

**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, 2022

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**  
(State or other jurisdiction of  
incorporation or organization)

**23-2668356**  
(I.R.S. Employer  
Identification No.)

**460 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)

**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.

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, 2022, there were 209,381,438 shares of UGI Corporation Common Stock, without par value, outstanding.

## UGI CORPORATION AND SUBSIDIARIES

### TABLE OF CONTENTS

	<u>Page</u>
<a href="#">Glossary of Terms and Abbreviations</a>	<a href="#">1</a>
<b><a href="#">Part I Financial Information</a></b>	
<a href="#">Item 1. Financial Statements (unaudited)</a>	
<a href="#">Condensed Consolidated Balance Sheets as of June 30, 2022, September 30, 2021 and June 30, 2021</a>	<a href="#">5</a>
<a href="#">Condensed Consolidated Statements of Income for the three and nine months ended June 30, 2022 and 2021</a>	<a href="#">6</a>
<a href="#">Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended June 30, 2022 and 2021</a>	<a href="#">7</a>
<a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended June 30, 2022 and 2021</a>	<a href="#">8</a>
<a href="#">Condensed Consolidated Statements of Changes in Equity for the three and nine months ended June 30, 2022 and 2021</a>	<a href="#">9</a>
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	<a href="#">10</a>
<a href="#">Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">35</a>
<a href="#">Item 3. Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">51</a>
<a href="#">Item 4. Controls and Procedures</a>	<a href="#">53</a>
<b><a href="#">Part II Other Information</a></b>	
<a href="#">Item 1. Legal Proceedings</a>	<a href="#">54</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">54</a>
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">54</a>
<a href="#">Item 6. Exhibits</a>	<a href="#">55</a>
<a href="#">Signatures</a>	<a href="#">57</a>

## GLOSSARY OF TERMS AND ABBREVIATIONS

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

### **UGI Corporation and Related Entities**

***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 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 located in Pennsylvania

***Energy Services*** - UGI Energy Services, LLC, a wholly owned second-tier 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

***GHI*** - GHI Energy, LLC, a Houston-based RNG company and indirect wholly owned subsidiary of Energy Services

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

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

***Mountaintop Energy Holdings, LLC*** - Indirect 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, a Delaware limited liability corporation

***PennEast*** - PennEast Pipeline Company, LLC

***Pine Run*** - Pine Run Gathering, LLC

***Stonehenge*** - Stonehenge Appalachia, LLC, a midstream natural gas gathering business, which includes 47 miles of pipeline and associated compression assets

***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 second-tier subsidiary of UGI

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

**UGI PennEast, LLC** - A wholly owned subsidiary of Energy Services that holds a 20% membership interest in PennEast

**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**

**4.75% Senior Note** - A private placement of \$90 million principal amount of senior notes due July 2032, issued by UGI Utilities

**4.99% Senior Note** - A private placement of \$85 million principal amount of senior notes due September 2052, to be issued by UGI Utilities on or before September 15, 2022

**4.49% Senior Note** - A private placement of \$40 million principal amount of senior notes due August 2052, to be issued by Mountaineer on or before August 16, 2022

**2021 Annual Report** - UGI Annual Report on Form 10-K for the fiscal year ended September 30, 2021

**2021 nine-month period** - Nine months ended June 30, 2021

**2021 three-month period** - Three months ended June 30, 2021

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

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

**2024 Purchase Contract** - A forward stock purchase contract issued by UGI Corporation 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

**AOCI** - Accumulated Other Comprehensive Income (Loss)

**ASC** - Accounting Standards Codification

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

**ASC 980** - ASC 980, "Regulated Operations"

**ASU** - Accounting Standards Update

**Bcf** - Billions of cubic feet

**CARES Act** - Coronavirus Aid, Relief, and Economic Security Act

**CDC** - Centers for Disease Control and Prevention

**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

**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 2019** - The fiscal year ended September 30, 2019

**Fiscal 2020** - The fiscal year ended September 30, 2020

**Fiscal 2021** - The fiscal year ended September 30, 2021

**Fiscal 2022** - The fiscal year ending September 30, 2022

**Fiscal 2023** - The fiscal year ending September 30, 2023

**GAAP** - U.S. generally accepted accounting principles

**Gwh** - Millions of kilowatt hours

**ICE** - Intercontinental Exchange

**IRPA** - Interest rate protection agreement

**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

**NOAA** - National Oceanic and Atmospheric Administration

**NPNS** - Normal purchase and normal sale

**NYDEC** - New York State Department of Environmental Conservation

**NYMEX** - New York Mercantile Exchange

**PADEP** - Pennsylvania Department of Environmental Protection

**PAPUC** - Pennsylvania Public Utility Commission

**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

**UGI Corporation Senior Credit Facility** - An amended unsecured senior facilities agreement entered into on May 4, 2021, by UGI comprising (1) a \$250 million term loan due August 2024; (2) a \$300 million term loan due May 2025; (3) a \$215 million term loan due May 2025 and (3) a five-year \$300 million revolving credit facility (including a \$10 million sublimit for letters of credit)

**UGI International 2.50% Senior Notes** - An underwritten private placement of €400 million principal amount of senior unsecured notes due December 1, 2029, issued by UGI International, LLC

**UGI International 3.25% Senior Notes** - An underwritten private placement of €350 million principal amount of senior unsecured notes due November 1, 2025, issued by UGI International, LLC

**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

**U.S.** - United States of America

**USD** - U.S. dollar

**Utilities Term Loan** - A \$125 million unsecured variable-rate term loan agreement entered into in October 2017, by UGI Utilities, Inc., which was amended in July 2022 to extend its maturity date from October 2022 to July 2027

**WHO** - World Health Organization

**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)

	June 30, 2022	September 30, 2021	June 30, 2021
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 670	\$ 855	\$ 545
Restricted cash	14	22	31
Accounts receivable (less allowances for doubtful accounts of \$66, \$53 and \$51, respectively)	1,234	880	848
Accrued utility revenues	19	15	8
Income taxes receivable	127	128	128
Inventories	496	469	296
Derivative instruments	773	665	350
Prepaid expenses and other current assets	176	236	171
Total current assets	3,509	3,270	2,377
Property, plant and equipment, (less accumulated depreciation of \$4,160, \$3,950 and \$3,923, respectively)	7,839	7,558	7,085
Goodwill	3,671	3,770	3,543
Intangible assets, net	523	583	624
Utility regulatory assets	352	373	389
Derivative instruments	410	338	129
Other assets	807	831	859
Total assets	\$ 17,111	\$ 16,723	\$ 15,006
<b>LIABILITIES AND EQUITY</b>			
Current liabilities:			
Current maturities of long-term debt	\$ 47	\$ 110	\$ 36
Short-term borrowings	276	367	207
Accounts payable	843	837	579
Derivative instruments	70	60	67
Other current liabilities	832	923	812
Total current liabilities	2,068	2,297	1,701
Long-term debt	6,399	6,339	5,811
Deferred income taxes	1,291	1,137	919
Derivative instruments	54	38	49
Other noncurrent liabilities	1,294	1,381	1,420
Total liabilities	11,106	11,192	9,900
Commitments and contingencies (Note 9)			
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)	162	213	213
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 210,378,881, 209,843,296 and 209,725,554 shares, respectively)	1,474	1,394	1,388
Retained earnings	4,674	4,081	3,629
Accumulated other comprehensive loss	(273)	(140)	(105)
Treasury stock, at cost	(41)	(26)	(28)
Total UGI Corporation stockholders' equity	5,996	5,522	5,097
Noncontrolling interests	9	9	9
Total equity	6,005	5,531	5,106
Total liabilities and equity	\$ 17,111	\$ 16,723	\$ 15,006

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 June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 2,033	\$ 1,496	\$ 8,172	\$ 6,009
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	1,361	516	4,951	2,623
Operating and administrative expenses	465	469	1,532	1,473
Depreciation and amortization	130	125	387	375
Other operating income, net	(22)	(5)	(61)	(26)
	1,934	1,105	6,809	4,445
Operating income	99	391	1,363	1,564
Loss from equity investees	(45)	(86)	(32)	(69)
Loss on extinguishment of debt	—	—	(11)	—
Other non-operating income, net	20	1	41	—
Interest expense	(82)	(77)	(245)	(233)
(Loss) income before income taxes	(8)	229	1,116	1,262
Income tax benefit (expense)	1	(79)	(285)	(320)
Net (loss) income including noncontrolling interests	(7)	150	831	942
Deduct net income attributable to noncontrolling interests	—	—	(2)	—
Net (loss) income attributable to UGI Corporation	\$ (7)	\$ 150	\$ 829	\$ 942
(Loss) earnings per common share attributable to UGI Corporation stockholders:				
Basic	\$ (0.03)	\$ 0.72	\$ 3.95	\$ 4.51
Diluted	\$ (0.03)	\$ 0.71	\$ 3.84	\$ 4.48
Weighted-average common shares outstanding (thousands):				
Basic	210,190	209,099	209,992	208,934
Diluted	210,190	210,851	215,965	210,194

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 June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Net (loss) income including noncontrolling interests	\$ (7)	\$ 150	\$ 831	\$ 942
Other comprehensive (loss) income:				
Net gains on derivative instruments (net of tax of \$(3), \$1, \$(17) and \$(1), respectively)	8	—	42	4
Reclassifications of net losses on derivative instruments (net of tax of \$(1), \$(1), \$(4) and \$(5), respectively)	3	5	13	14
Foreign currency adjustments (net of tax of \$(17), \$3, \$(30) and \$5, respectively)	(106)	16	(191)	23
Benefit plans (net of tax of \$0, \$(1), \$(1) and \$(1), respectively)	—	—	3	1
Other comprehensive (loss) income	(95)	21	(133)	42
Comprehensive (loss) income including noncontrolling interests	(102)	171	698	984
Deduct comprehensive income attributable to noncontrolling interests	—	—	(2)	—
Comprehensive (loss) income attributable to UGI Corporation	\$ (102)	\$ 171	\$ 696	\$ 984

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,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income including noncontrolling interest	\$ 831	\$ 942
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	387	375
Deferred income tax expense, net	142	267
Provision for uncollectible accounts	46	25
Changes in unrealized gains and losses on derivative instruments	(372)	(509)
Loss on extinguishment of debt	11	—
Loss from equity investees	32	69
Other, net	37	10
Net change in:		
Accounts receivable and accrued utility revenues	(486)	(213)
Income taxes receivable	1	(48)
Inventories	(42)	(55)
Utility deferred fuel and power costs, net of changes in unsettled derivatives	(7)	(9)
Accounts payable	50	123
Derivative instruments collateral deposits received	181	112
Other current assets	93	(17)
Other current liabilities	(56)	(25)
Net cash provided by operating activities	<u>848</u>	<u>1,047</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment	(551)	(460)
Acquisitions of businesses and assets, net of cash and restricted cash acquired	(188)	(8)
Investments in equity method investees	(41)	(61)
Settlements of net investment hedges	26	—
Other, net	37	24
Net cash used by investing activities	<u>(717)</u>	<u>(505)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends on UGI Common Stock	(220)	(210)
Issuances of long-term debt, net of issuance costs	863	130
Repayments of long-term debt and finance leases, including redemption premiums	(806)	(329)
Decrease in short-term borrowings	(91)	(121)
Receivables Facility net repayments	—	(19)
Issuance of preferred stock, net of issuance costs	—	213
Payments on Purchase Contracts	(12)	—
Issuances of UGI Common Stock	14	15
Repurchases of UGI Common Stock	(38)	—
Net cash used by financing activities	<u>(290)</u>	<u>(321)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(34)	(2)
Cash, cash equivalents and restricted cash (decrease) increase	<u>\$ (193)</u>	<u>\$ 219</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Cash, cash equivalents and restricted cash at end of period	\$ 684	\$ 576
Cash, cash equivalents and restricted cash at beginning of period	877	357
Cash, cash equivalents and restricted cash (decrease) increase	<u>\$ (193)</u>	<u>\$ 219</u>

