

**UGI ENERGY SERVICES, LLC
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
and MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

for the three and nine months ended June 30, 2024 and 2023

(Unaudited)

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

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UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this document are defined below:

UGI Energy Services and Related Entities

AmeriGas - AmeriGas Propane, L.P., an indirect wholly-owned subsidiary of UGI

Aurum Renewables - Aurum Renewables LLC

Company - UGI Energy Services, LLC and its consolidated subsidiaries collectively

Energy Services - UGI Energy Services, LLC, a wholly-owned subsidiary of Enterprises, or collectively, UGI Energy Services, LLC and its consolidated subsidiaries

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

MBL Bioenergy - MBL Bioenergy, LLC, a joint venture partnership with the sole purpose of developing RNG projects in South Dakota.

Pine Run - Pine Run Gathering, LLC

UGI - UGI Corporation

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

Other Terms and Abbreviations

2023 Annual Report - Energy Services' Annual Report for the fiscal year ended September 30, 2023

2023 nine-month period - Nine months ended June 30, 2023

2023 three-month period - Three months ended June 30, 2023

2024 nine-month period - Nine months ended June 30, 2024

2024 three-month period - Three months ended June 30, 2024

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

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

ASU - Accounting Standards Update

Energy Services Credit Agreement - Revolving credit agreement entered into by Energy Services on March 6, 2020, as amended, scheduled to expire in May 2028

Energy Services Term Loan Credit Agreement - Term loan credit agreement entered into by Energy Services in August 2019, as amended, with a final maturity of February 2030

FASB - Financial Accounting Standards Board

FERC - Federal Energy Regulatory Commission

Fiscal 2021 - The fiscal year ended September 30, 2021

Fiscal 2022 - The fiscal year ended September 30, 2022

Fiscal 2024 - The fiscal year ending September 30, 2024

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

GAAP - U.S. generally accepted accounting principles

ICE - Intercontinental Exchange

LNG - Liquefied natural gas

NPNS - Normal purchase and normal sale

NYMEX - New York Mercantile Exchange

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

RNG - Renewable natural gas

SCAA - Storage Contract Administrative Agreement

U.S. - United States of America

USD - U.S. dollar

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions of dollars)

	June 30, 2024	September 30, 2023	June 30, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 34	\$ 28	\$ 27
Restricted cash	14	42	42
Accounts receivable (less allowances for doubtful accounts of \$3, \$2 and \$2, respectively)	146	136	154
Inventories	29	25	24
Derivative instruments	8	6	3
Prepaid expenses and other current assets	88	59	19
Total current assets	319	296	269
Property, plant and equipment (less accumulated depreciation of \$491, \$432 and \$416, respectively)	1,903	1,969	1,933
Goodwill	337	337	337
Intangible assets, net	225	236	238
Derivative instruments	4	6	6
Investments in equity method investees	339	264	218
Other assets	44	43	43
Total assets	<u>\$ 3,171</u>	<u>\$ 3,151</u>	<u>\$ 3,044</u>
LIABILITIES AND MEMBER'S EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 8	\$ 12	\$ 11
Short-term borrowings	—	103	70
Accounts payable	103	99	92
Derivative instruments	24	17	34
Other current liabilities	53	29	31
Total current liabilities	188	260	238
Long-term debt	806	808	811
Deferred income taxes	282	275	219
Derivative instruments	17	23	24
Other noncurrent liabilities	25	40	49
Total liabilities	1,318	1,406	1,341
Member's equity	1,853	1,745	1,703
Total liabilities and member's equity	<u>\$ 3,171</u>	<u>\$ 3,151</u>	<u>\$ 3,044</u>

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Revenues	\$ 252	\$ 280	\$ 1,130	\$ 1,593
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	141	206	669	1,460
Operating and administrative expenses	30	32	90	95
Depreciation and amortization	22	22	66	65
Impairment of held-for-sale assets	62	—	62	—
Other operating income, net	(7)	(5)	(6)	(8)
	<u>248</u>	<u>255</u>	<u>881</u>	<u>1,612</u>
Operating income (loss)	4	25	249	(19)
Income from equity method investees	2	1	7	4
Loss on extinguishment of debt	(1)	—	(1)	—
Other non-operating income	—	1	—	—
Interest expense	(9)	(11)	(29)	(33)
(Loss) income before income taxes	(4)	16	226	(48)
Income tax (expense) benefit	(8)	(74)	(28)	22
Net (loss) income	<u>\$ (12)</u>	<u>\$ (58)</u>	<u>\$ 198</u>	<u>\$ (26)</u>
Other comprehensive (loss) income:				
Net gains on derivative instruments (net of tax of \$(2), \$(6), \$(1) and \$(1), respectively)	\$ 2	\$ 14	\$ 1	\$ 3
Reclassifications of net gains on derivative instruments (net of tax of \$2, \$2, \$6 and \$4, respectively)	(6)	(6)	(16)	(11)
Other comprehensive (loss) income	<u>(4)</u>	<u>8</u>	<u>(15)</u>	<u>(8)</u>
Comprehensive (loss) income	<u>\$ (16)</u>	<u>\$ (50)</u>	<u>\$ 183</u>	<u>\$ (34)</u>

