any, or conclude that the final outcome of these matters will or will not have a material effect on our financial statements.

UGI International

During 2023, UGI France outlined its strategic priorities to better align with business needs. As part of this initiative, in November 2023, the French Works Councils were engaged in consultations regarding the organizational transformation and the initiation of external mobility programs. The Company cannot estimate a range of reasonably possible costs at this

time but such costs could be material.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership and our UGI International operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for LPG and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and UGI International may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of LPG market price risk, the Partnership uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements and over-the-counter derivative commodity instruments including price swap and option contracts. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of LPG are generally settled at expiration of the contract.

Utilities' tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to its retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. The recovery clauses provide for periodic adjustments for the difference between the total amounts actually billed to customers through PGC and PGA rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Utilities operations. PA Gas Utility uses derivative financial instruments, including natural gas futures and option contracts traded on the NYMEX, to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in PA Gas Utility's PGC recovery mechanism.

In order to manage market price risk relating to substantially all of Midstream & Marketing's fixed-price sale contracts for physical natural gas and electricity, Midstream & Marketing enters into NYMEX, ICE and over-the-counter natural gas and electricity futures and option contracts, and natural gas basis swap contracts or enters into fixed-price supply arrangements. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge a portion of its anticipated sales of electricity from its electricity generation facilities. Although Midstream & Marketing's fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas or electricity would adversely impact Midstream & Marketing's results. In order to reduce this risk of supplier nonperformance, Midstream & Marketing has diversified its purchases across a number of suppliers. UGI International's natural gas and electricity marketing businesses also use natural gas and electricity futures and forward contracts to economically hedge market risk associated with a substantial portion of anticipated volumes under fixed-price sales and purchase contracts. [See Note 5 to Condensed Consolidated Financial Statements for information on the exit of substantially all of the Company's European energy marketing business.](#)

Midstream & Marketing has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, Midstream & Marketing would be required to purchase electricity on the spot market or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact Midstream & Marketing's results.

Interest Rate Risk

We have both fixed-rate and variable-rate debt. Changes in interest rates impact the cash flows of variable-rate debt but generally do not impact their fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

Our variable-rate debt at [June 30, 2023](#) [December 31, 2023](#), includes revolving credit facility borrowings and variable-rate term loans at UGI International, Utilities, Energy Services and UGI Corporation. These debt agreements have interest rates that are generally indexed to short-term market interest rates. We have entered into pay-fixed, receive-variable interest rate swap agreements on a significant portion of the term loans' principal balances and a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At [June 30, 2023](#) [December 31, 2023](#), combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled [\\$1,115 million](#) [\\$1,120 million](#).

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Long-term debt associated with our domestic businesses is typically issued at fixed rates of interest based upon market rates for debt with similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce interest rate risk associated with near- to medium-term forecasted issuances of fixed rate debt, from time to time we enter into IRPAs.

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the USD versus the euro and, to a lesser extent, the USD versus the British pound sterling. The USD value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries, including anticipated foreign currency denominated dividends. Gains or losses on these net investment hedges remain in AOCI until such foreign operations are sold or liquidated. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated

foreign currencies versus the USD would reduce their aggregate net book value at **June 30, 2023** **December 31, 2023**, by approximately \$70 million, which amount would be reflected in other comprehensive income. We have designated certain euro-denominated borrowings as net investment hedges.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the USD exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over a multi-year period to eventually equal approximately 90% of anticipated UGI International foreign currency earnings before income taxes.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of **June 30, 2023** **December 31, 2023**, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was **\$305 million** **\$189 million**. In general, many of our over-the-counter derivative instruments and all exchange contracts call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At **June 30, 2023** **December 31, 2023**, we had pledged collateral in the form of letters of credit to derivative instrument counterparties totaling \$30 million. At December 31, 2023, we had received cash collateral from derivative instrument counterparties totaling **\$36 million** **\$17 million**. In addition, we may have offsetting derivative liabilities and certain accounts payable balances with certain of these counterparties, which further mitigates the previously mentioned maximum amount of losses. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At **June 30, 2023** **December 31, 2023**, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

The following table summarizes the fair values of unsettled market risk sensitive derivative instrument assets (liabilities) held at **June 30, 2023** **December 31, 2023** and changes in their fair values due to market risks. Certain of UGI Utilities' commodity derivative instruments are excluded from the table below because any associated net gains or losses are refundable to or recoverable from customers in accordance with UGI Utilities ratemaking.

