AMERIGAS PARTNERS, L.P.

AND SUBSIDIARIES

QUARTERLY REPORT

for the three and nine months ended June 30, 2023 and 2022

AmeriGas Partners, L.P. ("AmeriGas Partners") is an indirect, wholly owned subsidiary of UGI Corporation ("UGI"), with no class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, AmeriGas Partners is not subject to the current and periodic reporting requirements of the Exchange Act. This quarterly report is provided to bondholders for informational purposes only pursuant to contractual requirements under certain indentures governing the rights of bondholders, and shall not constitute an offer to sell or the solicitation of an offer to buy any securities. As a result, none of UGI, AmeriGas Partners nor any of their respective affiliates accepts, and each specifically disclaims, any liability under federal securities laws whatsoever in connection with the provision of this quarterly report, including any liability under the Exchange Act or the Securities Act of 1933, as amended.

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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Quarterly Report are defined below:

AmeriGas Partners, L.P. and Related Entities

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

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

AmeriGas Partners - AmeriGas Partners, L.P., a Delaware limited partnership and an indirect wholly owned subsidiary of UGI

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

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

General Partner - AmeriGas Propane, Inc., an indirect wholly owned subsidiary of UGI and the general partner of AmeriGas Partners

Partnership - AmeriGas Partners, AmeriGas OLP and all of their subsidiaries collectively

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

Other Terms and Abbreviations

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

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

2022 Annual Report - AmeriGas Partners' Annual Report for the fiscal year ended September 30, 2022, as restated as described in *Note 2 - Summary of Significant Accounting Policies – Restatement of Previously Issued Financial Statements*

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

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

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

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

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

AmeriGas OLP Credit Agreement - The second amended and restated credit agreement entered into by AmeriGas OLP providing for borrowings of up to $600 million, including a letter of credit subfacility of up to $150 million, was paid off in full and terminated concurrently with the execution of the 2022 AmeriGas OLP Credit Agreement

ASC - Accounting Standards Codification

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

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

FDIC - Federal Deposit Insurance Corporation

Fiscal 2021 - The fiscal year ended September 30, 2021

Fiscal 2022 - The fiscal year ended September 30, 2022

Fiscal 2023 - The fiscal year ending September 30, 2023

GAAP - U.S. generally accepted accounting principles

MGP - Manufactured gas plant

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

PRP - Potentially responsible party

ROD - Record of Decision

U.S. - United States of America

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Millions of dollars)

	June 30, 2023	(As Restated)[1] September 30, 2022	June 30, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	$ 28	$ 11	$ 11
Accounts receivable (less allowances for doubtful accounts of $24, $22 and $22, respectively)	237	248	275
Inventories	166	224	192
Derivative instruments	—	30	63
Prepaid expenses and other current assets	69	89	75
Total current assets	500	602	616
Property, plant and equipment (less accumulated depreciation of $1,590, $1,511 and $1,489, respectively)	1,021	1,047	1,057
Goodwill	1,354	2,004	2,004
Intangible assets, net	108	131	139
Derivative instruments	—	—	10
Other assets	338	358	357
Total assets	$ 3,321	$ 4,142	$ 4,183
LIABILITIES AND PARTNER'S CAPITAL			
Current liabilities:			
Short-term borrowings	—	131	50
Accounts payable	134	241	229
Customer deposits and advances	69	93	66
Derivative instruments	45	27	5
Other current liabilities	236	233	227
Total current liabilities	484	725	577
Long-term debt	2,384	2,563	2,562
Derivative instruments	11	10	1
Other noncurrent liabilities	323	340	354
Total liabilities	3,202	3,638	3,494
Commitments and contingencies (Note 6)			
Partner's capital	119	504	689
Total liabilities and partner's capital	$ 3,321	$ 4,142	$ 4,183

See accompanying notes to condensed consolidated financial statements.

[1] See *Note 2 - Summary of Significant Accounting Policies – Restatement of Previously Issued Financial Statements*

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Propane	$ 447	$ 526	$ 1,932	$ 2,204
Other	67	71	215	219
	514	597	2,147	2,423
Costs and expenses:				
Cost of sales — propane (excluding depreciation and amortization shown below)	279	377	1,066	1,341
Cost of sales — other (excluding depreciation and amortization shown below)	23	26	69	75
Operating and administrative expenses	242	205	762	699
Depreciation and amortization	43	44	132	132
Impairment of goodwill	650	—	650	—
Other operating income, net	(9)	(12)	(26)	(30)
	1,228	640	2,653	2,217
Operating (loss) income	(714)	(43)	(506)	206
Loss on extinguishment of debt	(9)	—	(9)	—
Interest expense	(40)	(41)	(122)	(120)
(Loss) income before income taxes	(763)	(84)	(637)	86
Income tax expense	—	(1)	(1)	(2)
Net (loss) income	$ (763)	$ (85)	$ (638)	$ 84