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions of dollars)

Nine Months Ended
June 30,

2024 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss)	\$ 198	\$ (26)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	66	65
Deferred income tax expense (benefit), net	5	(76)
Changes in unrealized gains and losses on derivative instruments	(20)	268
Impairment of held-for-sale assets	62	—
Settlement of interest rate swap, net of amortization	(17)	24
Loss on extinguishment of debt	1	—
Income from equity method investees	(7)	(4)
Other, net	—	12
Net change in:		
Accounts receivable	(14)	77
Inventories	(5)	35
Accounts payable	(7)	(137)
Derivative instruments collateral deposits received (paid)	18	(155)
Other current assets	15	14
Other current liabilities	23	35
Net cash provided by operating activities	<u>318</u>	<u>132</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Expenditures for property, plant and equipment	(89)	(67)
Investments in equity method investees	(62)	(85)
Net cash used by investing activities	<u>(151)</u>	<u>(152)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions paid	(75)	(200)
Receivables Facility net (repayments) borrowings	(46)	45
(Decrease) increase in short-term borrowings	(57)	25
Issuances of long-term debt, net of discount and issuance costs	(5)	792
Repayments of long-term debt and finance leases	(6)	(678)
Net cash used by financing activities	<u>(189)</u>	<u>(16)</u>
Cash, cash equivalents and restricted cash decrease	<u>\$ (22)</u>	<u>\$ (36)</u>

CASH, CASH EQUIVALENTS AND RESTRICTED CASH:

End of period	\$ 48	\$ 69
Beginning of period	70	105
Cash, cash equivalents and restricted cash decrease	<u>\$ (22)</u>	<u>\$ (36)</u>

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)
(Millions of dollars)

	Member's Equity
Balance at September 30, 2023	\$ 1,745
Net income	198
Cash distributions	(75)
Other comprehensive loss	(15)
Balance at June 30, 2024	<u>\$ 1,853</u>

	Member's Equity
Balance at September 30, 2022	\$ 1,937
Net loss	(26)
Cash distributions	(200)
Other comprehensive loss	(8)
Balance at June 30, 2023	<u>\$ 1,703</u>

See accompanying notes to condensed consolidated financial statements.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Note 1 — Nature of Operations

Energy Services is a Pennsylvania limited liability company and a wholly-owned subsidiary of Enterprises. Enterprises is a wholly-owned subsidiary of UGI. Energy Services is a sole member limited liability company with Enterprises owning 100% of the membership interest.

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. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC. UGID owns electricity generation facilities principally located in Pennsylvania. See Note 5 for additional information on pending disposition of UGID.

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with GAAP. 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, 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 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 30, 2024	June 30, 2023
Cash and cash equivalents	\$ 34	\$ 27
Restricted cash	14	42
Cash, cash equivalents and restricted cash	<u>\$ 48</u>	<u>\$ 69</u>

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 or if it qualifies and is designated as a hedge for accounting purposes.

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 derivative instruments as hedges under GAAP. Changes in the fair values of these derivative instruments are reflected in net income. Cash flows from derivative instruments are included in cash flows from operating 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 9.

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

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

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.

Subsequent Events. Management has evaluated the impact of subsequent events through August 15, 2024, the date these condensed consolidated financial statements were issued, and the effects, if any, of such evaluation have been reflected in the condensed consolidated financial statements and related disclosures.

Note 3 — Accounting Changes

Accounting Standard Not Yet 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 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 its financial 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 3 in the Company’s 2023 Annual Report for additional information on our revenues from contracts with customers.

Revenue Disaggregation

The following table presents our disaggregated revenues:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Revenues from contracts with customers:				
Energy Marketing	\$ 176	\$ 194	\$ 780	\$ 1,229
Midstream:				
Pipeline	61	58	191	189
Peaking	5	6	127	130
Other	5	3	12	10
Electricity Generation	6	17	20	27
Total revenues from contracts with customers	253	278	1,130	1,585
Other revenues (a)	(1)	2	—	8
Total revenues	\$ 252	\$ 280	\$ 1,130	\$ 1,593

(a) Represents revenues from certain gathering assets and gains and (losses) on commodity derivative instruments not associated with current-period transactions that are not within the scope of ASC 606 and are accounted for in accordance with other GAAP.