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 June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
<b>Preferred stock, without par value</b>				
Balance, beginning of period	\$ 161	\$ —	\$ 213	\$ —
Issuance of preferred stock	—	213	—	213
Beneficial conversion feature	1	—	1	—
Other	—	—	(52)	—
Balance, end of period	\$ 162	\$ 213	\$ 162	\$ 213
<b>Common stock, without par value</b>				
Balance, beginning of period	\$ 1,465	\$ 1,428	\$ 1,394	\$ 1,416
Common Stock issued in connection with employee and director plans, net of tax withheld	5	3	13	6
Equity-based compensation expense	4	4	14	13
Issuance of Equity Units - 2024 Purchase Contracts	—	(45)	—	(45)
Other	—	(2)	53	(2)
Balance, end of period	\$ 1,474	\$ 1,388	\$ 1,474	\$ 1,388
<b>Retained earnings</b>				
Balance, beginning of period	\$ 4,757	\$ 3,557	\$ 4,081	\$ 2,908
Losses on common stock transactions in connection with employee and director plans	—	(6)	(15)	(11)
Net (loss) income attributable to UGI Corporation	(7)	150	829	942
Cash dividends on UGI Common Stock (\$0.36, \$0.35, \$1.05, and \$1.01, respectively)	(75)	(72)	(220)	(210)
Beneficial conversion feature	\$ (1)	\$ —	\$ (1)	\$ —
Balance, end of period	\$ 4,674	\$ 3,629	\$ 4,674	\$ 3,629
<b>Accumulated other comprehensive income (loss)</b>				
Balance, beginning of period	\$ (178)	\$ (126)	\$ (140)	\$ (147)
Net gains on derivative instruments	8	—	42	4
Reclassification of net losses on derivative instruments	3	5	13	14
Benefit plans	—	—	3	1
Foreign currency adjustments	(106)	16	(191)	23
Balance, end of period	\$ (273)	\$ (105)	\$ (273)	\$ (105)
<b>Treasury stock</b>				
Balance, beginning of period	\$ (5)	\$ (40)	\$ (26)	\$ (49)
Common Stock issued in connection with employee and director plans, net of tax withheld	3	12	33	22
Repurchases of UGI Common Stock	(38)	—	(38)	—
Reacquired UGI Common Stock - employee and director plans	(1)	—	(10)	(1)
Balance, end of period	\$ (41)	\$ (28)	\$ (41)	\$ (28)
<b>Total UGI stockholders' equity</b>	<b>\$ 5,996</b>	<b>\$ 5,097</b>	<b>\$ 5,996</b>	<b>\$ 5,097</b>
<b>Noncontrolling interests</b>				
Balance, beginning of period	\$ 10	\$ 9	\$ 9	\$ 9
Net income attributable to noncontrolling interests	—	—	2	—
Other	(1)	—	(2)	—
Balance, end of period	\$ 9	\$ 9	\$ 9	\$ 9
<b>Total equity</b>	<b>\$ 6,005</b>	<b>\$ 5,106</b>	<b>\$ 6,005</b>	<b>\$ 5,106</b>

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 the U.S., we own and operate (1) a retail propane marketing and distribution business; (2) natural gas and electric distribution utilities; and (3) energy marketing, midstream infrastructure, storage, natural gas gathering and processing, natural gas production, electricity generation and energy services businesses. In Europe, we market and distribute 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 a national propane distribution business through its principal operating subsidiary, AmeriGas OLP.

UGI International, through subsidiaries and affiliates, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, the Netherlands and the United Kingdom. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas.

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.

On September 1, 2021, UGI acquired Mountaineer, the largest natural gas distribution company in West Virginia, for a purchase price of \$540, which includes the assumption of approximately \$140 principal amounts of long-term debt. Mountaineer serves more than 200,000 customers across 50 of the state's 55 counties. Mountaineer is subject to regulation by the WVPSC. For additional information on the Mountaineer Acquisition, see Note 5.

Upon the acquisition of Mountaineer, our Utilities segment includes UGI Utilities and Mountaintop Energy Holdings, LLC. UGI Utilities directly owns and operates PA Gas Utility, a natural gas distribution utility business in eastern and central Pennsylvania and in a portion of one Maryland county. PA Gas Utility is subject to regulation by the PAPUC, the FERC, and, with respect to a small service territory in one Maryland county, the MDPSC. UGI Utilities also owns and operates Electric Utility, an electric distribution utility located in northeastern Pennsylvania. Electric Utility is subject to regulation by the PAPUC and the FERC.

**Note 2 — Summary of Significant Accounting Policies**

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with 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, 2021, 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 2021 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

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

cash reported on the Condensed Consolidated Balance Sheets to the corresponding amounts reported on the Condensed Consolidated Statements of Cash Flows.

	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$ 670	\$ 545
Restricted cash	14	31
Cash, cash equivalents and restricted cash	<u>\$ 684</u>	<u>\$ 576</u>

**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,	
	2022	2021	2022	2021
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic	210,190	209,099	209,992	208,934
Incremental shares issuable for stock options, common stock awards and Equity Units (a)	—	1,752	5,973	1,260
Weighted-average common shares outstanding — diluted	<u>210,190</u>	<u>210,851</u>	<u>215,965</u>	<u>210,194</u>

(a) For the three months ended June 30, 2022, 5,668 of such shares have been excluded as these incremental shares would be antidilutive due to the net loss for the period. At June 30, 2022 and 2021, there were 5,718 and 2,502 shares, respectively, associated with outstanding stock option awards that were not included in the computation of diluted earnings per share above because their effect was antidilutive.

**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.

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

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

(Currency in millions, except per share amounts and 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.

**Reclassifications.** For purposes of comparability, certain prior-period amounts have been reclassified to conform to the current-period presentation. During the second quarter of Fiscal 2022, the Company reclassified certain amounts on the Consolidated Balance Sheet and Consolidated Statement of Changes in Equity related to the accounting for the Equity Units issued in May 2021.

**Note 3 — Accounting Changes****New Accounting Standard Adopted in Fiscal 2022**

**Income Taxes.** Effective October 1, 2021, the Company adopted ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" prospectively and retrospectively where deemed applicable. This ASU simplifies the accounting for income taxes by eliminating certain exceptions within the existing guidance for recognizing deferred taxes for equity method investments, performing intraperiod allocations and calculating income taxes in interim periods. Further, this ASU clarifies existing guidance related to, among other things, recognizing deferred taxes for goodwill and allocated taxes to members of a consolidated group. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

**Accounting Standard Not Yet Adopted**

**Debt and Derivatives and Hedging.** In August 2020, the FASB issued ASU 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)." The amendments in this ASU affect entities that issue convertible instruments and/or contracts indexed to and potentially settled in an entity's own equity. This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock, expands disclosure requirements for convertible instruments, and simplifies the related earnings per share guidance. This new guidance is effective for the Company for interim and annual periods beginning October 1, 2022 (Fiscal 2023). Early adoption is permitted. The amendments in this ASU may be adopted using the modified or full retrospective transition methods. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance 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 2021 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:

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

**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

<b>Three Months Ended June 30, 2021</b>	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
<b>Revenues from contracts with customers:</b>							
<b>Utility:</b>							
Core Market:							
Residential	\$ 90	\$ —	\$ —	\$ —	\$ —	\$ 90	\$ —
Commercial & Industrial	34	—	—	—	—	34	—
Large delivery service	33	—	—	—	—	33	—
Off-system sales and capacity releases	6	(10)	—	—	—	16	—
Other	5	—	—	—	—	5	—
<b>Total Utility</b>	<b>168</b>	<b>(10)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>178</b>	<b>—</b>
<b>Non-Utility:</b>							
LPG:							
Retail	800	—	424	376	—	—	—
Wholesale	77	—	35	42	—	—	—
Energy Marketing	311	(24)	—	129	206	—	—
Midstream:							
Pipeline	45	—	—	—	45	—	—
Peaking	1	(5)	—	—	6	—	—
Other	2	—	—	—	2	—	—
Electricity Generation	1	—	—	—	1	—	—
Other	69	—	51	18	—	—	—
<b>Total Non-Utility</b>	<b>1,306</b>	<b>(29)</b>	<b>510</b>	<b>565</b>	<b>260</b>	<b>—</b>	<b>—</b>
<b>Total revenues from contracts with customers</b>	<b>1,474</b>	<b>(39)</b>	<b>510</b>	<b>565</b>	<b>260</b>	<b>178</b>	<b>—</b>
Other revenues (b)	22	(1)	16	7	1	3	(4)
<b>Total revenues</b>	<b>\$ 1,496</b>	<b>\$ (40)</b>	<b>\$ 526</b>	<b>\$ 572</b>	<b>\$ 261</b>	<b>\$ 181</b>	<b>\$ (4)</b>



**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

<b>Nine Months Ended June 30, 2022</b>	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
<b>Revenues from contracts with customers:</b>							
<b>Utility:</b>							
Core Market:							
Residential	\$ 774	\$ —	\$ —	\$ —	\$ —	\$ 774	\$ —
Commercial & Industrial	318	—	—	—	—	318	—
Large delivery service	135	—	—	—	—	135	—
Off-system sales and capacity releases	65	(86)	—	—	—	151	—
Other	17	(1)	—	—	—	18	—
<b>Total Utility</b>	<b>1,309</b>	<b>(87)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,396</b>	<b>—</b>
<b>Non-Utility:</b>							
LPG:							
Retail	3,684	—	2,032	1,652	—	—	—
Wholesale	401	—	172	229	—	—	—
Energy Marketing	2,254	(206)	—	1,045	1,415	—	—
Midstream:							
Pipeline	149	—	—	—	149	—	—
Peaking	38	(101)	—	—	139	—	—
Other	6	—	—	—	6	—	—
Electricity Generation	20	—	—	—	20	—	—
Other	221	—	163	58	—	—	—
<b>Total Non-Utility</b>	<b>6,773</b>	<b>(307)</b>	<b>2,367</b>	<b>2,984</b>	<b>1,729</b>	<b>—</b>	<b>—</b>
<b>Total revenues from contracts with customers</b>	<b>8,082</b>	<b>(394)</b>	<b>2,367</b>	<b>2,984</b>	<b>1,729</b>	<b>1,396</b>	<b>—</b>
Other revenues (b)	90	(2)	56	27	2	4	3
<b>Total revenues</b>	<b>\$ 8,172</b>	<b>\$ (396)</b>	<b>\$ 2,423</b>	<b>\$ 3,011</b>	<b>\$ 1,731</b>	<b>\$ 1,400</b>	<b>\$ 3</b>

**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

Nine Months Ended June 30, 2021	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
<b>Revenues from contracts with customers:</b>							
<b>Utility:</b>							
Core Market:							
Residential	\$ 498	\$ —	\$ —	\$ —	\$ —	\$ 498	\$ —
Commercial & Industrial	190	—	—	—	—	190	—
Large delivery service	117	—	—	—	—	117	—
Off-system sales and capacity releases	43	(49)	—	—	—	92	—
Other	16	(1)	—	—	—	17	—
<b>Total Utility</b>	<b>864</b>	<b>(50)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>914</b>	<b>—</b>
<b>Non-Utility:</b>							
LPG:							
Retail	3,250	—	1,829	1,421	—	—	—
Wholesale	235	—	92	143	—	—	—
Energy Marketing	1,205	(89)	—	470	824	—	—
Midstream:							
Pipeline	138	—	—	—	138	—	—
Peaking	12	(94)	—	—	106	—	—
Other	6	—	—	—	6	—	—
Electricity Generation	8	—	—	—	8	—	—
Other	211	—	161	50	—	—	—
<b>Total Non-Utility</b>	<b>5,065</b>	<b>(183)</b>	<b>2,082</b>	<b>2,084</b>	<b>1,082</b>	<b>—</b>	<b>—</b>
<b>Total revenues from contracts with customers</b>	<b>5,929</b>	<b>(233)</b>	<b>2,082</b>	<b>2,084</b>	<b>1,082</b>	<b>914</b>	<b>—</b>
Other revenues (b)	80	(3)	50	22	4	9	(2)
<b>Total revenues</b>	<b>\$ 6,009</b>	<b>\$ (236)</b>	<b>\$ 2,132</b>	<b>\$ 2,106</b>	<b>\$ 1,086</b>	<b>\$ 923</b>	<b>\$ (2)</b>

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

(b) Primarily represents revenues from tank rentals at AmeriGas Propane and UGI International, revenues from certain gathering assets at Midstream & Marketing, revenues from alternative revenue programs at UGI Utilities and 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.

**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 \$128, \$149 and \$109 at June 30, 2022, September 30, 2021 and June 30, 2021, respectively, and are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets. Revenues recognized for the nine months ended June 30, 2022 and 2021, from the amounts included in contract liabilities at September 30, 2021 and 2020, were \$117 and \$137, respectively.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**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, 2022, Midstream & Marketing and Utilities expect to record approximately \$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 — Acquisitions****Stonehenge Acquisition**

On January 27, 2022, UGI through its wholly owned indirect subsidiary, 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. The Company has accounted for the Stonehenge Acquisition using the acquisition method and the purchase price has been primarily allocated to property, plant and equipment. We refer to Stonehenge and its assets as “UGI Moraine East”.