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Nine Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (638)	$ 84
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	132	132
Provision for uncollectible accounts	25	22
Change in unrealized gains and losses on derivatives instruments	55	83
Impairment of goodwill	650	—
Loss on extinguishment of debt	9	—
Other, net	3	(16)
Net change in:		
Accounts receivable	(14)	(38)
Inventories	58	(6)
Accounts payable	(107)	(8)
Derivative instruments collateral deposits paid	(13)	(22)
Other current assets	20	11
Other current liabilities	(21)	(59)
Net cash provided by operating activities	159	183
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(93)	(99)
Proceeds from disposals of assets	20	21
Net cash used by investing activities	(73)	(78)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	253	325
Distributions	—	(311)
Decrease in short-term borrowings	(131)	(120)
Issuances of long-term debt, net of issuance costs	492	—
Repayments of long-term debt, including redemption premiums	(683)	(2)
Net cash used by financing activities	(69)	(108)
Cash and cash equivalents increase (decrease)	$ 17	$ (3)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at end of period	$ 28	$ 11
Cash and cash equivalents at beginning of period	11	14
Cash and cash equivalents increase (decrease)	$ 17	$ (3)

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNER'S CAPITAL
(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Balance, beginning of period, as restated[1]	$ 665	$ 847	$ 504	$ 591
Net (loss) income	(763)	(85)	(638)	84
Capital contributions	217	225	253	325
Distributions	—	(298)	—	(311)
Balance, end of period	$ 119	$ 689	$ 119	$ 689

See accompanying notes to condensed consolidated financial statements.
[1] See *Note 2 - Summary of Significant Accounting Policies – Restatement of Previously Issued Financial Statements*

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Note 1 — Nature of Operations

AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. AmeriGas OLP is engaged in the distribution of propane and related equipment and supplies. AmeriGas OLP comprises the largest retail propane distribution business in the U.S. based on the volume of propane gallons distributed annually, serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states.

UGI's wholly owned second-tier subsidiary, AmeriGas Propane, Inc. serves as the General Partner of AmeriGas Partners. AmeriGas Propane GP, LLC, a wholly owned subsidiary of AmeriGas Partners, is the general partner of AmeriGas OLP.

AmeriGas Partners and AmeriGas OLP have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on the Partnership's behalf (see Note 9).

Note 2 — Summary of Significant Accounting Policies

Restatement of Previously Issued Financial Statements. Subsequent to the issuance of the Partnership's Consolidated Financial Statements for the year ended September 30, 2022, the Partnership identified errors related to (1) overstatement Cost of sales — propane and an understatement of Inventories of $4; (2) overstatements Cost of sales — propane and Account payable of $9; and (3) overstatements of Operating and administrative expenses and Other current liabilities of $9. The total effect of the correction of these errors was an increase in net income of $22.

The effects of the restatement on the Consolidated Balance Sheet as of September 30, 2022 are summarized in the following table:

	As of September 30, 2022		
	Previously Reported	Correction of Errors	Restated
Inventories	$ 220	$ 4	$ 224
Total current assets	$ 598	$ 4	$ 602
Total assets	$ 4,138	$ 4	$ 4,142
Accounts payable	$ 250	$ (9)	$ 241
Other current liabilities	$ 269	$ (9)	$ 260
Total current liabilities	$ 743	$ (18)	$ 725
Total liabilities	$ 3,656	$ (18)	$ 3,638
Partner's capital	$ 482	$ 22	$ 504
Total liabilities and partner's capital	$ 4,138	$ 4	$ 4,142

Overview. The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with GAAP. They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consist only of normal recurring items unless otherwise disclosed.

Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership's propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. Since we do not currently have derivative instruments that are designated and qualify as cash flow hedges, changes in fair value of our commodity derivative instruments that are not subject to the NPNS exception are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 8.

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

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

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

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

Based on our evaluation, the estimated fair value of the Partnership was determined to be less than its carrying value. As a result, the Partnership recorded a non-cash goodwill impairment charge of $650, included in "Impairment of goodwill" on the Condensed Consolidated Statement of Operations, to reduce the carrying value of the Partnership to its fair value.

The performance of the Partnership and the potential for future developments in the global economic environment, including the prospect of higher interest rates, introduces a heightened risk for additional impairment. If there is continued deterioration in the results of operations, a portion or all of the remaining recorded goodwill, which was $1.3 billion as of June 30, 2023, could be subject to further impairment.

Impairment testing for long-lived assets (or an asset group) and definite lived intangible assets is required when circumstances indicate that such assets may be impaired. The impairment of the Partnership's goodwill during the quarter ended June 30, 2023, was determined to be a triggering event requiring an interim impairment analysis of the Partnership's long-lived and definite lived intangible assets. Accordingly, the Partnership performed a recoverability test of the Partnership's long-lived assets, including right-of-use ("ROU") assets and definite lived intangible assets, as of May 31, 2023, using estimated undiscounted cash flow projections expected to be generated over the remaining useful life of the primary asset of the asset group at the lowest level with identifiable cash flows that are independent of other assets. Based on the recoverability test performed, we determined that (1) the Partnership's long-lived assets, including ROU assets and definite lived intangible assets, were recoverable and, as such, no impairment charges were recorded; and (2) no adjustments to the remaining useful lives were necessary.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Subsequent Events. Management has evaluated the impact of subsequent events through August 8, 2023, the date these condensed consolidated financial statements were issued and the effects, if any, of such evaluation have been reflected in the condensed consolidated financial statements and related disclosures.