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” on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
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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 \$11, \$7 and \$7 at June 30, 2024, September 30, 2023 and June 30, 2023, respectively, and are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Note 5 — Disposition

UGID. In June 2024, Energy Services entered into a Stock Purchase Agreement to sell all of its ownership interest in UGID. UGID owns and operates the Hunlock Creek Energy Center located in Wilkes-Barre, PA, a 169-megawatt natural gas-fueled electricity generating station. Accordingly, the assets and liabilities associated with UGID, substantially all of which are attributable to long-lived assets, qualify as held for sale and have been reflected in "Prepaid expenses and other current assets" and "Other current liabilities," respectively, on the Condensed Consolidated Balance Sheet at June 30, 2024. During the third quarter of Fiscal 2024, the Company recognized a non-cash, pre-tax impairment charge of \$62, which amount was reflected in "Impairment of held-for-sale assets" on the Condensed Consolidated Statements of Comprehensive Income. Such impairment loss was limited to the disposal group's long-lived assets in accordance with its policy related to assets held for sale. The pending sale is expected to be completed during the fourth quarter of Fiscal 2024.

Note 6 — Commitments and Contingencies

There are currently no pending claims or legal actions that could have a material adverse effect on our financial statements.

Note 7 — Debt

Energy Services Term Loan Credit Agreement. In June 2024, the Company entered into the second amendment to the Energy Services Term Loan Credit Agreement. The Energy Services Term Loan Credit Agreement, as amended, provides, among other items, that the applicable margin shall be 2.50% per annum for Term SOFR loans and 1.50% per annum for base rate loans. All other significant terms of the term loan credit agreement remain unchanged. In connection with the amendment, during the third quarter of Fiscal 2024, the Company recognized a pre-tax loss of \$1, primarily consisting of unamortized debt issuance costs, which loss is included in "Loss on extinguishment of debt" on the Condensed Consolidated Statements of Comprehensive Income.

Energy Services Credit Agreement. In May 2024, the Company entered into the fourth amendment to the UGI Energy Services Credit Agreement. The amended credit agreement provides for borrowings up to \$300, including a \$50 sublimit for letters of credit. Borrowings under the UGI Energy Services Credit Agreement, as amended, bear interest, subject to our election, at a rate per annum equal to (i) the alternative base rate plus the applicable margin as defined by the agreement or (ii) the adjusted Term SOFR rate plus the applicable margin as defined by the agreement. Borrowings under the credit agreement can be used for general corporate purposes and ongoing working capital needs of Energy Services and is scheduled to expire in May 2028. All other significant terms of the credit agreement remain unchanged.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Note 8 — Fair Value Measurements

Derivative Instruments

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:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2024:				
Assets:				
Commodity contracts	\$ 88	\$ 5	\$ —	\$ 93
Liabilities:				
Commodity contracts	\$ (142)	\$ (9)	\$ —	\$ (151)
September 30, 2023:				
Assets:				
Commodity contracts	\$ 104	\$ 9	\$ —	\$ 113
Interest rate contracts	\$ —	\$ 3	\$ —	\$ 3
Liabilities:				
Commodity contracts	\$ (179)	\$ (12)	\$ —	\$ (191)
June 30, 2023:				
Assets:				
Commodity contracts	\$ 113	\$ 7	\$ —	\$ 120
Liabilities:				
Commodity contracts	\$ (213)	\$ (20)	\$ —	\$ (233)
Interest rate contracts	\$ —	\$ (4)	\$ —	\$ (4)

The fair values of our Level 1 exchange-traded commodity futures and non-exchange-traded commodity futures and forward contracts are based upon actively quoted market prices for identical assets and liabilities. The remainder of our derivative instruments are designated as Level 2. The fair values of certain non-exchange traded commodity 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 are based upon third-party quotes or indicative values based on recent market transactions.

Note 9 — 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; and (2) interest 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 certain market risks:

Commodity Price Risk

In order to manage market price risk relating to fixed-price sales contracts for natural gas and electricity, the Company enters into NYMEX and over-the-counter natural gas futures, forward and options contracts, ICE natural gas basis swap contracts, and electricity futures and forward physical contracts. The Company also uses NYMEX and over the counter electricity futures

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

contracts to economically hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. Also, Energy Services, from time to time, uses NYMEX futures 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. For all periods presented, volumes associated with these natural gas contracts were not material.

Interest Rate Risk

Energy Services has a variable-rate term loan that is indexed to a short-term market interest rate. In order to fix the underlying short-term market interest rate, Energy Services has entered into a pay-fixed, receive-variable interest rate swap to effectively fix the underlying variable rate on a significant portion of the loan's tenor through September 2026. We have designated this interest rate swap as a cash flow hedge. At June 30, 2024, the amount of pre-tax net gains associated with this current interest rate swap and a predecessor interest rate swap previously settled that is expected to be reclassified into earnings during the next twelve months based upon current fair values is approximately \$6.

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, 2024, September 30, 2023 and June 30, 2023, and the final settlement dates of the Company's open derivative contracts as of June 30, 2024, but excluding those derivatives that qualified for the NPNS exception:

Type	Units	Settlements Extending Through	Notional Amounts (in millions)		
			June 30, 2024	September 30, 2023	June 30, 2023
Commodity Price Risk:					
Natural gas futures, forward, basis swap, options and pipeline contracts	Dekatherms	March 2028	318	336	345
Electricity forward and futures contracts	Kilowatt hours	December 2027	651	615	751
Interest Rate Risk:					
Interest rate swaps	USD	September 2026	\$ 751	\$ 756	\$ 758

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, 2024, 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 \$93. 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, 2024, we had received cash collateral from derivative instrument counterparties totaling \$3. 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 loss.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

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.