**Mountaineer Acquisition**

On September 1, 2021, UGI completed the Mountaineer Acquisition in which UGI acquired all of the equity interests in Mountaineer, the largest natural gas distribution company in West Virginia, for a purchase price of \$540, including the assumption of \$140 principal amounts of long-term debt. The Mountaineer Acquisition was consummated pursuant to a purchase and sale agreement between UGI and the iCON Sellers and is consistent with our growth strategies, including expanding our core utility operations in the mid-Atlantic region. The Mountaineer Acquisition was funded with cash proceeds from the UGI Corporation Senior Credit Facility \$215 term loan and cash on hand including proceeds from the issuance of Equity Units. Accounts associated with Mountaineer are included within our Utilities reportable segment.

The Company has accounted for the Mountaineer Acquisition using the acquisition method. During the nine months ended June 30, 2022, the Company recorded an adjustment to decrease goodwill by \$5 primarily reflecting an adjustment to a valuation allowance on certain deferred income taxes. The Condensed Balance Sheet at June 30, 2022, reflects the final allocation of the purchase price to the assets acquired and liabilities assumed for the Mountaineer Acquisition.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

The components of the Mountaineer purchase price allocations are as follows:

Assets acquired:	
Cash and cash equivalents	\$ 3
Accounts receivable	14
Inventories	41
Other current assets	21
Property, plant and equipment	397
Other noncurrent assets	48
Total assets acquired	<u>\$ 524</u>
Liabilities assumed:	
Short-term borrowings	\$ 55
Accounts payable	20
Other current liabilities	52
Long-term debt	164
Pension and other postretirement benefit obligation	33
Deferred income taxes	21
Other noncurrent liabilities	29
Total liabilities assumed	<u>\$ 374</u>
Goodwill	<u>250</u>
Net consideration transferred	<u>\$ 400</u>

Mountaineer is a regulated entity which accounts for the financial effects of regulation in accordance with ASC 980. The effects of regulation can impact the fair value of certain assets and liabilities acquired, and as such, the measurement of the fair value of regulated property assets using the predecessor's carrying value is generally accepted since regulation attaches to the assets and regulation is so pervasive that the regulation extends to the individual assets. In certain other instances where assets or liabilities are subject to rate recovery, we recorded fair value adjustments to such assets and liabilities as regulatory assets and liabilities.

The excess of the purchase price for the Mountaineer Acquisition over the fair values of the assets acquired and liabilities assumed has been reflected as goodwill, assigned to the Utilities reportable segment. Goodwill is attributable to the assembled workforce of Mountaineer, planned customer growth and planned growth in rate base through continued investment in utility infrastructure. The goodwill recognized from the Mountaineer Acquisition is not expected to be deductible for income tax purposes.

The impact of the Mountaineer Acquisition on a pro forma basis as if the Mountaineer Acquisition had occurred on October 1, 2020 was not material to the Company's revenues or net income for the three and nine months ended June 30, 2021.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**Note 6 — Inventories**

Inventories comprise the following:

	June 30, 2022	September 30, 2021	June 30, 2021
Non-utility LPG and natural gas	\$ 261	\$ 278	\$ 187
Gas Utility natural gas	84	68	16
Energy certificates	70	53	42
Materials, supplies and other	81	70	51
Total inventories	<u>\$ 496</u>	<u>\$ 469</u>	<u>\$ 296</u>

**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 2021 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:

	June 30, 2022	September 30, 2021	June 30, 2021
<b>Regulatory assets (a):</b>			
Income taxes recoverable	\$ 151	\$ 143	\$ 131
Underfunded pension and postretirement plans	103	108	166
Environmental costs	34	58	58
Deferred fuel and power costs	14	11	—
Removal costs, net	22	24	24
Other	47	53	17
Total regulatory assets	<u>\$ 371</u>	<u>\$ 397</u>	<u>\$ 396</u>
<b>Regulatory liabilities (a):</b>			
Postretirement benefit overcollections	\$ 12	\$ 13	\$ 12
Deferred fuel and power refunds	1	36	21
State tax benefits — distribution system repairs	34	32	30
Excess federal deferred income taxes	281	287	269
Other	8	20	2
Total regulatory liabilities	<u>\$ 336</u>	<u>\$ 388</u>	<u>\$ 334</u>

(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 and DS tariffs. These clauses provide for periodic adjustments to PGC and DS rates for differences between the total amount of purchased gas and electric 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.

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 gains on such contracts at June 30, 2022, September 30, 2021 and June 30, 2021 were \$7, \$35 and \$9, respectively.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**Other Regulatory Matters**

**Base Rate Filings.** 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. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and continue to fund programs designed to promote and reward customers' efforts to increase efficient use of natural gas. On June 24, 2022, a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed with the PAPUC 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 Joint Petition, PA Gas Utility will not be permitted to file a rate case prior to January 1, 2024. Also, in accordance with the terms of the Joint Petition, PA Gas Utility is authorized to implement a weather normalization adjustment rider as a 5-year pilot program beginning on the effective date of the new rates. Under this rider, customer billings for distribution services will be adjusted to reflect normal weather conditions if weather deviates more than 3% from normal. Additionally, under the terms of the Joint Petition, PA Gas Utility will be authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reaches \$3,368. The Joint Petition was approved by a PAPUC administrative law judge on July 28, 2022, and is further subject to receipt of an order from the PAPUC approving the settlement. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On February 8, 2021, Electric Utility filed a rate 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.

On January 28, 2020, PA Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by \$75 annually. On October 8, 2020, the PAPUC issued a final Order approving a settlement that permitted PA Gas Utility to increase its annual base distribution rates by \$20, through a phased approach, with \$10 beginning January 1, 2021 and an additional \$10 beginning July 1, 2021. Additionally, PA Gas Utility was authorized to implement a DSIC once PA Gas Utility total property, plant and equipment less accumulated depreciation reached \$2,875. This threshold was achieved in December 2020, and PA Gas Utility implemented a DSIC effective April 1, 2021. The PAPUC's final Order also included enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers ("ERP"). Additionally, the PAPUC's final order permitted PA Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next PA Gas Utility base rate case, to be recovered and amortized over a 10-year period. In accordance with the terms of the final Order, PA Gas Utility was not permitted to file a rate case prior to January 1, 2022.

**Note 8 — Debt**

**UGI Utilities.** On July 12, 2022, UGI Utilities amended the existing Utilities Term Loan. The amendment extended the maturity date of the loan from October 2022 to July 2027, among other things. The current amount outstanding under the Utilities Term Loan remains unchanged and is payable in quarterly installments of \$2, with the balance of the principal being due and payable at maturity. We have entered into a forward-starting interest rate swap that will generally fix the underlying market-based interest rate on this variable-rate loan through June 2026.

On June 30, 2022, UGI Utilities entered into a note purchase agreement which provides for the private placement of (1) \$90 aggregate principal amount of 4.75% Senior Notes due July 15, 2032 and (2) \$85 aggregate principal amount of 4.99% Senior Notes due September 15, 2052. On July 15, 2022, UGI Utilities issued \$90 aggregate principal amount of 4.75% Senior Notes pursuant to the note purchase agreement. The net proceeds from the issuance of the 4.75% Senior Notes were used to reduce short-term borrowings and for general corporate purposes. The 4.99% Senior Notes are expected to be issued on or before September 15, 2022. These Senior Notes are unsecured and will rank equally with UGI Utilities' existing outstanding senior debt. UGI Utilities expects to use the net proceeds from the issuance of the 4.99% Senior Notes to reduce short-term borrowings and for general corporate purposes.

**Mountaineer.** On June 30, 2022, Mountaineer entered into a note purchase agreement which provides for the private placement of \$40 aggregate principal amount of 4.49% Senior Notes due August 16, 2052. The 4.49% Senior Notes are expected to be

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

issued on or before August 16, 2022. These Senior Notes are unsecured and will rank equally with Mountaineer's existing outstanding senior debt. Mountaineer expects to use the net proceeds from the issuance of the 4.49% Senior Notes to reduce short-term borrowings and for general corporate purposes.

**UGI International.** On December 7, 2021, UGI International, LLC issued, in an underwritten private placement, €400 principal amount of the UGI International 2.50% Senior Notes due December 1, 2029. The UGI International 2.50% Senior Notes rank equal in right of payment with indebtedness issued under the UGI International Credit Facilities Agreement.

The net proceeds from the UGI International 2.50% Senior Notes were used (1) to repay all of the UGI International 3.25% Senior Notes due November 1, 2025 and associated fees and expenses and (2) for general corporate purposes. We have designated the UGI International 2.50% Senior Notes as a net investment hedge. In connection with this early repayment of debt, UGI International recognized a pre-tax loss of \$11, which is reflected in "Loss on extinguishment of debt" on the Condensed Consolidated Statements of Income, and primarily comprises the write-off of unamortized debt issuance costs and early redemption premiums.

**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 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. The COA permits the transfer of the specified wells, with related costs counted towards the annual minimum expenditure. At June 30, 2022, September 30, 2021 and June 30, 2021, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the current COA and the predecessor agreements totaled \$51, \$50 and \$49, 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.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**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, 2022, 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.

Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters 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, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

**Note 10 — Defined Benefit Pension and Other Postretirement Plans**

The Company maintains defined benefit 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 component, net of amounts capitalized by Utilities as a regulatory asset, is reflected in "Other non-operating income, net" on the Condensed Consolidated Statements of Income. Other postretirement benefit cost was not material for all periods presented. Net periodic pension cost includes the following components:

Three Months Ended June 30,	2022	2021
Service cost	\$ 4	\$ 3
Interest cost	6	5
Expected return on assets	(12)	(10)
Amortization of:		
Actuarial loss	2	4
Net cost	\$ —	\$ 2
<b>Nine Months Ended June 30,</b>	<b>2022</b>	<b>2021</b>
Service cost	\$ 12	\$ 9
Interest cost	19	16
Expected return on assets	(37)	(30)
Amortization of:		
Actuarial loss	6	11
Net cost	\$ —	\$ 6



**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**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:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
<b>June 30, 2022:</b>				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 816	\$ 1,149	\$ —	\$ 1,965
Foreign currency contracts	\$ —	\$ 59	\$ —	\$ 59
Interest rate contracts	\$ —	\$ 44	\$ —	\$ 44
Liabilities:				
Commodity contracts	\$ (324)	\$ (37)	\$ —	\$ (361)
Foreign currency contracts	\$ —	\$ (2)	\$ —	\$ (2)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 46	\$ —	\$ —	\$ 46
<b>September 30, 2021:</b>				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 641	\$ 1,008	\$ —	\$ 1,649
Foreign currency contracts	\$ —	\$ 38	\$ —	\$ 38
Liabilities:				
Commodity contracts	\$ (264)	\$ (16)	\$ —	\$ (280)
Foreign currency contracts	\$ —	\$ (8)	\$ —	\$ (8)
Interest rate contracts	\$ —	\$ (29)	\$ —	\$ (29)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 53	\$ —	\$ —	\$ 53
<b>June 30, 2021:</b>				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 241	\$ 396	\$ —	\$ 637
Foreign currency contracts	\$ —	\$ 24	\$ —	\$ 24
Liabilities:				
Commodity contracts	\$ (136)	\$ (9)	\$ —	\$ (145)
Foreign currency contracts	\$ —	\$ (13)	\$ —	\$ (13)
Interest rate contracts	\$ —	\$ (35)	\$ —	\$ (35)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 42	\$ —	\$ —	\$ 42

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

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. 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 and foreign currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets.

**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, 2022	September 30, 2021	June 30, 2021
Carrying amount	\$ 6,483	\$ 6,491	\$ 5,890
Estimated fair value	\$ 6,145	\$ 6,996	\$ 6,314

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 summarizes the types of derivative instruments used by the Company to manage certain market risks:

**Commodity Price Risk****Regulated Utility Operations***Natural Gas*

UGI Utilities' 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.

**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

**UGI CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

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.

*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.

**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, 2022, the amount of pre-tax net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is \$3.

**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 a multi-year period 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, net," on the Condensed Consolidated Statements of Income.

**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.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

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 gains (losses) associated with these net investment hedges in the cumulative translation adjustment component in AOCI of \$41 and \$(8) during the three months ended June 30, 2022 and 2021, respectively, \$75 and \$(9) during the nine months ended June 30, 2022 and 2021, respectively.