Note 3 — Revenue from Contracts with Customers

We recognize revenue when control of the 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.

Revenue Disaggregation

The following table presents our disaggregated revenues:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Revenues from contracts with customers:				
Propane:				
Retail	$ 423	$ 478	$ 1,812	$ 2,032
Wholesale	24	48	120	172
Other	47	51	151	163
Total revenues from contracts with customers	494	577	2,083	2,367
Other revenues (a)	20	20	64	56
Total revenues	$ 514	$ 597	$ 2,147	$ 2,423

(a) Primarily represents revenues from tank rentals that are not within the scope of ASC 606 and 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 the Partnership's 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 the Partnership's receivables are unconditional rights to consideration and are included in "Accounts receivable" on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Partnership's obligations to transfer goods or services to a customer for which the Partnership has received consideration from the customer. The balances of contract liabilities were $60, $87 and $59 at June 30, 2023, September 30, 2022 and June 30, 2022, respectively, and are included in "Customer deposits and advances" and "Other current liabilities" on the Condensed Consolidated Balance Sheets. Revenues recognized for the nine months ended June 30, 2023 and 2022, from the amounts included in contract liabilities at September 30, 2022 and 2021, were $53 and $60, respectively.

Remaining Performance Obligations

The Partnership excludes disclosures related to the aggregate amount of the transaction price allocated to the 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.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Note 4 — Inventories

Inventories comprise the following:

	June 30, 2023	(As Restated)[1] September 30, 2022	June 30, 2022
Propane gas	$ 108	$ 175	$ 153
Materials, supplies and other	58	49	39
Total inventories	$ 166	$ 224	$ 192

[1] See *Note 2 - Summary of Significant Accounting Policies – Restatement of Previously Issued Financial Statements*

Note 5 — Debt

9.375% Senior Notes. On May 31, 2023, AmeriGas Partners and AmeriGas Finance Corp. issued $500 principal amount of 9.375% Senior Notes due May 2028. The 9.375% Senior Notes rank equally with AmeriGas Partners' existing and future outstanding senior notes. The net proceeds from the issuance of the 9.375% Senior Notes, together with cash on hand, a $150 cash contribution from UGI and other sources of liquidity, were used for the early repayment, pursuant to a tender offer and notice of redemption, of all AmeriGas Partners 5.625% Senior Notes having an aggregate principal balance of $675, plus tender premiums and accrued and unpaid interest. In conjunction with the early repayment of the 5.625% Senior Notes, in June 2023 the Partnership recognized a pre-tax loss of $9 primarily comprising tender premiums and the write-off of unamortized debt issuance costs, which is reflected in "Loss on extinguishment of debt" on the Condensed Consolidated Statements of Operations.

The 9.375% Senior Notes are redeemable at the issuers' option prior to June 2025 at a make whole premium or, on or after June 2025, at a call premium that declines from 4.688% to 0% depending on the year of redemption.

The 9.375% Senior Notes indenture contains customary covenants and default provisions that limit AmeriGas Partners' ability to, among other things: incur additional indebtedness; create or incur liens; engage in transactions with affiliates; engage in mergers or consolidations or sell all or substantially all of the issuers' assets; make restricted payments, loans and investments; enter into business combinations and sell assets; and engage in other lines of business.

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

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

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

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Note 6 — Commitments and Contingencies

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

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of June 30, 2023, 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.

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

Note 7 — Fair Value Measurements

Recurring Fair Value Measurements

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

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2023:				
Assets:				
Commodity contracts	$ —	$ 7	$ —	$ 7
Liabilities:				
Commodity contracts	$ —	$ (74)	$ —	$ (74)
September 30, 2022:				
Assets:				
Commodity contracts	$ —	$ 46	$ —	$ 46
Liabilities:				
Commodity contracts	$ —	$ (51)	$ —	$ (51)
June 30, 2022:				
Assets:				
Commodity contracts	$ —	$ 109	$ —	$ 109
Liabilities:				
Commodity contracts	$ —	$ (11)	$ —	$ (11)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Nonrecurring Fair Value Measurements

During the quarter ended June 30, 2023, the Partnership performed an interim goodwill impairment test, which resulted in a non-cash goodwill impairment charge of $650 to reduce the carrying value of the Partnership to its fair value as of May 31,

(Millions of dollars, except where indicated otherwise)

2023. See Note 2 for further information on the results of the impairment test including the key assumptions used to determine the fair value of the Partnership.