		Asset (Liability)			
		Asset (Liability)			
		Change in Fair Value		Asset (Liability)	
(Millions of dollars)	(Millions of dollars)	Fair Value	Fair Value	Fair Value	Change in Fair Value
June 30, 2023					
December					
31, 2023		December 31, 2023			
Commodity price risk (1)	Commodity price risk (1)	\$ (202)	\$ (161)		
Interest rate risk (2)	Interest rate risk (2)	\$ 26	\$ (18)		
Foreign currency exchange rate risk (3)	Foreign currency exchange rate risk (3)	\$ 14	\$ (49)		

(1) Change in fair value represents a 10% adverse change in the market prices of certain commodities.

(2) Change in fair value represents a 50 basis point adverse change in prevailing market interest rates.

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(3) Change in fair value represents a 10% adverse change in the value of the Euro and the British pound sterling versus the USD.

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ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the **Interim** Chief Executive Officer and Chief Financial Officer, as appropriate

to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's **Interim** Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the **Interim** Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, were effective at the reasonable assurance level.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 9, Commitments and Contingencies to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report, is incorporated herein by reference.

ITEM 1A. RISK FACTORS

In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our **2022** **2023** Annual Report, and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, which could materially affect our business, financial condition or future results. The risks described below and in our **2022** **2023** Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

Our energy marketing business in Europe may continue to be disrupted by extreme prices and volatility in the natural gas and power markets in Europe, which have resulted in, and may continue to result in, a material negative impact on our financial results. Our natural gas and power marketing businesses have traditionally relied upon relative pricing and periods of market stability. Since the end of 2021, the European energy markets have been in an unprecedented state of volatility. The war between Russia and Ukraine and the resulting substantial reduction of natural gas imports from Russia to Europe have led to significant uncertainty in supply, including price volatility of both wholesale gas and power, and have created new risks that we have experienced and expect to continue to experience within our European energy marketing business. These risks include: (i) the ability to economically support the traditional fixed price and full requirement contracts of customers due to the significant increased cost to adjust for shifting volumes due to excess or shortage of consumption expectations; (ii) the ability to service typical portfolio needs with standard trading activities due to the limitations on purchasing cost effective services in the market; (iii) the ability to pass increased and volume deviation costs, including balancing costs, onto customers due, among other things, to timing, regulatory and contractual constraints, and (iv) the ability to maintain sourcing services to customers due to the margining and liquidity constraints as well as maximum trading limits implemented by both clearing banks and wholesale counterparties on energy suppliers, and (v) the ability to economically support fixed and variable price products while offering competitive services in the market. As a result, UGI is considering all scenarios with respect to the future of its energy marketing business in Europe, including exit and wind down. In Fiscal 2023, UGI announced the sale of its energy marketing business in the United Kingdom and that UGI has entered into definitive agreements to divest of substantially all of its energy marketing businesses in France and Belgium. Further, UGI continues to make progress on the wind-down of its energy marketing business in the Netherlands. The risks identified with respect to our energy marketing business in Europe have resulted in and may continue to have a material negative impact on our financial results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the Company's repurchases of its common stock during the quarter ended June 30, 2023.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2023 to April 30, 2023	■	\$0.00	■	6.50 million
May 1, 2023 to May 31, 2023	■	\$0.00	■	6.50 million
June 1, 2023 to June 30, 2023	■	\$0.00	■	6.50 million
Total	■	■	■	■

(1) Shares of UGI Common Stock are repurchased through an extension of a previous share repurchase program announced by the Company on February 2, 2022. The UGI Board of Directors authorized the repurchase of up to 8 million shares of UGI Common Stock over a four-year period expiring in February 2026.

ITEM 5. OTHER INFORMATION**Insider Trading Arrangements**

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation-S-K.