**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, 2022, September 30, 2021 and June 30, 2021, and the final settlement dates of the Company's open derivative contracts as of June 30, 2022, excluding those derivatives that qualified for the NPNS exception:

Type	Units	Settlements Extending Through	Notional Amounts (in millions)		
			June 30, 2022	September 30, 2021	June 30, 2021
<b>Commodity Price Risk:</b>					
<i>Regulated Utility Operations</i>					
PA Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	October 2023	13	20	12
<i>Non-utility Operations</i>					
LPG swaps	Gallons	September 2024	669	708	688
Natural gas futures, forward, basis swap, options and pipeline contracts	Dekatherms	June 2026	353	355	344
Electricity forward and futures contracts	Kilowatt hours	November 2026	2,621	4,302	4,730
<b>Interest Rate Risk:</b>					
Interest rate swaps	Euro	October 2022	€ 300	€ 300	€ 300
Interest rate swaps	USD	September 2024	\$ 1,411	\$ 1,421	\$ 1,424
<b>Foreign Currency Exchange Rate Risk:</b>					
Forward foreign currency exchange contracts	USD	August 2025	\$ 435	\$ 509	\$ 504
Net investment hedge forward foreign exchange contracts	Euro	December 2026	€ 411	€ 173	€ 173

**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, 2022, 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

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

contracts was \$2,068. 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, 2022, we had received cash collateral from derivative instrument counterparties totaling \$659. 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, 2022, 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.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**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, 2022	September 30, 2021	June 30, 2021
<b>Derivative assets:</b>			
<b>Derivatives designated as hedging instruments:</b>			
Foreign currency contracts	\$ 28	\$ 20	\$ 15
Interest rate contracts	44	—	—
	<u>72</u>	<u>20</u>	<u>15</u>
<b>Derivatives subject to PGC and DS mechanisms:</b>			
Commodity contracts	30	58	14
<b>Derivatives not designated as hedging instruments:</b>			
Commodity contracts	1,935	1,591	623
Foreign currency contracts	31	18	9
	<u>1,966</u>	<u>1,609</u>	<u>632</u>
Total derivative assets — gross	2,068	1,687	661
Gross amounts offset in the balance sheet	(226)	(216)	(77)
Cash collateral received	(659)	(468)	(105)
Total derivative assets — net	<u>\$ 1,183</u>	<u>\$ 1,003</u>	<u>\$ 479</u>
<b>Derivative liabilities:</b>			
<b>Derivatives designated as hedging instruments:</b>			
Interest rate contracts	\$ —	\$ (29)	\$ (35)
<b>Derivatives subject to PGC and DS mechanisms:</b>			
Commodity contracts	(23)	(23)	(6)
<b>Derivatives not designated as hedging instruments:</b>			
Commodity contracts	(338)	(257)	(139)
Foreign currency contracts	(2)	(8)	(13)
	<u>(340)</u>	<u>(265)</u>	<u>(152)</u>
Total derivative liabilities — gross	(363)	(317)	(193)
Gross amounts offset in the balance sheet	226	216	77
Cash collateral pledged	13	3	—
Total derivative liabilities — net	<u>\$ (124)</u>	<u>\$ (98)</u>	<u>\$ (116)</u>

**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**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		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
	2022	2021	2022	2021	
<b>Cash Flow Hedges:</b>					
Interest rate contracts	\$ 11	\$ (1)	\$ (4)	\$ (6)	Interest expense

**Net Investment Hedges:**

Foreign currency contracts	\$ 23	\$ (1)			
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	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2022	2021	
<b>Derivatives Not Designated as Hedging Instruments:</b>			
Commodity contracts	\$ (6)	\$ (5)	Revenues
Commodity contracts	466	347	Cost of sales
Commodity contracts	6	—	Other operating income, net
Foreign currency contracts	17	(1)	Other non-operating income, net
<b>Total</b>	<b>\$ 483</b>	<b>\$ 341</b>	

**Nine Months Ended June 30,:**

	Gain (Loss) Recognized in AOCI		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
	2022	2021	2022	2021	
<b>Cash Flow Hedges:</b>					
Interest rate contracts	\$ 59	\$ 5	\$ (17)	\$ (19)	Interest expense

**Net Investment Hedges:**

Foreign currency contracts	\$ 34	\$ (2)			
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	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2022	2021	
<b>Derivatives Not Designated as Hedging Instruments:</b>			
Commodity contracts	\$ (5)	\$ (4)	Revenues
Commodity contracts	792	585	Cost of sales
Commodity contracts	6	5	Other operating income, net
Foreign currency contracts	32	(4)	Other non-operating income, net
<b>Total</b>	<b>\$ 825</b>	<b>\$ 582</b>	

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 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 CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**Note 13 — Accumulated Other Comprehensive Income (Loss)**

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

<b>Three Months Ended June 30, 2022</b>	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
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	\$ (14)	\$ 22	\$ (281)	\$ (273)

<b>Three Months Ended June 30, 2021</b>	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2021	\$ (25)	\$ (41)	\$ (60)	\$ (126)
Other comprehensive income before reclassification adjustments	—	—	16	16
Amounts reclassified from AOCI	—	5	—	5
Other comprehensive income attributable to UGI	—	5	16	21
AOCI — June 30, 2021	\$ (25)	\$ (36)	\$ (44)	\$ (105)

<b>Nine Months Ended June 30, 2022</b>	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
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	\$ (14)	\$ 22	\$ (281)	\$ (273)

<b>Nine Months Ended June 30, 2021</b>	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2020	\$ (26)	\$ (54)	\$ (67)	\$ (147)
Other comprehensive income before reclassification adjustments	—	4	23	27
Amounts reclassified from AOCI	1	14	—	15
Other comprehensive income attributable to UGI	1	18	23	42
AOCI — June 30, 2021	\$ (25)	\$ (36)	\$ (44)	\$ (105)

**Note 14 — Segment Information**

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

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 expense on UGI debt that is not allocated. Corporate & Other assets principally comprise cash and cash equivalents of UGI and



**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

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 Company's 2021 Annual Report.

<b>Three Months Ended June 30, 2022</b>	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
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	\$ —
<b>Three Months Ended June 30, 2021</b>	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	\$ 1,496	\$ —	\$ 526	\$ 572	\$ 232	\$ 171	\$ (5)
Intersegment revenues	\$ —	\$ (40) (b)	\$ —	\$ —	\$ 29	\$ 10	\$ 1
Cost of sales	\$ 516	\$ (39) (b)	\$ 267	\$ 355	\$ 196	\$ 67	\$ (330)
Operating income	\$ 391	\$ —	\$ 11	\$ 40	\$ 14	\$ 24	\$ 302
(Loss) income from equity investees	(86)	—	—	—	7	—	(93)
Other non-operating income (expense), net	1	—	—	1	—	1	(1)
Earnings before interest expense and income taxes	306	—	11	41	21	25	208
Interest expense	(77)	—	(40)	(8)	(10)	(14)	(5)
Income (loss) before income taxes	\$ 229	\$ —	\$ (29)	\$ 33	\$ 11	\$ 11	\$ 203
Depreciation and amortization	\$ 125	\$ —	\$ 43	\$ 33	\$ 19	\$ 29	\$ 1
Capital expenditures (including the effects of accruals)	\$ 162	\$ —	\$ 26	\$ 21	\$ 3	\$ 112	\$ —
<b>Nine Months Ended June 30, 2022</b>	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & 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	\$ 387	\$ —	\$ 132	\$ 89	\$ 57	\$ 108	\$ 1
Capital expenditures (including the effects of accruals)	\$ 546	\$ —	\$ 99	\$ 71	\$ 25	\$ 351	\$ —
<b>As of June 30, 2022</b>	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Total assets	\$ 17,111	\$ (182)	\$ 4,365	\$ 4,410	\$ 3,198	\$ 5,146	\$ 174

**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

<b>Nine Months Ended June 30, 2021</b>	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	\$ 6,009	\$ —	\$ 2,132	\$ 2,106	\$ 903	\$ 873	\$ (5)
Intersegment revenues	\$ —	\$ (236) (b)	\$ —	\$ —	\$ 183	\$ 50	\$ 3
Cost of sales	\$ 2,623	\$ (233) (b)	\$ 970	\$ 1,229	\$ 776	\$ 401	\$ (520)
Operating income	\$ 1,564	\$ —	\$ 391	\$ 322	\$ 156	\$ 243	\$ 452
(Loss) income from equity investees	(69)	—	—	—	24	—	(93)
Other non-operating income (expense), net	—	—	—	4	—	2	(6)
Earnings before interest expense and income taxes	1,495	—	391	326	180	245	353
Interest expense	(233)	—	(120)	(21)	(31)	(42)	(19)
Income before income taxes	\$ 1,262	\$ —	\$ 271	\$ 305	\$ 149	\$ 203	\$ 334
Depreciation and amortization	\$ 375	\$ —	\$ 130	\$ 100	\$ 56	\$ 87	\$ 2
Capital expenditures (including the effects of accruals)	\$ 438	\$ —	\$ 83	\$ 68	\$ 32	\$ 255	\$ —
<b>As of June 30, 2021</b>							
Total assets	\$ 15,006	\$ (267)	\$ 4,381	\$ 3,749	\$ 2,904	\$ 3,997	\$ 242

(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:

<b>Three Months Ended June 30, 2022</b>	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)
Unrealized gains on foreign currency derivative instruments	Other non-operating income, net	\$ —	\$ 14	\$ —
Impairments associated with certain equity method investments	Loss from equity investees	\$ —	\$ —	\$ (50)
<b>Three Months Ended June 30, 2021</b>	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ —	\$ (4)
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ 59	\$ 226	\$ 4
Unrealized losses on foreign currency derivative instruments	Other non-operating income, net	\$ —	\$ (1)	\$ —
Business transformation expenses	Operating and administrative expenses	\$ (11)	\$ (6)	\$ —
Impairments associated with certain equity method investments	Loss from equity investees	\$ —	\$ —	\$ (9)

**UGI CORPORATION AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

<b>Nine Months Ended June 30, 2022</b>	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 gains on foreign currency derivative instruments	Other non-operating income, net	\$ —	\$ 19	\$ —
Impairments associated with certain equity method investments	Loss from equity investees	\$ —	\$ —	\$ (50)
<b>Nine Months Ended June 30, 2021</b>				
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues	\$ —	\$ —	\$ (4)
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	\$ 123	\$ 380	\$ 16
Unrealized losses on foreign currency derivative instruments	Other non-operating income, net	\$ —	\$ (6)	\$ —
Business transformation expenses	Operating and administrative expenses	\$ (37)	\$ (12)	\$ —
Impairments associated with certain equity method investments	Loss from equity investees	\$ —	\$ —	\$ (93)

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

**Note 15 — Business Transformation Initiatives**

**AmeriGas and UGI International.** Beginning in Fiscal 2019, we began executing on multi-year business transformation initiatives at our AmeriGas Propane and UGI International business segments. These initiatives are designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, these business transformation initiatives focus on enhancing the customer experience through, among other things, enhanced customer relationship management and an improved digital customer experience. During the three and nine months ended June 30, 2021, we incurred \$17 and \$49 of costs, respectively, principally comprising consulting, advisory, marketing and employee-related costs. These costs are primarily reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income. These previously announced business transformation initiatives are substantially complete.

**Corporate Services.** Beginning in Fiscal 2020, we initiated a transformation project focused on our support functions including: finance, procurement, human resources and information technology. This initiative will standardize processes and activities across our global platform, while leveraging the use of best practices and efficiencies between our businesses. In connection with this initiative, we recognized expenses of \$2 and \$4 during the three months ended June 30, 2022 and 2021, respectively, and \$6 and \$8 during the nine months ended June 30, 2022 and 2021, respectively. Amounts in connection with this initiative are reflected in “Operating and administrative expenses” on the Condensed Consolidated Statement of Income.

## UGI CORPORATION AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**

(unaudited)

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

**Note 16 — Impairments Associated with Certain Equity Method Investments**

**Pennant.** Energy Services holds a 47% membership interest in Pennant, a natural gas gathering system located in northeast Ohio and western Pennsylvania. In connection with ongoing 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 current 47% membership interest, which was recorded in “Loss from equity investees” in the Condensed Consolidated Statements of Income. Subject to agency approvals and other customary closing conditions, the Company expects to acquire a controlling financial interest in Pennant in the fourth quarter of Fiscal 2022.