Other Financial Instruments

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

	June 30, 2023	September 30, 2022	June 30, 2022
Carrying amount	$ 2,400	$ 2,575	$ 2,575
Estimated fair value	$ 2,306	$ 2,385	$ 2,443

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. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 8.

Note 8 — Derivative Instruments and Hedging Activities

The Partnership is exposed to certain market risks associated with its ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to primarily manage commodity price 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 the Partnership 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 additional information on the accounting for our derivative instruments, see Note 2.

Commodity Price Risk

In order to manage market price risk associated with the Partnership's fixed-price programs and to reduce the effects of short-term commodity price volatility, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, from time to time, enters into price swap and option contracts to reduce the effects of short-term commodity price volatility. At June 30, 2023, September 30, 2022 and June 30, 2022, total volumes associated with propane commodity derivatives totaled 299 million gallons, 390 million gallons and 279 million gallons, respectively. At June 30, 2023, the maximum period over which we are economically hedging propane market price risk is 27 months.

To mitigate short-term market volatility associated with commodity instruments, the Partnership from time to time enters into diesel swap contracts for a portion of diesel volumes expected to be used in the operation of vehicles and equipment. The Partnership also enters into steel swaps to reduce price volatility associated with its portable cylinder purchases. The volumes associated with diesel and steel swap contracts were not material for all periods presented.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. 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. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash.

(Millions of dollars, except where indicated otherwise)

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of June 30, 2023, 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 $7. At June 30, 2023 the Partnership had received no cash collateral from derivative instrument counterparties. 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 our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership’s debt rating. At June 30, 2023, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. Our derivative instruments comprise over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of offset through master netting arrangements 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 are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

Fair Value of Derivative Instruments

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

	June 30, 2023	September 30, 2022	June 30, 2022
Derivative assets:			
Derivative assets not designated as hedging instruments:			
Commodity contracts	$ 7	$ 46	$ 109
Total derivative assets — gross	7	46	109
Gross amounts offset in the balance sheet	(7)	(14)	(5)
Cash collateral received	—	(2)	(31)
Total derivative assets — net	$ —	$ 30	$ 73
Derivative liabilities:			
Derivative liabilities not designated as hedging instruments:			
Commodity contracts	$ (74)	$ (51)	$ (11)
Total derivative liabilities — gross	(74)	(51)	(11)
Gross amounts offset in the balance sheet	7	14	5
Cash collateral pledged	11	—	—
Total derivative liabilities — net	$ (56)	$ (37)	$ (6)

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Effects of Derivative Instruments

Derivative instruments (losses) gains reflected on the Condensed Consolidated Statements of Operations comprise the following:

	Three Months Ended June 30,		Nine Months Ended June 30,		
Derivatives Not Designated as Hedging Instruments:	2023	2022	2023	2022	Location of (Loss) Gain Recognized in Income
Commodity contracts	$ (54)	$ (18)	$ (75)	$ 30	Cost of sales — propane

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

Note 9 — Related Party Transactions

Partnership and Management Services Agreement. The General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

Administrative Services. UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership.

In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. These costs were not material during the three and nine months ended June 30, 2023 and 2022.

Propane Purchases and Sales. AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases is generally based on market price at the time of purchase. Purchases of propane by AmeriGas OLP from Energy Services during the three and nine months ended June 30, 2023 and 2022 were not material.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during the three and nine months ended June 30, 2023 and 2022.

The following related party transactions are included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Partnership and Management Services Agreement:				
Direct and indirect expenses incurred on behalf of the Partnership	$ 121	$ 105	$ 385	$ 389
Administrative Services:				
Administrative services provided by UGI	$ 7	$ 5	$ 20	$ 18

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Contribution from Parent. During the nine months ended June 30, 2023, UGI, through its operating subsidiaries, contributed \$253 in cash to the Partnership. These contributions were principally used for the early repayment of the 5.625% senior note, to fund debt service on the senior notes, and a portion was designated by the Partnership to satisfy the 2022 AmeriGas OLP Credit Agreement equity cure provision. For additional information see Note 5. During the nine months ended June 30, 2022, UGI, through its operating subsidiaries, contributed \$325, in cash to the Partnership. The Partnership used these contributions principally to reduce short-term borrowings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Information contained in this Quarterly Report contains forward-looking statements. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words and terms of similar meaning, although not all forward-looking statements contain such words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you against relying on any forward-looking statement as these statements are subject to risks and uncertainties that may cause actual results to vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind those factors set forth in the Risk Factors section in the Partnership's 2022 Annual Report and the Quarterly Report for the fiscal quarter ended December 31, 2022 and the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions, including increasingly uncertain weather patterns due to climate change, resulting in reduced demand, the seasonal nature of our business, and disruptions in our operations and supply chain; (2) cost volatility and availability of propane, as well as the availability of propane cylinders, and the capacity to transport propane to our customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses and achievement of anticipated synergies; (5) changes in laws and regulations, including safety, health, tax, transportation, consumer protection, data privacy, accounting, and environmental matters, such as regulatory responses to climate change; (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 propane prices resulting in reduced demand; (10) our ability to attract, develop, retain and engage key employees; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, acts of war, terrorism, natural disasters, pandemics and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane; (13) political, regulatory and economic conditions in the United States; (14) credit and capital market conditions, including reduced access to capital markets and interest rate fluctuations; (15) changes in commodity market prices resulting in significantly higher cash collateral requirements; (16) the impact of pending and future legal or regulatory proceedings, inquiries or investigations; (17) the availability, timing, and success of our acquisitions, commercial initiatives and investments to grow our business; (18) the interruption, disruption, failure, malfunction, or breach of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (19) 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; (20) uncertainties related to global pandemics; (21) our ability to protect our intellectual property; and (22) 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 the Risk Factors section in the Partnership's 2022 Annual Report and the Quarterly Report for the fiscal quarter ended December 31, 2022, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Any forward-looking statement speaks only as of the date on which such statement is made. We undertake no obligation (and expressly disclaim any obligation) to update any forward-looking statement whether as a result of new information or future events.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Partnership's results of operations for the 2023 three-month period with the 2022 three-month period and the 2023 nine-month period with the 2022 nine-month period.