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, 2024	September 30, 2023	June 30, 2023
Derivative assets:			
Derivatives designated as hedging instruments:			
Interest rate contracts	\$ —	\$ 3	\$ —
Derivatives not designated as hedging instruments:			
Commodity contracts	93	113	120
Total derivative assets - gross	93	116	120
Gross amounts offset in balance sheet	(78)	(103)	(109)
Cash collateral received	(3)	(1)	(2)
Total derivative assets - net	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 9</u>
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	\$ —	\$ —	\$ (4)
Derivatives not designated as hedging instruments:			
Commodity contracts	(151)	(191)	(233)
Total derivative liabilities - gross	(151)	(191)	(237)
Gross amounts offset in balance sheet	78	103	109
Cash collateral pledged	32	48	70
Total derivative liabilities - net	<u>\$ (41)</u>	<u>\$ (40)</u>	<u>\$ (58)</u>

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income:

Three Months Ended June 30,

	Gain Recognized in AOCI		Gain Reclassified from AOCI into Income		Location of Gain Reclassified from AOCI into Income
	2024	2023	2024	2023	
Cash Flow Hedges:					
Interest rate contracts	\$ 4	\$ 20	\$ 8	\$ 8	Interest expense

	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2024	2023	
Derivatives Not Designated As Hedging Instruments:			
Commodity contracts	\$ —	\$ 1	Revenues
Commodity contracts	(9)	(61)	Cost of sales
Total	<u>\$ (9)</u>	<u>\$ (60)</u>	

Nine Months Ended June 30,

	Gain Recognized in AOCI		Gain Reclassified from AOCI into Income		Location of Gain Reclassified from AOCI into Income
	2024	2023	2024	2023	
Cash Flow Hedges:					
Interest rate contracts	\$ 2	\$ 4	\$ 22	\$ 15	Interest expense

	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2024	2023	
Derivatives Not Designated As Hedging Instruments:			
Commodity contracts	\$ —	\$ 8	Revenues
Commodity contracts	(99)	(328)	Cost of sales
Total	<u>\$ (99)</u>	<u>\$ (320)</u>	

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 under GAAP 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 the contract is 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.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Note 10 — Accumulated Other Comprehensive Income (Loss)

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

Three Months Ended June 30, 2024	Derivative Instruments
AOCI — March 31, 2024	\$ 6
Other comprehensive income before reclassification adjustments	2
Amounts reclassified from AOCI	(6)
AOCI — June 30, 2024	<u>\$ 2</u>

Three Months Ended June 30, 2023	Derivative Instruments
AOCI — March 31, 2023	\$ 8
Other comprehensive income before reclassification adjustments	14
Amounts reclassified from AOCI	(6)
AOCI — June 30, 2023	<u>\$ 16</u>

Nine Months Ended June 30, 2024	Derivative Instruments
AOCI — September 30, 2023	\$ 17
Other comprehensive income before reclassification adjustments	1
Amounts reclassified from AOCI	(16)
AOCI — June 30, 2024	<u>\$ 2</u>

Nine Months Ended June 30, 2023	Derivative Instruments
AOCI — September 30, 2022	\$ 24
Other comprehensive income before reclassification adjustments	3
Amounts reclassified from AOCI	(11)
AOCI — June 30, 2023	<u>\$ 16</u>

Note 11 — Related Party Transactions

SCAA Activities. From time to time, Energy Services is a party to SCAAs with UGI Utilities which have terms of up to three years. Under the SCAAs, UGI Utilities has, among other things, released certain natural gas storage and transportation contracts (subject to recall for operational purposes) to Energy Services for the terms of the SCAAs. UGI Utilities also transferred certain associated natural gas storage inventories upon the commencement of the SCAAs, receives a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the term of the SCAAs. Energy Services receives payments from UGI Utilities for storage inventories and pipeline transportation and storage capacity charges associated with SCAAs. Energy Services, in turn, provides a firm delivery service and makes certain payments to UGI Utilities for its various obligations under the SCAAs. In conjunction with the SCAAs, Energy Services pays UGI Utilities security deposits.

Gas Supply and Delivery Services. UGI Utilities purchases natural gas and pipeline capacity from Energy Services. Additionally, UGI Utilities has gas supply and delivery service agreements with Energy Services pursuant to which Energy Services provides certain gas supply and related delivery service to UGI Utilities.

From time to time, Energy Services purchases natural gas or pipeline capacity from UGI Utilities. Also, from time to time, Energy Services sells natural gas and pipeline capacity to UGI Utilities (in addition to those transactions already described above) and sells a firm storage service from a subsidiary of Energy Services, under one-year agreements.