**PennEast.** UGI PennEast, LLC holds a 20% membership interest in PennEast, a partnership formed to construct an approximate 120-mile natural gas pipeline from Luzerne County, Pennsylvania to the Trenton-Woodbury interconnection in New Jersey. Due to remaining legal and regulatory contingencies that existed as of June 30, 2021, the Company concluded that its investment in PennEast was impaired at that time. The Company recognized an other-than-temporary pre-tax impairment charge of \$93 in June 2021, which was recorded in “Loss from equity investees” in the Condensed Consolidated Statements of Income. On September 27, 2021, PennEast ceased further development of the proposed pipeline project. The carrying values of our investment in PennEast at June 30, 2022, September 30, 2021, and June 30, 2021 were not material.

**Note 17 — Impact of Global Pandemic**

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, the Company has implemented a variety of procedures to protect its employees, third-party business partners, and customers worldwide. The Company continues to provide essential products and services to its global customers in a safe and reliable manner, and will continue to do so in compliance with mandated restrictions presented by each of the markets it serves. The Company continues to evaluate and react to the effects of a prolonged disruption and the potential of continued impact on its results of operations. These items may include, but are not limited to: the financial condition of its customers; decreased availability and demand for its products and services; realization of accounts receivable; impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; commodity price volatility and supply chain constraints; and the effects of government stimulus efforts including tax legislation in response to COVID-19. The Company cannot predict the duration or magnitude of the pandemic and the total effects on its business, financial position, results of operations, liquidity or cash flows at this time.

**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 may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

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 that actual results almost always 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 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, and the seasonal nature of our business; (2) cost volatility and availability of 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, tax, 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, 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 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 military conflict between Russia and Ukraine, and foreign currency exchange rate fluctuations, particularly the euro; (15) 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) reduced distributions from subsidiaries impacting the ability to pay dividends; (18) changes in Marcellus and Utica Shale gas production; (19) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (20) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (21) the interruption, disruption, failure or malfunction of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (22) the inability to complete pending or future energy infrastructure projects; (23) 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; (24) uncertainties related to a global pandemic, including the duration and/or impact of the COVID-19 pandemic; (25) the impact of proposed or future tax legislation, including the potential reversal of existing tax legislation that is beneficial to us; and (26) 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 the Company's 2021 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 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. We undertake no 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.

**ANALYSIS OF RESULTS OF OPERATIONS**

The following analyses compare the Company's results of operations for the 2022 three-month period with the 2021 three-month period and the 2022 nine-month period with the 2021 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 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 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.

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

<b>Adjusted net income attributable to UGI Corporation</b> (Dollars in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
AmeriGas Propane	\$ (37)	\$ (20)	\$ 135	\$ 204
UGI International	15	31	161	222
Midstream & Marketing	23	8	132	107
Utilities	19	9	216	157
Corporate & Other (a)	(27)	122	185	252
<b>Net (loss) income attributable to UGI Corporation</b>	<b>(7)</b>	<b>150</b>	<b>829</b>	<b>942</b>
Net gains on commodity derivative instruments not associated with current-period transactions (net of tax of \$5, \$94, \$98 and \$147, respectively)	(12)	(231)	(255)	(368)
Unrealized (gains) losses on foreign currency derivative instruments (net of tax of \$4, \$(1), \$5, and \$(2), respectively)	(10)	—	(14)	4
Loss on extinguishment of debt (net of tax of \$0, \$0, \$(3) and \$0, respectively)	—	—	8	—
Acquisition and integration expenses associated with the Mountaineer Acquisition (net of tax of \$0, \$0, \$0 and \$(1), respectively)	—	1	1	3
Business transformation expenses (net of tax of \$(1), \$(6), \$(2) and \$(15), respectively)	1	15	4	42
Impact of change in Italian tax law	—	—	—	(23)
Restructuring costs (net of tax of \$(1), \$0, \$(6) and \$0, respectively)	4	—	17	—
Impairments associated with certain equity method investments (net of tax of \$(14), \$0, \$(14), \$0, respectively)	36	93	36	93
<b>Total adjustments (a) (b)</b>	<b>19</b>	<b>(122)</b>	<b>(203)</b>	<b>(249)</b>
<b>Adjusted net income attributable to UGI Corporation</b>	<b>\$ 12</b>	<b>\$ 28</b>	<b>\$ 626</b>	<b>\$ 693</b>

**UGI CORPORATION AND SUBSIDIARIES**

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
<b>Adjusted diluted earnings per share</b>				
AmeriGas Propane	\$ (0.17)	\$ (0.10)	\$ 0.63	\$ 0.97
UGI International	0.07	0.15	0.75	1.06
Midstream & Marketing	0.11	0.04	0.61	0.51
Utilities	0.08	0.04	1.00	0.75
Corporate & Other (a)	(0.12)	0.58	0.85	1.19
<b>(Loss) earnings per share - diluted (c)</b>	<b>(0.03)</b>	<b>0.71</b>	<b>3.84</b>	<b>4.48</b>
Net gains on commodity derivative instruments not associated with current-period transactions	(0.06)	(1.09)	(1.18)	(1.75)
Unrealized (gains) losses on foreign currency derivative instruments	(0.05)	—	(0.06)	0.03
Loss on extinguishment of debt	—	—	0.03	—
Acquisition and integration expenses associated with the Mountaineer Acquisition	—	—	—	0.01
Business transformation expenses	0.01	0.07	0.02	0.20
Impact of change in Italian tax law	—	—	—	(0.11)
Restructuring costs	0.02	—	0.08	—
Impairments associated with certain equity method investments	0.17	0.44	0.17	0.44
Total adjustments (a)	0.09	(0.58)	(0.94)	(1.18)
<b>Adjusted earnings per share - diluted (c)</b>	<b>\$ 0.06</b>	<b>\$ 0.13</b>	<b>\$ 2.90</b>	<b>\$ 3.30</b>

- (a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income 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 to the net loss for the period. Adjusted earnings per share for the three months ended June 30, 2022, was determined based upon fully diluted shares of 215.89 million.

**EXECUTIVE OVERVIEW**
**Recent Developments**

**Global Macroeconomic Conditions.** During Fiscal 2021 and continuing into the current fiscal year, global commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political factors, including: the economic recovery and evolving consumer patterns associated with the ongoing COVID-19 pandemic (see Note 17 to the Condensed Consolidated Financial Statements); supply chain issues associated with labor shortages; significant inflationary pressures on commodity prices; and political and regulatory conditions resulting from the ongoing military conflict between Russia and Ukraine, among others. These factors have led to significant volatility across various consumer price indices during Fiscal 2021 and have continued during the 2022 three- and nine-month periods. We have experienced substantial shifts in commodity prices, particularly in LPG, natural gas and electricity prices, which, in turn, have led to extensive mark-to-market impacts on commodity derivative instruments not associated with current-period activity. The ongoing strain on supply costs has resulted in increased inventory costs and certain distribution expenses across all of our businesses. It has also affected requirements around cash collateral and restricted cash associated with our outstanding derivatives. We cannot predict the duration or total magnitude of these factors and the total effects on our business, financial position, results of operations, liquidity or cash flows at this time. However, we continue to evaluate and react to these global economic and political conditions and remain focused on managing our financial condition and liquidity as these conditions continue to evolve.

**Continuing Business Transformation Initiatives.** By the end of Fiscal 2021, AmeriGas Propane and UGI International substantially completed their previously announced business transformation initiatives. Anticipated benefits to be fully recognized in Fiscal 2022 for both programs remain on target.

Beginning in Fiscal 2020, we initiated a transformation project focused on our corporate support functions including: finance, procurement, human resources and information technology. This initiative will standardize processes and activities across our global platform, while leveraging the use of best practices and efficiencies between our businesses. While this initiative is being coordinated across multiple support functions, each function is at a different stage of transformation and will undergo the required changes by the end of Fiscal 2023. In connection with these activities, we expect to incur approximately \$40 million of non-recurring costs during that time resulting in more than \$15 million of ongoing annualized savings by the end of Fiscal 2023.

#### **2022 three-month period compared with 2021 three-month period**

**Discussion.** Net loss attributable to UGI Corporation for the 2022 three-month period was \$7 million (equal to a \$0.03 loss per diluted share) compared to net income attributable to UGI Corporation of \$150 million (equal to \$0.71 per diluted share) during the 2021 three-month period. These results include net gains from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of \$22 million and \$231 million, respectively, during the 2022 and 2021 three-month periods. The 2022 and 2021 three-month periods also include impairments associated with certain equity method investments of \$36 million and \$93 million, respectively, and business transformation expenses of \$1 million and \$15 million, respectively. The 2022 three-month period also includes restructuring costs of \$4 million largely attributable to a reduction in workforce and related costs, while the 2021 three-month period includes \$1 million of integration expenses associated with Mountaineer.

Adjusted net income attributable to UGI Corporation for the 2022 three-month period was \$12 million (equal to \$0.06 per diluted share) compared to \$28 million (equal to \$0.13 per diluted share) during the 2021 three-month period. The decrease in adjusted net income attributable to UGI Corporation during the 2022 three-month period reflects lower earnings contributions from our LPG businesses which were significantly impacted by the effects of commodity price volatility on current-period margins and related volumes. These factors were partially offset by higher earnings from our Utilities and Midstream & Marketing segments.

AmeriGas Propane's adjusted net loss attributable to UGI Corporation increased \$17 million in the 2022 three-month period. These results principally reflect lower retail propane margins and volumes sold, partially offset by lower operating and administrative expenses.

UGI International's adjusted net income attributable to UGI Corporation decreased \$16 million in the 2022 three-month period principally reflecting lower total margin attributable to commodity price volatility and volumes attributable to warmer weather, and increasing expenses resulting from inflationary pressures. This decrease was partially offset by strong margin management efforts at UGI International's LPG business.

Midstream & Marketing's adjusted net income attributable to UGI Corporation increased \$15 million in the 2022 three-month period. This increase was primarily driven by higher natural gas marketing margin and incremental earnings attributable UGI Moraine East, which comprises the assets acquired in the Stonehenge Acquisition.

Utilities' adjusted net income attributable to UGI Corporation increased \$10 million in the 2022 three-month period compared to the prior-year period. The increase was largely related to an increase in DSIC rates at UGI Utilities and the impact of customer growth.

#### **2022 nine-month period compared with 2021 nine-month period**

**Discussion.** Net income attributable to UGI Corporation for the 2022 nine-month period was \$829 million (equal to \$3.84 per diluted share) compared to \$942 million (equal to \$4.48 per diluted share) during the 2021 nine-month period. These results include net gains from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of \$269 million and \$364 million, respectively, during the 2022 and 2021 nine-month periods. Net income attributable to UGI Corporation during the 2022 and 2021 nine-month periods also includes impairments associated with certain equity method investments of \$36 million and \$93 million, respectively, business transformation expenses of \$4 million and \$42 million, respectively, and integration expenses associated with Mountaineer of \$1 million and \$3 million, respectively. The 2022 nine-month period also includes restructuring costs of \$17 million largely attributable to a reduction in workforce and related costs and a loss on extinguishment of debt of \$8 million associated with financing activities at UGI International, while



the 2021 nine-month period includes a \$23 million tax benefit related to an election made in connection with a tax law change in Italy.

Adjusted net income attributable to UGI Corporation for the 2022 nine-month period was \$626 million (equal to \$2.90 per diluted share) compared to \$693 million (equal to \$3.30 per diluted share) during the 2021 nine-month period. The decrease in adjusted net income attributable to UGI Corporation during the 2022 nine-month period reflects lower earnings contributions from our LPG businesses which were significantly impacted by the effects of commodity price volatility on current-period margins and related volumes. Results for the prior-year period also included a tax benefit under the CARES Act. These factors were partially offset by higher earnings from our Utilities and Midstream & Marketing segments, which include contributions attributable to recent acquisitions.

AmeriGas Propane's adjusted net income attributable to UGI Corporation decreased \$69 million in the 2022 nine-month period. This decrease principally reflects lower retail propane margin primarily attributable to lower volumes sold and higher operating and administrative expenses primarily attributable to increasing expenses resulting from inflationary pressures.

UGI International's adjusted net income attributable to UGI Corporation decreased \$61 million in the 2022 nine-month period principally reflecting lower total margin attributable to commodity price volatility and volumes attributable to warmer weather, and increasing expenses resulting from inflationary pressures. This decrease was partially offset by strong margin management efforts at UGI International's LPG business.

Midstream & Marketing's adjusted net income attributable to UGI Corporation increased \$25 million in the 2022 nine-month period primarily attributable to higher margins related to natural gas marketing activities, higher total earnings from renewable energy marketing activities, and incremental contributions from UGI Moraine East.

Utilities' adjusted net income attributable to UGI Corporation increased \$59 million in the 2022 nine-month period compared to the prior-year period. The increase was largely related to incremental earnings attributable to the Mountaineer Acquisition. The increase in both DSIC rates and base rates at UGI Utilities also contributed to the earnings improvement during the current-year period.