Our 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, after adjusting for the effects of gains and losses on commodity 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

AmeriGas Partners' management presents the non-GAAP measures "adjusted net income," "adjusted total margin," and "adjusted operating income" in order to assist in the evaluation of the Partnership's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners' performance because they eliminate the impact of (1) changes in unrealized gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of period-over-period results. 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.

AmeriGas Partners does not designate its commodity derivative instruments as hedges under GAAP. As a result, volatility in net income can occur as gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising non-cash changes in unrealized gains and losses, are reflected in cost of sales. However, we expect that such gains and losses on such derivative instruments will be largely offset by gains and losses on anticipated future commodity purchases.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
(Dollars in millions)	2023	2022	2023	2022
Adjusted total margin:				
Total revenues	$ 514	$ 597	$ 2,147	$ 2,423
Cost of sales — propane	(279)	(377)	(1,066)	(1,341)
Cost of sales — other	(23)	(26)	(69)	(75)
Total margin	$ 212	$ 194	$ 1,012	$ 1,007
Add net losses on commodity derivative instruments not associated with current-period transactions	51	43	55	83
Adjusted total margin	$ 263	$ 237	$ 1,067	$ 1,090
Adjusted operating income (loss):				
Operating (loss) income	$ (714)	$ (43)	$ (506)	$ 206
Add net losses on commodity derivative instruments not associated with current-period transactions	51	43	55	83
AmeriGas operations enhancement for growth project	6	—	19	—
Restructuring costs	—	1	—	15
Impairment of goodwill	650	—	650	—
Adjusted operating (loss) income	$ (7)	$ 1	$ 218	$ 304
Adjusted net income (loss):				
Net (loss) income	$ (763)	$ (85)	$ (638)	$ 84
Add net losses on commodity derivative instruments not associated with current-period transactions	51	43	55	83
AmeriGas operations enhancement for growth project	6	—	19	—
Restructuring costs	—	1	—	15
Impairment of goodwill	650	—	650	—
Loss on extinguishment of debt	9	—	9	—
Adjusted net (loss) income	$ (47)	$ (41)	$ 95	$ 182

Executive Overview

Recent Developments

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

We performed a quantitative assessment of goodwill using a weighting of the income and market approaches to determine the Partnership's fair value. Based on our evaluation, the estimated fair value of the Partnership was determined to be less than its carrying value. As a result, the Partnership recorded a non-cash goodwill impairment charge of $650 million, included in "Impairment of goodwill" on the Condensed Consolidated Statement of Operations, to reduce the carrying value of the Partnership to its fair value.

The performance of the Partnership and the potential for future developments in the global economic environment, including the prospect of higher interest rates, introduces a heightened risk for additional impairment. If there is continued deterioration in the results of operations, a portion or all of the remaining recorded goodwill, which was $1.3 billion as of June 30, 2023, could be subject to further impairment.

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

Global Macroeconomic Conditions. Beginning in Fiscal 2021 and continuing into Fiscal 2023, commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political factors, including, among others: the economic recovery and evolving consumer patterns associated with the COVID-19 pandemic; supply chain issues including those associated with labor shortages; and significant increases and volatility in energy commodity prices. These factors have contributed to inflationary pressures as evidenced by recent increases in various consumer price indices. In response to these inflationary pressures, the Federal Reserve began increasing interest rates during Fiscal 2022. In addition, during the last several years, we have experienced significant volatility in energy commodity prices, particularly in propane prices, which have resulted in substantial fluctuations in the fair values of our commodity derivative instruments. These inflationary pressures and commodity price fluctuations have resulted in increases in inventory and certain operating and distribution expenses. Commodity price fluctuations have also affected the cash collateral deposit requirements of our derivative instrument counterparties. We cannot predict the duration or total magnitude of these conditions and the effects such conditions may have on our future business, financial results, financial position, and liquidity and cash flows. However, we continue to monitor and respond to these economic and political conditions and remain focused on managing our financial condition and liquidity as these conditions continue to evolve.