UGI Energy Services, LLC and Subsidiaries
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(Unaudited)
(Millions of dollars, except where indicated otherwise)

Administrative Services. UGI provides certain financial and administrative services to Energy Services. UGI bills Energy Services monthly for all direct expenses incurred by UGI on behalf of Energy Services and an allocated share of indirect corporate expenses incurred or paid with respect to services provided to Energy Services. The allocation of indirect UGI corporate expenses to Energy Services utilizes a relevant factor (such as headcount for employee-related expenses) or, when there is not a specific relevant factor, utilizes a weighted, three-component formula comprising revenues, operating expenses and net assets employed. The allocation considers Energy Services' relative percentage of such items to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. Management believes that this allocation method is reasonable and equitable to Energy Services. These billed allocated expenses are classified as "Operating and administrative expenses" in the Condensed Consolidated Statements of Comprehensive Income.

Propane Sales. From time to time, Energy Services sells propane to AmeriGas on an as needed basis. The sales price is generally based on market prices at the time of sale. There were no sales of propane by Energy Services to AmeriGas during the nine months ended June 30, 2024 and 2023.

The following related party amounts and balances are included in our condensed consolidated financial statements:

	Three Months Ended June 30,		Nine Months Ended June 30,		Classification on Condensed Consolidated Statements of Comprehensive Income
	2024	2023	2024	2023	
SCAA Activities:					
SCAA revenues	\$ 4	\$ 4	\$ 6	\$ 10	Revenues
Costs of SCAA and firm delivery service	\$ —	\$ —	\$ 1	\$ 1	Cost of sales
Gas Supply and Delivery Service:					
Gas supply and delivery service revenues	\$ 18	\$ 14	\$ 190	\$ 222	Revenues
Costs of natural gas and pipeline capacity purchases	\$ 6	\$ 7	\$ 42	\$ 68	Cost of sales
Administrative Services:					
Administrative services provided by UGI	\$ 4	\$ 4	\$ 12	\$ 13	Operating and administrative expenses
	June 30, 2024	September 30, 2023	June 30, 2023	Classification on Condensed Consolidated Balance Sheets	
SCAA security deposits	\$ 9	\$ 9	\$ 9	Prepaid expenses and other current assets	

Note 12 — 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 "Investments in equity method investees" on the Condensed Consolidated Balance Sheets. Equity method earnings are included in "Income from equity method investees" on the Condensed Consolidated Statements of Comprehensive Income. Our equity method investments primarily comprise investments in biomass and renewable energy projects.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Our equity method investments comprise the following:

Investees	Carrying Value			Ownership Interest		
	June 30, 2024	September 30, 2023	June 30, 2023	June 30, 2024	September 30, 2023	June 30, 2023
Aurum Renewables	\$ 46	\$ 45	\$ 31	40%	40%	40%
Pine Run	83	77	75	49%	49%	49%
MBL Bioenergy	190	122	93	99.99%	99.99%	99.99%
Other	20	20	19	various	various	various
Total investments in equity method investees	\$ 339	\$ 264	\$ 218			

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

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

Forward-Looking Statements

Information contained in this Quarterly Report contains forward-looking statements. 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. Management believes that these are reasonable as of today's date only. Actual results may differ significantly because of risks and uncertainties that are difficult to predict and many of which are beyond management's control; accordingly, there is no assurance that results will be realized. 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.

EXECUTIVE OVERVIEW

Recent Developments

Macroeconomic Conditions. Beginning in Fiscal 2021 and continuing through June 30, 2024, commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political factors, including but not limited to: supply chain disruptions including those associated with labor shortages; significant volatility in energy commodity prices; and changes in consumer behavior. These adverse macroeconomic factors continue to contribute to inflationary pressures as evidenced by increases in various consumer price indices. In an effort to curb these inflationary pressures, the Federal Reserve began raising interest rates in Fiscal 2022. In addition, during the last several years, we have experienced significant volatility in energy commodity prices, particularly in natural gas and electricity prices, which have resulted in substantial fluctuations in the fair values of our commodity derivative instruments. Although these inflationary pressures and commodity price volatility have 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 certain operating and distribution expenses and higher interest expense. We cannot predict the duration or ultimate magnitude of these conditions and the effects such conditions may have on our future business, financial results, financial position, liquidity and cash flows. However, we believe that the Company is well positioned to address the challenges resulting from these global economic and political conditions as they continue to evolve.

2024 three-month period compared with 2023 three-month period

Energy Services' net loss was \$12 million and \$58 million in the 2024 and 2023 three-month periods, respectively. These results reflect after-tax gains (losses) on commodity derivative instruments not associated with current-period transactions of \$12 million and \$(80) million, respectively, and we exclude them from our non-GAAP measures. See "Non-GAAP Financial Measures" below. Energy Services' net income during the 2024 three-month period also includes a \$45 million impairment of assets held for sale associated with UGID and a loss on extinguishment of debt of \$1 million.

Adjusted net income in the 2024 three-month period was comparable to the prior period as slightly lower adjusted total margin was largely offset by lower operating and administrative expenses.