## **SEGMENT RESULTS OF OPERATIONS**

### **2022 Three-Month Period Compared with the 2021 Three-Month Period**

#### ***AmeriGas Propane***

For the three months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 597	\$ 526	\$ 71	13 %
Total margin (a)	\$ 227	\$ 259	\$ (32)	(12)%
Operating and administrative expenses	\$ 204	\$ 212	\$ (8)	(4)%
Operating (loss) income/(loss) earnings before interest expense and income taxes	\$ (10)	\$ 11	\$ (21)	(191)%
Retail gallons sold (millions)	173	184	(11)	(6)%
Heating degree days—% colder than normal (b)	16.5 %	2.5 %	—	—

(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 2022 three-month period were 16.5% colder than normal and 22.8% colder than the prior-year period. Total retail gallons sold decreased 6% during the 2022 three-month period principally reflecting the continued impact of customer service challenges that occurred in Fiscal 2021, staffing shortages in key delivery related positions, increased price sensitivity in the higher commodity cost environment and the prior-year impact of COVID-19 on cylinder exchange and resale volumes.

Average daily wholesale propane commodity prices during the 2022 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 46% higher than such prices during the 2021 three-month period. This increase in prices has impacted both total revenues and total costs of sales during the 2022 three-month period. Total revenues

## UGI CORPORATION AND SUBSIDIARIES

increased \$71 million during the 2022 three-month period largely reflecting higher average propane selling prices (\$94 million) compared to the prior-year period. This increase was partially offset by the effects of the previously mentioned decrease in retail propane volumes sold (\$25 million).

Total cost of sales increased \$103 million during the 2022 three-month period largely attributable to the higher average propane product costs (\$119 million). This increase was partially offset by the decrease in retail propane volumes sold (\$12 million). Total margin decreased \$32 million in the 2022 three-month period largely attributable to the lower retail propane margins (\$21 million) and volumes (\$13 million).

Operating income and earnings before interest expense and income taxes decreased \$21 million during the 2022 three-month period primarily reflecting the decrease in total margin partially offset by lower operating and administrative expenses (\$8 million) compared to the prior-year period. The decrease in operating and administrative expenses reflects lower expenses associated with employee benefits and compensation (\$18 million), advertising (\$4 million) and vehicle leases (\$2 million) compared to the prior-year period. These decreases were partially offset by, among other things, increases related to the inflationary cost environment, which included higher expenses associated with bad debt reserves (\$4 million), vehicle fuel (\$3 million), insurance claims (\$3 million) and telecommunications (\$2 million) compared to the prior-year period.

**UGI International**

For the three months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 738	\$ 572	\$ 166	29 %
Total margin (a)	\$ 194	\$ 217	\$ (23)	(11)%
Operating and administrative expenses	\$ 143	\$ 144	\$ (1)	(1)%
Operating income	\$ 22	\$ 40	\$ (18)	(45)%
Earnings before interest expense and income taxes	\$ 26	\$ 41	\$ (15)	(37)%
LPG retail gallons sold (millions)	155	166	(11)	(7)%
Heating degree days—% (warmer) colder than normal (b)	(9.1)%	24.4 %	—	—

(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 2022 three-month period were 9.1% warmer than normal and 29.3% warmer than the prior-year period. Total LPG retail gallons sold during the 2022 three-month period decreased by 7% as compared to the prior-year period and was primarily attributable to the effects of weather that was warmer than the prior-year period. This decrease was partially offset by recovery of certain bulk and autogas volumes that were negatively impacted by COVID-19.

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 2022 and 2021 three-month periods, the average unweighted euro-to-USD translation rates were approximately \$1.06 and \$1.21, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately \$1.26 and \$1.40, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The net effect of changes in foreign currency exchange rates on UGI International's earnings before interest expense and income taxes resulted in a net gain of \$2 million in the 2022 three-month period. However, the impact of these changes is mitigated by the effects of forward foreign currency exchange contracts entered into over a multi-year period intended to substantially offset this volatility. These forward foreign currency exchange contracts resulted in realized net gains of \$2 million and realized net losses of \$1 million in the 2022 and 2021 three-month periods, respectively.

UGI International revenues and cost of sales increased \$166 million and \$189 million, respectively, during the 2022 three-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2022 three-month period in northwest Europe were approximately 65% and 103% higher, respectively, compared with the prior-year period. The increase in revenues and cost of sales principally reflects the impact of significant increases and volatility in natural gas and power prices on our energy marketing business and the effects of these higher average propane and butane selling prices and product costs compared to the prior-year period. These increases were partially offset by the translation effects of weaker foreign currencies (approximately \$127 million and \$102 million, respectively).

UGI International total margin decreased \$23 million during the 2022 three-month period primarily reflecting the translation effects of weaker foreign currencies (approximately \$25 million), lower margin attributable to energy marketing activities and the effects of weather that was significantly warmer than the prior-year period. These impacts were partially offset by strong margin management efforts within our LPG business implemented in response to the previously mentioned significant increases in commodity prices as compared to the prior-year period.

UGI International operating income and earnings before interest expense and income taxes decreased \$18 million and \$15 million, respectively, during the 2022 three-month period compared to the prior-year period. The decrease in operating income principally reflects the impact of the global inflationary cost environment on our operating and administrative expenses. The net decrease in operating and administrative expenses compared to the prior-year period was driven by the effects of inflation on the underlying distribution, personnel and maintenance costs offset by the translation effects of the weaker foreign currencies (approximately \$24 million). The decrease in earnings before interest expense and income taxes in the 2022 three-month period largely reflects the 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 (\$3 million).

### ***Midstream & Marketing***

For the three months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 525	\$ 261	\$ 264	101 %
Total margin (a)	\$ 89	\$ 65	\$ 24	37 %
Operating and administrative expenses	\$ 29	\$ 31	\$ (2)	(6)%
Operating income	\$ 38	\$ 14	\$ 24	171 %
Earnings before interest expense and income taxes	\$ 44	\$ 21	\$ 23	110 %

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

Average temperatures across Midstream & Marketing's energy marketing territory during the 2022 three-month period were 5.2% warmer than normal and 5.8% warmer than the prior-year period.

Midstream & Marketing revenues and cost of sales for the 2022 three-month period increased \$264 million and \$240 million, respectively, compared to the prior-year period. These increases were largely driven by natural gas marketing, including the effects of peaking and capacity management activities, which were impacted by significantly higher average natural gas prices compared to the prior-year period. As a result, revenues and cost of sales attributable to natural gas marketing activities increased \$239 million and \$236 million, respectively, during the 2022 three-month period.

Midstream & Marketing total margin increased \$24 million in the 2022 three-month period largely reflecting higher margin attributable to natural gas marketing activities (\$19 million) and incremental margin attributable to UGI Moraine East (\$5 million). The increase in margin related to natural gas marketing activities largely reflects the effects of capacity management including the positive impact of settlement timing of certain multi-year commodity storage hedge contracts during the 2022 three-month period.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2022 three-month period increased \$24 million and \$23 million, respectively, compared to the prior-year period. These improvements were largely attributable to the higher total margin including incremental contributions related to UGI Moraine East.

**Utilities**

For the three months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 274	\$ 181	\$ 93	51 %
Total margin (a)	\$ 151	\$ 113	\$ 38	34 %
Operating and administrative expenses (a)	\$ 79	\$ 59	\$ 20	34 %
Operating income	\$ 38	\$ 24	\$ 14	58 %
Earnings before interest expense and income taxes	\$ 40	\$ 25	\$ 15	60 %
Gas Utility system throughput—bcf				
Core market	13	10	3	30 %
Total	74	62	12	19 %
Electric Utility distribution sales - gwh	220	223	(3)	(1)%
Gas Utility heating degree days—% (warmer) colder than normal (b)	(3.0)%	5.0 %	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of \$2 million and \$1 million, respectively, during the 2022 and 2021 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).

(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 2022 three-month period were 3.0% warmer than normal and 11.0% warmer than the prior-year period. The increase in Gas Utility core market and total volumes during the 2022 three-month period are largely related to incremental volumes attributable to the acquisition of Mountaineer.

Utilities revenues increased \$93 million in the 2022 three-month period reflecting an \$84 million increase in Gas Utility revenues and a \$9 million increase in Electric Utility revenues. The increase in Gas Utility revenues largely reflects incremental revenues attributable to Mountaineer (\$39 million), higher PGC rates compared to the prior-year period, higher pricing on off-system sales and the effects of the increase in DSIC rates. The increase in Electric Utility revenues during the 2022 three-month period reflects the increase in base rates that went into effect in November 2021 and higher DS rates compared to the prior-year period.

Utilities cost of sales (including revenue-related taxes) increased \$55 million compared to the prior-year period. The increase in Gas Utility cost of sales (\$48 million) during the 2022 three-month period reflects incremental cost attributable to Mountaineer (\$14 million), higher PGC rates compared to the prior-year period, and increased cost of sales associated with off-system sales. Electric Utility cost of sales increased during the 2022 three-month period largely reflecting the higher DS rates compared to the prior-year period.

Utilities total margin increased \$38 million during the 2022 three-month period largely reflecting incremental margin attributable to Mountaineer (\$25 million). Gas Utility’s total margin increase also includes higher natural gas margin attributable to the increase in DSIC rates and higher margin from large delivery service customers including the effects of customer growth compared to the prior-year period. Electric Utility margin increased \$2 million largely attributable to the increase in base rates compared to the prior-year period.

Utilities operating income and earnings before interest expense and income taxes increased \$14 million and \$15 million, respectively, during the 2022 three-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher operating and administrative expenses (\$20 million) and higher depreciation expense (\$8 million) compared to the prior-year period, both principally related to incremental expenses attributable to Mountaineer. The higher depreciation expense compared to the prior-year period also includes the effects of continued distribution system capital expenditure activity. The increase in earnings before interest expense and income taxes also includes a higher non-service pension benefit compared to the prior-year period.

**Interest Expense and Income Taxes**

Our consolidated interest expense during the 2022 three-month period was \$82 million compared to \$77 million during the 2021 three-month period. This increase largely reflects the effects of incremental long-term debt outstanding during the current period, net of repayments, primarily related to the Mountaineer Acquisition and UGI Utilities' issuance of senior notes during the second half of Fiscal 2021.

The Company's effective income tax rate for the 2022 three-month period largely reflects the impact of discrete tax items on a small pre-tax loss during the prior year period. In addition, the absence of benefits under the CARES Act was largely offset by the net effects of a decrease in the concentration of foreign earnings reflecting foreign statutory tax rates that exceed the U.S. statutory rate.

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.

**2022 Nine-Month Period Compared with the 2021 Nine-Month Period****AmeriGas Propane**

For the nine months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 2,423	\$ 2,132	\$ 291	14 %
Total margin (a)	\$ 1,090	\$ 1,162	\$ (72)	(6)%
Operating and administrative expenses	\$ 684	\$ 666	\$ 18	3 %
Operating income/earnings before interest expense and income taxes	\$ 303	\$ 391	\$ (88)	(23)%
Retail gallons sold (millions)	743	815	(72)	(9)%
Heating degree days—% warmer than normal (b)	(0.8)%	(2.6)%	—	—

(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 2022 nine-month period were relatively consistent with normal temperatures and temperatures during the prior-year period. Total retail gallons sold decreased 9% during the 2022 nine-month period reflecting the continued impact of customer service challenges that occurred in Fiscal 2021, staffing shortages in key delivery related positions, increased price sensitivity in the higher commodity cost environment and the prior-year impact of COVID-19 on cylinder exchange and resale volumes.

Average daily wholesale propane commodity prices during the 2022 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 63% higher than such prices during the 2021 nine-month period. This significant increase in prices has impacted both total revenues and total costs of sales during the 2022 nine-month period. Total revenues increased \$291 million during the 2022 nine-month period largely reflecting higher average propane selling prices (\$418 million) and higher wholesale volumes sold (\$27 million) compared to the prior-year period. These positive impacts were partially offset by the effects of the previously mentioned decrease in retail propane volumes sold (\$162 million).

Total cost of sales increased \$363 million during the 2022 nine-month period largely attributable to the higher average propane product costs (\$405 million) and higher wholesale propane volumes sold (\$25 million). These increases in cost of sales were partially offset by the decrease in retail propane volumes sold (\$72 million). Total margin decreased \$72 million in the 2022 nine-month period largely attributable to the lower retail propane volumes (\$90 million) partially offset by higher average propane margins (\$12 million).