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

Net loss for the 2023 three-month period was $763 million compared with $85 million in the prior-year period. Net loss in the 2023 and 2022 three-month periods reflect the effects of net unrealized losses on commodity derivative instruments not associated with current-period transactions of $51 million and $43 million, respectively. The 2023 three-month period also includes (1) a $650 million impairment of goodwill; (2) loss on extinguishment of debt of $9 million; and (3) external advisory fees of $6 million associated with the AmeriGas operations enhancement for growth project. Net loss in the 2022 three-month period also includes restructuring costs of $1 million largely attributable to a reduction in workforce and related costs.

Adjusted net loss for the 2023 three-month period was $47 million compared with $41 million in the prior-year period. This increase in adjusted net loss principally reflects higher operating and administrative expenses primarily attributable to, among other things, higher overtime and other employee-related costs associated with distribution activity and the effects of continuing inflationary pressures, partially offset by higher total margin primarily resulting from the benefit of higher average retail propane unit margin in the 2023 three-month period.

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

Net loss for the 2023 nine-month period was $638 million compared to net income of $84 million in the prior-year period. Net (loss) income in the 2023 and 2022 nine-month periods reflect the effects of net unrealized losses on commodity derivative instruments not associated with current-period transactions of $55 million and $83 million, respectively. The 2023 nine-month period also includes (1) a $650 million impairment of goodwill; (2) external advisory fees of $19 million associated with AmeriGas operations enhancement for growth project; and (3) loss on extinguishment of debt of $9 million. Net income in the 2022 nine-month period also includes restructuring costs of $15 million largely attributable to a reduction in workforce and related costs.

Adjusted net income for the 2023 nine-month period was $95 million compared with $182 million in the prior-year period. This decrease principally reflects higher operating and administrative expenses reflecting, among other things, higher overtime and other employee-related costs associated with distribution activity, the effects of continuing inflationary pressures and lower total margin largely attributable to the lower retail propane volumes sold, substantially offset by the benefit of higher average retail propane unit margins in the 2023 nine-month period.

RESULTS OF OPERATIONS

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

Three Months Ended June 30,	2023	2022	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	163	173	(10)	(6)%
Wholesale	26	34	(8)	(24)%
	189	207	(18)	(9)%
Revenues:				
Retail propane	$ 423	478	$ (55)	(12)%
Wholesale propane	24	48	(24)	(50)%
Other	67	71	(4)	(6)%
	$ 514	$ 597	$ (83)	(14)%
Total margin (a)	$ 212	$ 194	$ 18	9 %
Operating and administrative expenses	$ 242	$ 205	$ 37	18 %
Depreciation and amortization	$ 43	$ 44	$ (1)	(2)%
Operating loss	$ (714)	$ (43)	$ (671)	1560 %
Net loss	$ (763)	$ (85)	$ (678)	798 %
Non-GAAP financial measures (b):				
Adjusted total margin	$ 263	$ 237	$ 26	11 %
Adjusted operating (loss) income	$ (7)	$ 1	$ (8)	(800)%
Adjusted net loss	$ (47)	$ (41)	$ (6)	15 %
Heating degree days — % (warmer) colder than normal (c)	4.2 %	16.5 %	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin for the 2023 and 2022 three-month periods includes the impact of net unrealized losses of $51 million and $43 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section "Non-GAAP Financial Measures" above.

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

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

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

Total cost of sales during the 2023 three-month period decreased $101 million compared to the prior-year period. Cost of sales in the 2023 and 2022 three-month periods include net unrealized losses of $51 million and $43 million, respectively, on commodity derivative instruments not associated with current-period transactions. Excluding the effects on cost of sales of these commodity derivative instruments, total cost of sales decreased $109 million during the 2023 three-month period largely reflecting the lower retail propane product costs ($62 million), the lower average retail propane volumes sold ($16 million), and lower wholesale cost of sales ($28 million).

Total margin (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions) increased $18 million during the 2023 three-month period. Adjusted total margin in the 2023 three-month period increased $26 million largely attributable to higher average retail unit margins ($34 million) and slightly higher wholesale margins ($4 million), partially offset by the effects on total margin from the lower retail propane volumes sold ($11 million).

Operating loss (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions, impairment of goodwill, external advisory fees associated with the AmeriGas operations enhancement for growth project and certain restructuring costs) increased $671 million compared to the prior-year period. Adjusted operating loss increased $8 million during the 2023 three-month period reflecting higher operating and administrative expenses ($32 million) compared to the prior-year period, largely offset by the increase in adjusted total margin ($26 million). The increase in operating and administrative expenses reflects, among other things, higher salaries and benefits expenses, higher overtime, higher advertising expenses and higher vehicle expenses.