2024 nine-month period compared with 2023 nine-month period

Energy Services' net income (loss) was \$198 million and \$(26) million in the 2024 and 2023 nine-month period, respectively. These results reflect after-tax gains (losses) on commodity derivative instruments not associated with current-period transactions of \$10 million and \$(191) million, respectively, and we exclude them from our non-GAAP measures. See "Non-GAAP Financial Measures" below. Energy Services' net income during the 2024 nine-month period also includes a \$45 million impairment of assets held for sale associated with UGID and a loss on extinguishment of debt of \$1 million.

Adjusted net income increased \$69 million in the 2024 nine-month period, primarily attributable to higher adjusted total margin from natural gas marketing activities and lower income taxes reflecting higher investment tax credits in the 2024 nine-month period.

Non-GAAP Financial Measures

We present the non-GAAP measures adjusted total margin, adjusted operating income, adjusted income before income taxes and adjusted net income, in order to assist in the evaluation of our overall performance. We believe that these non-GAAP measures provide meaningful information to investors about our performance because they eliminate the impact of (1) gains

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

and losses on commodity derivative instruments not associated with current-period transactions, principally comprising unrealized gains and losses on such derivative instruments, and (2) other significant discrete items that can affect the comparisons of period-over-period results. These 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.

The following table includes reconciliations of adjusted total margin, adjusted operating income, adjusted income before income taxes and adjusted net income to the most directly comparable financial measures calculated and presented in accordance with GAAP for the periods presented.

(Millions of dollars)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Adjusted total margin:				
Total revenues	\$ 252	\$ 280	\$ 1,130	\$ 1,593
Cost of sales	(141)	(206)	(669)	(1,460)
Total margin	111	74	461	133
Net (gains) losses on commodity derivative instruments not associated with current-period transactions	(25)	13	(20)	268
Adjusted total margin	<u>\$ 86</u>	<u>\$ 87</u>	<u>\$ 441</u>	<u>\$ 401</u>
Adjusted operating income:				
Operating income (loss)	\$ 4	\$ 25	\$ 249	\$ (19)
Net (gains) losses on commodity derivative instruments not associated with current-period transactions	(25)	13	(20)	268
Impairment of held-for-sale assets	62	—	62	—
Adjusted operating income	<u>\$ 41</u>	<u>\$ 38</u>	<u>\$ 291</u>	<u>\$ 249</u>
Adjusted income before income taxes:				
(Loss) income before income taxes	\$ (4)	\$ 16	\$ 226	\$ (48)
Net (gains) losses on commodity derivative instruments not associated with current-period transactions	(25)	13	(20)	268
Impairment of held-for-sale assets	62	—	62	—
Loss on extinguishment of debt	1	—	1	—
Adjusted income before income taxes	<u>\$ 34</u>	<u>\$ 29</u>	<u>\$ 269</u>	<u>\$ 220</u>
Adjusted net income:				
Net (loss) income	\$ (12)	\$ (58)	\$ 198	\$ (26)
Net (gains) losses on commodity derivative instruments not associated with current-period transactions	(12)	80	(10)	191
Impairment of held-for-sale assets	45	—	45	—
Loss on extinguishment of debt	1	—	1	—
Adjusted net income	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 234</u>	<u>\$ 165</u>

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

Analysis of Results of Operations

2024 Three-Month Period Compared with the 2023 Three-Month Period

Three Months Ended March 31,	2024	2023	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 252	\$ 280	\$ (28)	(10)%
Total margin (a)	\$ 111	\$ 74	\$ 37	50 %
Operating and administrative expenses	\$ 30	\$ 32	\$ (2)	(6)%
Operating income	\$ 4	\$ 25	\$ (21)	(84)%
(Loss) income before income taxes	\$ (4)	\$ 16	\$ (20)	(125)%
Non-GAAP financial measures (b):				
Adjusted total margin	\$ 86	\$ 87	\$ (1)	(1)%
Adjusted operating income	\$ 41	\$ 38	\$ 3	8 %
Adjusted income before income taxes	\$ 34	\$ 29	\$ 5	17 %
Adjusted net income	\$ 22	\$ 22	\$ —	— %

- (a) Total margin represents total revenues less total cost of sales and includes the impact of net gains (losses) of \$25 million and \$(13) million, on commodity derivative instruments not associated with current-period transactions for the 2024 and 2023 three-month periods, respectively.
- (b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See “Non-GAAP Financial Measures” above.

Average temperatures across Energy Services’ energy marketing territory during the 2024 three-month period were 23.5% warmer than normal and 18.3% warmer than the prior-year period.

For the 2024 three-month period, revenues and cost of sales decreased \$28 million and \$65 million, respectively, compared to the prior-year period. Excluding the effects of net gains and losses on commodity derivative instruments not associated with current-period transactions, revenues and cost of sales decreased \$26 million and \$25 million, respectively, compared to the prior-year period. The decrease in revenues principally reflects lower revenues from natural gas marketing activities (\$29 million), including the effects of peaking and capacity management activities, that were primarily impacted by lower natural gas prices, slightly offset by higher revenues related to retail power marketing activities. The decrease in cost of sales is largely driven by lower natural gas costs (\$22 million) related to the previously mentioned natural gas marketing activities.