Operating income and earnings before interest expense and income taxes decreased \$88 million during the 2022 nine-month period primarily reflecting the decrease in total margin and higher operating and administrative expenses (\$18 million) compared to the prior-year period. The increase in operating and administrative expenses was impacted by the inflationary cost environment and reflects, among other things, higher expenses associated with general insurance and claims paid (\$15 million), bad debt reserves (\$11 million), vehicle fuel (\$10 million) and telecommunications (\$7 million) compared to the prior-year

## UGI CORPORATION AND SUBSIDIARIES

period. These increases were partially offset by lower expenses associated with employee compensation and benefits (\$24 million) and vehicle leases (\$5 million) compared to the prior-year period.

**UGI International**

For the nine months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 3,011	\$ 2,106	\$ 905	43 %
Total margin (a)	\$ 744	\$ 877	\$ (133)	(15)%
Operating and administrative expenses	\$ 466	\$ 465	\$ 1	— %
Operating income	\$ 211	\$ 322	\$ (111)	(34)%
Earnings before interest expense and income taxes	\$ 228	\$ 326	\$ (98)	(30)%
LPG retail gallons sold (millions)	651	644	7	1 %
Heating degree days—% (warmer) colder than normal (b)	(2.3)%	1.4 %	—	—

(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 2022 nine-month period were 2.3% warmer than normal and 5.5% warmer than the prior-year period. Total LPG retail gallons sold during the 2022 nine-month period increased slightly compared to the prior-year period largely attributable to favorable crop drying campaigns and the recovery of certain bulk and autogas volumes that were negatively impacted by COVID-19.

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 2022 and 2021 nine-month periods, the average unweighted euro-to-USD translation rates were approximately \$1.11 and \$1.20, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately \$1.32 and \$1.37, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The net effect of changes in foreign currency exchange rates on UGI International's earnings before interest expense and income taxes resulted in a net loss of \$9 million in the 2022 nine-month period. However, the impact of these changes is mitigated by the effects of forward foreign currency exchange contracts entered into over a multi-year period intended to substantially offset this volatility. These forward foreign currency exchange contracts resulted in realized net gains of \$12 million and \$2 million in the 2022 and 2021 nine-month periods, respectively.

UGI International revenues and cost of sales increased \$905 million and \$1,038 million, respectively, during the 2022 nine-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2022 nine-month period in northwest Europe were approximately 73% and 98% higher, respectively, compared with the prior-year period. The increase in revenues and cost of sales principally reflects the impact of significant increases and volatility in natural gas and power prices on our energy marketing business and the effects of these higher average propane and butane selling prices and product costs compared to the prior-year period. These increases were partially offset by the translation effects of weaker foreign currencies (approximately \$252 million and \$196 million, respectively).

UGI International total margin decreased \$133 million during the 2022 nine-month period primarily reflecting lower total margin from our energy marketing business (approximately \$80 million) and the translation effects of weaker foreign currencies (approximately \$56 million). These factors were partially offset by higher total margin from our LPG business attributable to strong margin management efforts despite the effects of the previously mentioned higher product costs. The lower total margin from our energy marketing business is largely due to the impact of significant volatility in commodity costs and its effects on the unit margins of certain customer contracts during the 2022 nine-month period. The effects of this volatility on such customer contracts were largely confined to the heating-season months of October through March.

UGI International operating income and earnings before interest expense and income taxes decreased \$111 million and \$98 million, respectively, during the 2022 nine-month period compared to the prior-year period. The decrease in operating income principally reflects the previously mentioned decrease in total margin partially offset by higher gains associated with the sale of assets. The decrease in earnings before interest expense and income taxes in the 2022 nine-month period largely reflects the decrease in operating income partially offset by higher realized gains on foreign currency exchange contracts entered into in

**UGI CORPORATION AND SUBSIDIARIES**

order to reduce volatility in UGI International earnings resulting from the effects of changes in foreign currency exchange rates (\$10 million).

**Midstream & Marketing**

For the nine months ended June 30, (Dollars in millions)	2022	2021	Increase (Decrease)	
Revenues	\$ 1,731	\$ 1,086	\$ 645	59 %
Total margin (a)	\$ 342	\$ 310	\$ 32	10 %
Operating and administrative expenses	\$ 88	\$ 91	\$ (3)	(3)%
Operating income	\$ 197	\$ 156	\$ 41	26 %
Earnings before interest expense and income taxes	\$ 216	\$ 180	\$ 36	20 %

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

Average temperatures across Midstream & Marketing's energy marketing territory during the 2022 nine-month period were 8.0% warmer than normal and 4.6% warmer than the prior-year period.

Midstream & Marketing revenues and cost of sales for the 2022 nine-month period increased \$645 million and \$613 million, respectively, compared to the prior-year period. These increases were largely driven by natural gas marketing, including the effects of peaking and capacity management activities, which were impacted by significantly higher average natural gas prices compared to the prior-year period, partially offset by lower volumes attributable to the warmer weather. As a result, natural gas marketing revenues and cost of sales increased \$592 million and \$596 million, respectively, during the 2022 nine-month period. Higher retail power and generation revenues and cost of sales (\$30 million and \$26 million, respectively) also contributed to these increases during the 2022 nine-month period.

Midstream & Marketing total margin increased \$32 million in the 2022 nine-month period reflecting higher margin from peaking and capacity management activities (\$14 million) and increased total margin from renewable energy marketing activities (\$9 million) including the impact of increased volumes and average pricing related to environmental credits compared to the prior-year period. Incremental margin attributable to UGI Moraine East (\$9 million) also contributed to the improvement during the 2022 nine-month period.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2022 nine-month period increased \$41 million and \$36 million, respectively, compared to the prior-year period. The increase in operating income is largely attributable to the increase in total margin, the absence of a contingent consideration adjustment related to the GHI acquisition in the prior-year period, and lower operating and administrative expenses. The increase in earnings before interest expense and income taxes principally reflects the increase in operating income partially offset by lower income from equity-method investments compared to the prior-year period.

**Utilities**

For the nine months ended June 30, (Dollars in millions)	2022	2021	Increase	
Revenues	\$ 1,400	\$ 923	\$ 477	52 %
Total margin (a)	\$ 681	\$ 518	\$ 163	31 %
Operating and administrative expenses (a)	\$ 250	\$ 186	\$ 64	34 %
Operating income	\$ 325	\$ 243	\$ 82	34 %
Earnings before interest expense and income taxes	\$ 332	\$ 245	\$ 87	36 %
Gas Utility system throughput—bcf				
Core market	94	72	22	31 %
Total	290	245	45	18 %
Electric Utility distribution sales - gwh	746	743	3	— %
Gas Utility heating degree days—% warmer than normal (b)	(7.6)%	(7.3)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of \$18 million and \$4 million, respectively, during the 2022 and 2021 nine-month periods. For financial

## UGI CORPORATION AND SUBSIDIARIES

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 2022 nine-month period were 7.6% warmer than normal and slightly warmer compared to the prior-year period. The increase in Gas Utility core market and total volumes during the 2022 nine-month period is largely related to incremental volumes attributable to the acquisition of Mountaineer.

Utilities revenues increased \$477 million in the 2022 nine-month period reflecting a \$454 million increase in Gas Utility revenues and a \$23 million increase in Electric Utility revenues. The increase in Gas Utility revenues largely reflects incremental revenues attributable to Mountaineer (\$230 million), higher PGC rates compared to the prior-year period, higher pricing on off-system sales, increased DSIC rates, and the effects of the increase in base rates that went into effect during Fiscal 2021. The increase in Electric Utility revenues during the 2022 nine-month period reflects the increase in base rates that went into effect in November 2021 and higher DS rates compared to the prior-year period.

Utilities cost of sales (including revenue-related taxes) increased \$314 million in the 2022 nine-month period primarily attributable to Gas Utility (\$298 million) which reflects incremental cost attributable to Mountaineer (\$120 million), higher PGC rates compared to the prior-year period, and increased cost of sales associated with off-system sales. Electric Utility cost of sales increased during the 2022 nine-month period largely reflecting the higher DS rates compared to the prior-year period.

Utilities total margin increased \$163 million during the 2022 nine-month period largely reflecting incremental margin attributable to Mountaineer (\$110 million). Gas Utility’s total margin increase also includes higher natural gas margin attributable to an increase in DSIC rates, the positive impacts of the increase in base rates, and higher margin from large delivery service customers including the effects of customer growth compared to the prior-year period. Electric Utility margin increased \$7 million largely attributable to the increase in base rates compared to the prior-year period.

Utilities operating income and earnings before interest expense and income taxes increased \$82 million and \$87 million, respectively, during the 2022 nine-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher operating and administrative expenses (\$64 million) and higher depreciation expense (\$21 million) compared to the prior-year period, both principally related to incremental expenses attributable to Mountaineer. The higher depreciation expense compared to the prior-year period also includes the effects of continued distribution system capital expenditure activity. The increase in earnings before interest expense and income taxes also includes a higher non-service pension benefit (\$4 million) compared to the prior-year period.

### ***Interest Expense and Income Taxes***

Our consolidated interest expense during the 2022 nine-month period was \$245 million compared to \$233 million during the 2021 nine-month period. This increase reflects the effects of incremental long-term debt outstanding during the current period, net of repayments, primarily related to the Mountaineer Acquisition and UGI Utilities’ issuance of senior notes during the second half of Fiscal 2021, and higher average short-term borrowings outstanding compared to the prior-year period.

The Company’s effective income tax rate for the 2022 nine-month period was relatively consistent with the prior-year period. The absence of benefits from the prior year related to an election made in connection with a tax law change in Italy and under the CARES Act were largely offset by the net effects of a decrease in the concentration of foreign earnings reflecting foreign statutory tax rates that exceed the U.S. statutory rate.

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 COVID-19 pandemic, the inflationary cost environment and ongoing commodity price volatility. Our total available liquidity balance, comprising cash and cash equivalents and available borrowing capacity on our revolving credit facilities, totaled approximately \$2.1 billion and \$2.2 billion at June 30, 2022 and September 30, 2021, respectively. Our total available liquidity at June 30, 2022 was affected, in part, by \$659 million of cash collateral received from derivative counterparties resulting from the impact of rising commodity prices and an accumulation of derivative assets associated with our commodity derivative instruments. The Company does not



## UGI CORPORATION AND SUBSIDIARIES

have any near-term senior note or term loan maturities. The Company cannot predict the duration or magnitude that the COVID-19 pandemic and ongoing commodity price volatility will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. UGI and its subsidiaries were in compliance with all debt covenants as of June 30, 2022.

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 \$670 million at June 30, 2022, compared with \$855 million at September 30, 2021. The decrease in cash and cash equivalents since September 30, 2021 is primarily attributable to commodity price volatility experienced in the 2022 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, 2022 and September 30, 2021, UGI had \$175 million and \$172 million of cash and cash equivalents, respectively. Such cash is available to pay dividends on UGI Common Stock, to make quarterly payments on outstanding Purchase Contracts and for investment purposes.

### Long-term Debt and Credit Facilities

#### Long-term Debt

The Company's debt outstanding at June 30, 2022 and September 30, 2021, comprises the following:

(Millions of dollars)	June 30, 2022						September 30, 2021
	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corp & Other	Total	Total
Short-term borrowings	\$ 50	\$ 1	\$ —	\$ 225	\$ —	\$ 276	\$ 367
Long-term debt (including current maturities):							
Senior notes	\$ 2,575	\$ 419	\$ —	\$ 1,290	\$ —	\$ 4,284	\$ 4,270
Term loans	—	315	679	137	765	1,896	1,938
Other long-term debt	—	2	41	24	236	303	283
Unamortized debt issuance costs	(13)	(7)	(8)	(5)	(4)	(37)	(42)
Total long-term debt	\$ 2,562	\$ 729	\$ 712	\$ 1,446	\$ 997	\$ 6,446	\$ 6,449
Total debt	\$ 2,612	\$ 730	\$ 712	\$ 1,671	\$ 997	\$ 6,722	\$ 6,816

#### 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 6 to Consolidated Financial Statements in the Company's 2021 Annual Report.

**UGI CORPORATION AND SUBSIDIARIES**

Information about the Company's principal credit agreements (excluding the Receivables Facility discussed below) as of June 30, 2022 and 2021, is presented in the table below.