Net loss (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions, impairment of goodwill, external advisory fees associated with the AmeriGas operations enhancement for growth project, certain restructuring costs and loss on extinguishment of debt) increased $678 million compared to the prior-year period. Adjusted net loss increased $6 million in the 2023 three-month period primarily reflecting the increase in adjusted operating loss.

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

Nine Months Ended June 30,	2023	2022	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	678	743	(65)	(9)%
Wholesale	112	119	(7)	(6)%
	790	862	(72)	(8)%
Revenues:				
Retail propane	$ 1,812	$ 2,032	$ (220)	(11)%
Wholesale propane	120	172	(52)	(30)%
Other	215	219	(4)	(2)%
	$ 2,147	$ 2,423	$ (276)	(11)%
Total margin (a)	$ 1,012	$ 1,007	$ 5	— %
Operating and administrative expenses	$ 762	$ 699	$ 63	9 %
Depreciation and amortization	$ 132	$ 132	$ —	— %
Operating (loss) income	$ (506)	$ 206	$ (712)	(346)%
Net (loss) income	$ (638)	$ 84	$ (722)	(860)%
Non-GAAP financial measures (b):				
Adjusted total margin	$ 1,067	$ 1,090	$ (23)	(2)%
Adjusted operating income	$ 218	$ 304	$ (86)	(28)%
Adjusted net income	$ 95	$ 182	$ (87)	(48)%
Heating degree days — % (warmer) than normal (c)	0.5 %	(0.8)%	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin for the 2023 and 2022 nine-month periods includes the impact of net unrealized losses of $55 million and $83 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section "Non-GAAP Financial Measures" above.

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

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

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

Total cost of sales during the 2023 nine-month period decreased $281 million compared to the prior-year period. Cost of sales in the 2023 and 2022 nine-month periods include net unrealized losses of $55 million and $83 million, respectively, on commodity derivative instruments not associated with current-period transactions. Excluding the effects on cost of sales of these commodity derivative instruments, total cost of sales decreased $253 million during the 2023 nine-month period largely reflecting the lower retail propane product costs ($99 million), the lower retail propane volumes sold ($95 million) and lower wholesale cost of sales ($53 million).

Total margin (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions) increased $5 million during the 2023 nine-month period. Adjusted total margin in the 2023 nine-month period decreased $23 million largely attributable to the lower retail propane volumes sold ($83 million), largely offset by higher average retail propane unit margins ($57 million).

Operating (loss) income (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions, impairment of goodwill, external advisory fees associated with the AmeriGas operations enhancement for growth project and certain restructuring costs) decreased $712 million compared to the prior-year period. Adjusted operating income decreased $86 million during the 2023 nine-month period, primarily reflecting the decrease in total margin and higher operating and administrative expenses ($59 million). The increase in operating and administrative expenses reflects, among other things, the higher overtime and other employee-related costs associated with distribution activity, higher vehicle expenses, higher advertising expenses and higher uncollectible accounts expenses, partially offset by lower salaries and benefits expenses, including the carryover impact from the workforce reductions made during Fiscal 2022.

Net (loss) income (which includes the effects of the unrealized losses on commodity derivative instruments not associated with current-period transactions, impairment of goodwill, external advisory fees associated with the AmeriGas operations enhancement for growth project, certain restructuring costs and loss on extinguishment of debt) decreased $722 million compared to the prior-year period. Adjusted net income decreased $87 million in the 2023 nine-month period primarily reflecting the previously mentioned decrease in adjusted operating income.

FINANCIAL CONDITION AND LIQUIDITY

On May 31, 2023, AmeriGas Partners and AmeriGas Finance Corp. issued $500 million principal amount of 9.375% Senior Notes due May 2028. The 9.375% Senior Notes rank equally with AmeriGas Partners' existing and future outstanding senior notes. The net proceeds from the issuance of the 9.375% Senior Notes, together with cash on hand, a $150 million cash contribution from UGI and other sources of liquidity, were used for the early repayment, pursuant to a tender offer and notice of redemption, of all AmeriGas Partners 5.625% Senior Notes having an aggregate principal balance of $675 million, plus tender premiums and accrued and unpaid interest. In conjunction with the early repayment of the 5.625% Senior Notes, in June 2023 the Partnership recognized a pre-tax loss of $9 million primarily comprising tender premiums and the write-off of unamortized debt issuance costs, which is reflected in "Loss on extinguishment of debt" on the Condensed Consolidated Statement of Operations.

The Partnership expects to have sufficient liquidity, including cash on hand and available credit agreement borrowings, to continue to support long-term commitments and ongoing operations despite uncertainties associated with ongoing macroeconomic conditions including, among others, changes in consumer behavior resulting from the COVID-19 pandemic, the inflationary cost environment and ongoing energy commodity price volatility. The Partnership does not have any near-term senior note maturities. The Partnership cannot predict the duration or total magnitude of the uncertain economic factors mentioned above and the total effects they will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures.