ITEM 6. EXHIBITS

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and last date of the period for which it was filed, and the exhibit number in such filing):

Incorporation by Reference						
Exhibit No.	Exhibit No.	Exhibit No.	Registrant	Filing	Exhibit No.	Exhibit
						Exhibit
3.1		<u>Amended and Restated Bylaws of UGI Corporation, effective as of May 3, 2023.</u>	UGI	Form 8- K (5/31/23)	3.1	
4.1	4.1	<u>Indenture, dated as of May 31, 2023, between the Issuers and U.S. Bank Trust Company, National Association, as trustee (including the form of 2028 Notes).</u>	UGI	Form 8- K (5/31/23)	4.1	<u>Note Purchase Agreement dated November 30, 2023 by and among UGI Utilities, Inc. and the purchasers listed as signatories thereto.</u>
						UGI
						Form 8-K (11/30/23)
						4.1

10.1	<u>Second</u> <u>Amendment</u> <u>to the</u> <u>Amended</u> <u>and Restated</u> <u>Credit</u> <u>Agreement,</u> <u>dated as of</u> <u>May 12,</u> <u>2023, by and</u> <u>among UGI</u> <u>Corporation,</u> <u>the lenders</u> <u>party thereto</u> <u>and</u> <u>JPMorgan</u> <u>Chase Bank,</u> <u>N.A., as</u> <u>administrative</u> <u>agent.</u>	UGI	Form 8-	10.1
31.1				
31.1				
31.1				
10.2	<u>Second</u> <u>Amendment</u> <u>to the Third</u> <u>Amended</u> <u>and Restated</u> <u>Credit</u> <u>Agreement,</u> <u>dated as of</u> <u>May 12,</u> <u>2023, by and</u> <u>among UGI</u> <u>Energy,</u> <u>Services,</u> <u>LLC, the</u> <u>lenders party</u> <u>thereto and</u> <u>JPMorgan</u> <u>Chase Bank,</u> <u>N.A., as</u> <u>administrative</u> <u>agent.</u>	UGI	Form 8-	10.2
31.2				

31.1	<p><u>Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></p>
31.2	<p><u>Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></p>
32	<p><u>Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></p>
32	

101.INS	101.INS	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.INS		
101.INS		
101.SCH		
101.SCH		
101.SCH	101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.CAL		
101.CAL		
101.DEF		
101.DEF		
101.DEF	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.LAB		
101.LAB		
101.PRE		
101.PRE		
101.PRE	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase

104	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
104		
104		

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

31.1	Certification by the Interim Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023December 31, 2023, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023December 31, 2023, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification by the Interim Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2023December 31, 2023, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UGI Corporation

(Registrant)

Date: August 8, 2023 February 1, 2024

By: /s/ Sean P. O'Brien

Sean P. O'Brien

Chief Financial Officer

Date: August 8, 2023 February 1, 2024

By: /s/ Jean Felix Tematio Dantsop

Jean Felix Tematio Dantsop

Vice President, Chief Accounting Officer

and Corporate Controller

6851

CERTIFICATION

I, **Roger Perreault, Mario Longhi**, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 8, 2023** **February 1, 2024**

/s/ **Roger Perreault Mario Longhi**

Roger Perreault Mario Longhi
Interim President and Chief Executive Officer of
UGI Corporation

CERTIFICATION

I, Sean P. O'Brien, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 8, 2023** **February 1, 2024**

/s/ Sean P. O'Brien

Sean P. O'Brien

Chief Financial Officer of UGI Corporation

EXHIBIT 32

Certification by the **Interim** Chief Executive Officer and Chief Financial Officer Relating to a Periodic Report Containing Financial Statements

I, **Roger Perreault**, **Mario Longhi**, Interim Chief Executive Officer, and I, **Sean P. O'Brien**, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-Q for the period ended **June 30, 2023** **December 31, 2023** (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

INTERIM CHIEF EXECUTIVE OFFICER

/s/ Roger Perreault **Mario Longhi**

Roger Perreault **Mario Longhi**

Date: **August 8, 2023** **February 1, 2024**

CHIEF FINANCIAL OFFICER

/s/ Sean P. O'Brien

Sean P. O'Brien

Date: **August 8, 2023** **February 1, 2024**

DISCLAIMER

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