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity
<b>As of June 30, 2022</b>				
AmeriGas OLP	\$ 600	\$ 50	\$ 3	\$ 547
UGI International, LLC (a)	€ 300	€ —	€ —	€ 300
Energy Services	\$ 260	\$ —	\$ —	\$ 260
UGI Utilities	\$ 350	\$ 170	\$ —	\$ 180
Mountaineer	\$ 100	\$ 55	\$ —	\$ 45
UGI Corporation (b)	\$ 300	\$ 230	\$ —	\$ 70
<b>As of June 30, 2021</b>				
AmeriGas OLP	\$ 600	\$ 107	\$ 60	\$ 433
UGI International, LLC (a)	€ 300	€ —	€ —	€ 300
Energy Services	\$ 260	\$ —	\$ —	\$ 260
UGI Utilities	\$ 350	\$ 100	\$ —	\$ 250
UGI Corporation (b)	\$ 300	\$ 15	\$ —	\$ 285

(a) Permits UGI International, LLC to borrow in euros or USD.

(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets. In July 2021, the Company repaid \$15 million of such borrowings and classified these repayments as "Current maturities of long-term debt" on the June 30, 2021 Condensed Consolidated Balance Sheet.

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

(Millions of dollars or euros)	For the nine months ended June 30, 2022		For the nine months ended June 30, 2021	
	Average	Peak	Average	Peak
AmeriGas OLP	\$ 203	\$ 388	\$ 177	\$ 293
UGI International, LLC	€ 100	€ 250	€ —	€ —
Energy Services	\$ —	\$ —	\$ 5	\$ 32
UGI Utilities	\$ 178	\$ 270	\$ 206	\$ 279
Mountaineer	\$ 49	\$ 80	\$ —	\$ —
UGI Corporation	\$ 181	\$ 288	\$ 243	\$ 300

**Receivables Facility.** Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire in October 21, 2022. At June 30, 2022, the outstanding balance of ESFC trade receivables was \$88 million, none of which were sold to the bank. At June 30, 2021, the outstanding balance of ESFC trade receivables was \$48 million, none 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, 2022 and 2021, peak sales of receivables were \$98 million and \$87 million, respectively, and average daily amounts sold were \$2 million and \$27 million, respectively.

**Significant Financing Activities**

**UGI Utilities.** On July 12, 2022, UGI Utilities amended the existing Utilities Term Loan. The amendment extended the maturity date of the loan from October 2022 to July 2027, among other things. The current amount outstanding under the Utilities Term Loan remains unchanged and is payable in quarterly installments of \$2 million, with the balance of the principal being due and payable in full at maturity. We have entered into a forward-starting interest rate swap that will generally fix the underlying market-based interest rate on this variable-rate loan through June 2026.

On June 30, 2022, UGI Utilities entered into a note purchase agreement which provides for the private placement of (1) \$90 million aggregate principal amount of 4.75% Senior Notes due July 15, 2032 and (2) \$85 million aggregate principal amount of

4.99% Senior Notes due September 15, 2052. On July 15, 2022, UGI Utilities issued \$90 million aggregate principal amount of 4.75% Senior Notes pursuant to the note purchase agreement. The net proceeds from the issuance of the 4.75% Senior Notes were used to reduce short-term borrowings and for general corporate purposes. The 4.99% Senior Notes are expected to be issued on or before September 15, 2022. UGI Utilities expects to use the net proceeds from the issuance of the 4.99% Senior Notes to reduce short-term borrowings and for general corporate purposes.

**Mountaineer.** On June 30, 2022, Mountaineer entered into a note purchase agreement which provides for the private placement of \$40 million aggregate principal amount of 4.49% Senior Notes due August 16, 2052. The 4.49% Senior Notes are expected to be issued on or before August 16, 2022. Mountaineer expects to use the net proceeds from the issuance of the 4.49% Senior Notes to reduce short-term borrowings and for general corporate purposes.

**UGI International.** On December 7, 2021, UGI International, LLC issued, in an underwritten private placement, €400 million principal amount of the UGI International 2.50% Senior Notes due December 1, 2029. The UGI International 2.50% Senior Notes rank equal in right of payment with indebtedness issued under the UGI International Credit Facilities Agreement. The net proceeds from the UGI International 2.50% Senior Notes were used (1) to repay all of the UGI International 3.25% Senior Notes due November 1, 2025 and associated fees and expenses and (2) for general corporate purposes.

### Dividends and Repurchases of Common Stock

On November 18, 2021, UGI's Board of Directors declared a cash dividend equal to \$0.345 per common share. The dividend was paid on January 1, 2022, to shareholders of record on December 15, 2021. On February 2, 2022, UGI's Board of Directors declared a quarterly dividend of \$0.345 per common share. The dividend was paid on April 1, 2022, to shareholders of record on March 15, 2022. On May 4, 2022, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to \$0.36 per common share, or \$1.44 on an annual basis. The new dividend rate reflected an approximate 4% increase from the previous quarterly rate of \$0.345. The dividend was paid on July 1, 2022, to shareholders of record on June 15, 2022. On August 3, 2022, UGI's Board of Directors declared a quarterly dividend of \$0.36 per common share. The dividend is payable October 1, 2022, to shareholders of record on September 15, 2022.

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 three and nine months ended June 30, 2022, the Company purchased 0.9 million shares on the open market at a total purchase price of \$38 million.

### 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 \$848 million in the 2022 nine-month period compared to \$1,047 million in the 2021 nine-month period. Cash flow from operating activities before changes in operating working capital was \$1,114 million in the 2022 nine-month period compared to \$1,179 million in the 2021 nine-month period. The lower cash flow from operating activities before changes in working capital reflects, in large part, lower operating results at AmeriGas Propane and UGI International. Cash used to fund changes in operating working capital totaled \$266 million in the 2022 nine-month period compared to \$132 million in the 2021 nine-month period. Changes in operating working capital during the 2022 nine-month period reflect, among other things, increases in cash used to fund accounts receivable, accounts payable and other current liabilities. These increases in cash used to fund changes in working capital were partially offset by cash inflows associated with income taxes receivable, inventories and other current assets. Additionally, the 2022 nine-month period includes \$181 million of incremental cash collateral received from derivative counterparties as compared to \$112 million of incremental cash collateral received in the prior-year period. The impact of commodity price volatility and increasing supply chain costs are pervasive throughout these changes in working capital.

**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 investees; and proceeds from sales of assets and businesses. Cash flow used by investing activities was \$717 million in the 2022 nine-month period compared to \$505 million in the 2021

nine-month period. Cash expenditures for property, plant and equipment were \$551 million in the 2022 nine-month period compared with \$460 million in the 2021 nine-month period. Cash used for acquisitions of businesses and assets reflects the Stonehenge Acquisition in the 2022 nine-month period and UGI International's acquisition of two LPG retail businesses in Europe in the 2021 nine-month period. Investments in equity method investments include our investments in renewables businesses during the 2022 nine-month period and in Pine Run during the 2021 nine-month period. Cash inflows associated with investing activities during the 2022 nine-month period includes cash received from the settlement of certain forward foreign currency contracts previously designated at a net investment hedges.

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

Cash flow used to fund financing activities was \$290 million in the 2022 nine-month period compared to \$321 million in the 2021 nine-month period. The lower cash flow used to fund financing activities was due in part to the absence of proceeds from the issuance of Equity Units in the prior-year period, payments made on the associated Purchase Contracts during the 2022 nine-month period and the repurchase of UGI Common Stock for \$38 million. These outflows were offset by an increase long-term debt associated with a refinancing of Senior Notes at UGI International and lower repayments on our revolving credit facilities during the 2022 nine-month period.

## UTILITY REGULATORY MATTERS

**Base Rate Filings.** 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. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and continue to fund programs designed to promote and reward customers' efforts to increase efficient use of natural gas. On June 24, 2022, a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed with the PAPUC 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 Joint Petition, PA Gas Utility will not be permitted to file a rate case prior to January 1, 2024. Also, in accordance with the terms of the Joint Petition, PA Gas Utility is authorized to implement a weather normalization adjustment rider as a 5-year pilot program beginning on the effective date of the new rates. Under this rider, customer billings for distribution services will be adjusted to reflect normal weather conditions if weather deviates more than 3% from normal. Additionally, under the terms of the Joint Petition, PA Gas Utility will be authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reaches \$3,368 million. The Joint Petition was approved by a PAPUC administrative law judge on July 28, 2022, and is further subject to receipt of an order from the PAPUC approving the settlement. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On February 8, 2021, Electric Utility filed a rate 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.

On January 28, 2020, PA Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by \$75 million annually. On October 8, 2020, the PAPUC issued a final Order approving a settlement that permitted PA Gas Utility to increase its annual base distribution rates by \$20 million through a phased approach, with \$10 million beginning January 1, 2021 and an additional \$10 million beginning July 1, 2021. Additionally, PA Gas Utility was authorized to implement a DSIC once PA Gas Utility total property, plant and equipment less accumulated depreciation reached \$2,875 million. This threshold was achieved in December 2020, and PA Gas Utility implemented a DSIC effective April 1, 2021. The PAPUC's final Order also included enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers ("ERP"). Additionally, the PAPUC's final order permitted PA Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next PA Gas Utility base rate case, to be recovered and amortized over a 10-year period. In accordance with the terms of the final Order, PA Gas Utility was not permitted to file a rate case prior to January 1, 2022.

**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.

UGI 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 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.

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, 2022, includes revolving credit facility borrowings and variable-rate term loans at UGI International, UGI 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 all or a significant portion of the term loans' principal balances and all or a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At June 30, 2022, combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled \$636 million.

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, 2022, by approximately \$160 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, 2022, 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 \$2,068 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, 2022, we had received cash collateral from derivative instrument counterparties totaling \$659 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, 2022, 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, 2022 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.

(Millions of dollars)	Asset (Liability)	
	Fair Value	Change in Fair Value
<b>June 30, 2022</b>		
Commodity price risk (1)	\$ 1,597	\$ (315)
Interest rate risk (2)	\$ 44	\$ (11)
Foreign currency exchange rate risk (3)	\$ 57	\$ (48)

(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

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

**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 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 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 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**

On September 1, 2021, UGI acquired Mountaineer. The Company is currently in the process of integrating the processes and internal controls of Mountaineer with the rest of the Company.

Other than the foregoing, 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.

## 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 2021 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022, which could materially affect our business, financial condition or future results. The risks described in our 2021 Annual Report or the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022, are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future 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, 2022.

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, 2022 to April 30, 2022	—	\$0.00	—	8.00 million
May 1, 2022 to May 31, 2022	350,000	\$41.39	350,000	7.65 million
June 1, 2022 to June 30, 2022	550,000	\$43.27	550,000	7.10 million
Total	900,000		900,000	

(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 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):

Exhibit No.	Incorporation by Reference			Exhibit
	Exhibit	Registrant	Filing	
4.1	<a href="#">Note Purchase Agreement, dated June 30, 2022, by and among UGI Utilities, Inc. and the purchasers listed as signatories thereto.</a>	UGI	Form 8-K (6/30/22)	4.1
4.2	<a href="#">Note Purchase Agreement, dated June 30, 2022, by and among Mountaineer Gas Company and the purchasers listed as signatories thereto.</a>	UGI	Form 8-K (6/30/22)	4.2
10.1	<a href="#">First Amendment to Credit Agreement, dated July 12, 2022, by and among UGI Utilities, Inc., the lenders party thereto and PNC Bank, National Association, as administrative agent.</a>	UGI	Form 8-K (7/12/22)	10.1
31.1	<a href="#">Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2022, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>			
31.2	<a href="#">Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2022, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>			
32	<a href="#">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, 2022, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>			
101.INS	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	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Labels Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

## EXHIBIT INDEX

31.1	<a href="#">Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2022, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2022, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32	<a href="#">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, 2022, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	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	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	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.

Date: August 4, 2022

UGI Corporation  
(Registrant)

By: /s/ Ted J. Jastrzebski  
Ted J. Jastrzebski  
Chief Financial Officer

Date: August 4, 2022

By: /s/ Jean Felix Tematio Dontsop  
Jean Felix Tematio Dontsop  
Vice President, Chief Accounting Officer  
and Corporate Controller

## CERTIFICATION

I, Roger Perreault, 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 4, 2022

/s/ Roger Perreault

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Roger Perreault  
President and Chief Executive Officer of  
UGI Corporation

## CERTIFICATION

I, Ted J. Jastrzebski, 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 4, 2022

/s/ Ted J. Jastrzebski

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Ted J. Jastrzebski  
Chief Financial Officer of UGI Corporation

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

I, Roger Perreault, Chief Executive Officer, and I, Ted J. Jastrzebski, 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, 2022 (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.

CHIEF EXECUTIVE OFFICER

/s/ Roger Perreault

Roger Perreault

Date: August 4, 2022

CHIEF FINANCIAL OFFICER

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski

Date: August 4, 2022