Total margin increased \$37 million in the 2024 three-month period. Adjusted total margin was comparable to the prior-year period as higher storage and natural gas pipeline gathering margin was offset by lower total margin from natural gas marketing activities, reflecting the effects of lower capacity management margin.

Operating income and income before income taxes decreased \$21 million and \$20 million, respectively, during the 2024 three-month period. Adjusted operating income and adjusted income before income taxes increased \$3 million and \$5 million, respectively, compared to the prior-year period. The increase in adjusted operating income is largely attributable to slightly lower operating and administrative expenses (\$2 million), partially offset by the slightly lower adjusted total margin. The increase in adjusted income before income taxes principally reflects the increase in adjusted operating income and slightly lower interest expense (\$2 million).

Interest Expense and Income Taxes

Interest expense in the 2024 three-month period was slightly lower compared to the prior-year period, reflecting lower average short-term borrowings.

The Company's effective income tax rate for the 2024 three-month period reflects an increase in investment tax credits. 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.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

2024 nine-month period compared with the 2023 nine-month period

Nine Months Ended June 30,	2024	2023	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 1,130	\$ 1,593	\$ (463)	(29)%
Total margin (a)	\$ 461	\$ 133	\$ 328	247 %
Operating and administrative expenses	\$ 90	\$ 95	\$ (5)	(5)%
Operating income (loss)	\$ 249	\$ (19)	\$ 268	1,411 %
Income (loss) before income taxes	\$ 226	\$ (48)	\$ 274	571 %
Non-GAAP financial measures (b):				
Adjusted total margin	\$ 441	\$ 401	\$ 40	10 %
Adjusted operating income	\$ 291	\$ 249	\$ 42	17 %
Adjusted income before income taxes	\$ 269	\$ 220	\$ 49	22 %
Adjusted net income	\$ 234	\$ 165	\$ 69	42 %

- (a) Total margin represents total revenues less total cost of sales and includes the impact of net gains (losses) of \$20 million and \$(268) million, respectively, on commodity derivative instruments not associated with current-period transactions for the 2024 and 2023 nine-month periods, respectively.
- (b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See “Non-GAAP Financial Measures” above.

Average temperatures across Energy Services’ energy marketing territory during the 2024 nine-month period were 13.2% warmer than normal and 4.8% warmer than the prior-year period.

For the 2024 nine-month period, revenues and cost of sales decreased \$463 million and \$791 million, respectively, compared to the prior-year period. Excluding the effects of net gains and losses on commodity derivative instruments not associated with current-period transactions, revenues and cost of sales decreased \$456 million and \$496 million, respectively, compared to the prior-year period. The decrease in revenues principally reflects lower revenues from natural gas marketing activities (\$439 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. The decrease also reflects, to a much lesser extent, lower revenues from renewable energy (\$18 million). The decrease in cost of sales primarily reflects lower natural gas costs (\$483 million) related to the previously mentioned natural gas marketing activities and, to a much lesser extent, lower cost of sales related to renewable energy (\$11 million).

Total margin increased \$328 million during the 2024 nine-month period. Adjusted total margin increased \$40 million during the 2024 nine-month period, primarily reflecting higher margins from natural gas marketing activities (\$44 million), mainly resulting from the effects of higher capacity management activities, partially offset by lower total margin from renewable energy (\$7 million).

Operating income and income before income taxes increased \$268 million and \$274 million, respectively, during the 2024 nine-month period. Adjusted operating income and adjusted income before income taxes increased \$42 million and \$49 million, respectively, compared to the prior-year period. The increase in adjusted operating income is largely attributable to the higher adjusted total margin and, to a lesser extent, lower operating and administrative expenses (\$5 million). The lower operating and administrative expenses during the 2024 nine-month period primarily reflects lower salary and benefits expenses and maintenance expenses. The increase in adjusted income before income taxes principally reflects the increase in adjusted operating income, lower interest expense (\$4 million) and slightly higher income from equity method investees (\$3 million).

Interest Expense and Income Taxes

Interest expense in the 2024 nine-month period was \$4 million lower compared to the prior-year period, reflecting higher capitalized interests resulting from certain renewable projects not placed in service yet and lower average short-term borrowings.

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The Company's effective income tax rate for the 2024 nine-month period reflects an increase in investment tax credits. 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 the previously mentioned ongoing global macroeconomic conditions. The Company does not have any near-term term loan maturities. The Company cannot predict the duration or total magnitude of the uncertain macroeconomic conditions mentioned above and the total effects they will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. Energy Services was in compliance with all debt covenants as of June 30, 2024.

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 our Receivables Facility and borrowings under the Energy Services Credit Agreement. Long-term cash requirements are generally met through the issuance of long-term debt. We believe that we have sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and Receivables Facility borrowings; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

Our cash and cash equivalents totaled \$34 million at June 30, 2024 compared to \$28 million at September 30, 2023. Our restricted cash balance was \$14 million at June 30, 2024 and \$42 million at September 30, 2023, principally comprising cash in brokerage accounts that are restricted from withdrawal. Our debt outstanding at June 30, 2024, totaled \$814 million (including current maturities of long-term debt of \$8 million). Our debt outstanding at September 30, 2023, totaled \$923 million (including current maturities of long-term debt of \$12 million and short-term borrowings of \$103 million). Total long-term debt outstanding at June 30, 2024, including current maturities, comprises \$788 million of term loan borrowings and \$41 million of other long-term debt comprising a finance lease liability, and is net of \$15 million of unamortized debt issuance costs.

Long-term debt and credit facilities

Energy Services Term Loan Credit Agreement. In June 2024, the Company entered into the second amendment to the Energy Services Term Loan Credit Agreement. The Energy Services Term Loan Credit Agreement was amended primarily to amend the applicable margins on borrowings to 2.50% per annum for Term SOFR loans and 1.50% per annum for base rate loans.

Energy Services Credit Agreement. In May 2024, the Company entered into the fourth amendment to the UGI Energy Services Credit Agreement. The amended credit agreement provides for borrowings up to \$300 million, including a \$50 million sublimit for letters of credit. Borrowings under the credit agreement can be used for general corporate purposes and ongoing working capital needs of Energy Services and is scheduled to expire in May 2028.

For additional information on the debt transactions mentioned above, see Note 7 to the Condensed Consolidated Financial Statements.

Information about the UGI Energy Services Credit Agreement is presented in the following table, as of:

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity
June 30, 2024	\$ 300	\$ —	\$ —	\$ 300
June 30, 2023	\$ 260	\$ 25	\$ —	\$ 235

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

The average daily and peak short-term borrowings under the UGI Energy Services Credit Agreement is as follows:

(Currency in millions)	Average	Peak
For the nine months ended June 30, 2024	\$ 20	\$ 62
For the nine months ended June 30, 2023	\$ 9	\$ 82

Receivables Facility. Energy Services also has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2024. At June 30, 2024, the outstanding balance of trade receivables was \$54 million, none of which were sold to the bank. At June 30, 2023, the outstanding balance of trade receivables was \$62 million, \$45 million of which was sold to the bank. Amounts sold to the bank are reflected as “Short-term borrowings” on the Condensed Consolidated Balance Sheets. During the nine months ended June 30, 2024 and 2023, peak sales of receivables were \$97 million and \$150 million, respectively, and average daily amounts sold were \$29 million and \$44 million, respectively.

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, electricity and other energy products consumed during the peak heating season months. In addition, cash flows from operating activities can be significantly affected by year-to-year variations in changes in operating working capital reflecting changes in energy commodity prices, principally changes in prices for natural gas. Cash flow from investing activities is principally affected by cash expenditures for property, plant and equipment, cash paid for acquisitions of businesses and assets and investments in equity method investees. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt, short-term borrowings and capital contributions from, and cash distributions to Enterprises.

Operating Activities: Cash flow provided by operating activities was \$318 million in the 2024 nine-month period compared to \$132 million in the prior-year period. Cash flow from operating activities before changes in operating working capital was \$288 million in the 2024 nine-month period compared to \$263 million in the prior-year period. Cash flow provided by changes in operating working capital totaled \$30 million in the 2024 nine-month period compared with cash flow used to fund changes in operating working capital of \$131 million in the 2023 nine-month period. The prior-year period includes \$155 million of derivative instrument collateral deposit repayments compared to \$18 million of cash collateral received in the 2024 nine-month period. The unusually high prior-year collateral deposit repayments were the result of significant declines in commodity energy prices during that period. The 2024 nine-month period reflects less cash used for changes in accounts payable partially offset by lower cash from changes in accounts receivable and inventories.

Investing Activities: Cash flow used by investing activities was \$151 million in the 2024 nine-month period compared to \$152 million in the prior-year period. Capital expenditures for property, plant and equipment were \$89 million in the 2024 nine-month period compared to \$67 million in the prior-year period. Cash required to fund investments in equity method investees reflecting our continued investments in renewable energy businesses, was \$62 million in the 2024 nine-month period compared to \$85 million in the prior-year period.

Financing Activities: Cash flow used by financing activities was \$189 million in the 2024 nine-month period compared to \$16 million in the prior-year period. Financing activity cash flows in the 2024 nine-month period reflect credit facility and Receivables Facility net repayments of \$46 million compared to \$45 million of Receivables Facility borrowings in the prior-year period. The cash used by financing activities in the 2024 nine-month period includes \$75 million of distributions paid compared to \$200 million in the prior-year period. The 2023 nine-month period cash flows from financing activities also includes the cash proceeds from the Energy Services Term Loan Credit Agreement amended in February 2023 and the concurrent repayment of amounts outstanding under the variable rate term loan.