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

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

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

The Partnership's cash and cash equivalents at June 30, 2023 and September 30, 2022 were $28 million and $11 million, respectively. The Partnership's debt outstanding at June 30, 2023, totaled $2,384 million. The Partnership's debt outstanding at September 30, 2022 totaled $2,694 million (including short-term borrowings of $131 million). There were no current maturities of long-term debt at June 30, 2023 and September 30, 2022. Total long-term debt outstanding at June 30, 2023, including current maturities, comprises $2,400 million of AmeriGas Partners' senior notes and is net of $16 million of unamortized debt issuance costs.

At June 30, 2023, there were no borrowings outstanding under the 2022 AmeriGas OLP Credit Agreement. Issued and outstanding letters of credit under the 2022 AmeriGas OLP Credit Agreement, which reduce the amounts available for borrowings, totaled $2 million at June 30, 2023. At June 30, 2023, the Partnership's available borrowing capacity under the 2022 AmeriGas OLP Credit Agreement was $598 million. The average daily and peak short-term borrowings outstanding under the 2022 AmeriGas OLP Credit Agreement during the 2023 nine-month period were $105 million and $242 million, respectively. The average daily and peak short-term borrowings outstanding under the AmeriGas OLP Credit Agreement during the 2022 nine-month period were $203 million and $388 million, respectively.

Cash Flows

Operating activities. Due to the seasonal nature of the Partnership's business, cash flows from operating activities are generally greatest during the second and third fiscal quarters when customers pay for propane consumed during the heating-season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Partnership's investment in working capital, principally accounts receivable and inventories, is generally greatest. The Partnership may use its 2022 AmeriGas OLP Credit Agreement to satisfy its seasonal operating cash flow needs.

Cash flow provided by operating activities was $159 million in the 2023 nine-month period compared to cash flow provided by operating activities of $183 million in the 2022 nine-month period. Cash flow from operating activities before changes in operating working capital was $236 million in the 2023 nine-month period compared to $305 million in the prior-year period. The lower cash flow from operating activities before changes in operating working capital principally reflects the decrease in operating results in the 2023 nine-month period. Cash used to fund changes in operating working capital was $77 million in the 2023 nine-month period compared to cash used of $122 million in the 2022 nine-month period. This decrease in cash used to fund changes in operating working capital reflects, among other things, the effects on changes in accounts receivable, inventories and accounts payable due in large part to the lower volumes sold and lower propane commodity prices.

Investing activities. Investing activity cash flow principally comprises expenditures for property, plant and equipment and proceeds from disposals of assets. Cash flow used by investing activities was $73 million in the 2023 nine-month period compared with cash used of $78 million in the prior-year period. This decrease primarily reflects a slight decrease in capital expenditures during the 2023 nine-month period.

Financing activities. Financing activity cash flow principally comprises cash contributions and distributions, issuances and repayments of long-term debt, and short-term borrowings/repayments. Cash used by financing activities was $69 million in the 2023 nine-month period, slightly lower than the $108 million of cash used by financing activities in the prior-year period. Financing activity cash flows in the 2023 nine-month period includes cash flows associated with the issuance during the 2023 three-month period of $500 million principal amount of 9.375% AmeriGas Partners Senior Notes and the repayment of $675 million principal amount of 5.625% Senior Notes pursuant to a tender offer as described above and in Note 5 to Condensed Consolidated Financial Statements. Financing cash flows in the 2023 nine-month period also include capital contributions received in March and April associated with the equity cure provisions of the 2022 OLP Credit Agreement and additional cash contributions to fund a portion of the 5.65% Senior Note repayment.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary financial market risks include commodity prices for propane. 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 pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership 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 the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions.

In addition, the Partnership from time to time enters into diesel swap contracts for a portion of diesel volumes expected to be used in the operation of vehicles and equipment. The Partnership also enters into steel swaps to reduce price volatility associated with its portable cylinder purchases. The volumes associated with diesel and steel swap contracts were not material for all periods presented.

The fair value of unsettled commodity price risk sensitive instruments at June 30, 2023, was a net loss of $67 million. A hypothetical 10% adverse change in the market price of certain commodities would result in a decrease in such fair value of approximately $26 million.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise major energy companies and major U.S. 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. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of June 30, 2023, 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 $7 million. At June 30, 2023 the Partnership had received no cash collateral from derivative instrument counterparties. 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 our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At June 30, 2023, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

CONTROLS AND PROCEDURES

(a) Material Weaknesses in Internal Control Over Financial Reporting

The General Partner's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Partnership in this Quarterly Report is (i) recorded, processed, summarized, and reported within the time periods specified in the indentures, and (ii) accumulated and communicated to our management, including the President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The General Partner's management, with the participation of the General Partner's President and Chief Financial Officer, evaluated the effectiveness of the Partnership's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the President and Chief Financial Officer concluded that the Partnership's internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America as of June 30, 2023 due to the material weaknesses in internal control described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the partnership's annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified a material weakness in our internal control over financial reporting related to the design and operation of management's controls over the oversight and review of certain key reconciliations, the results of which is discussed in *Note 2 - Summary of Significant Accounting Policies – Restatement of Previously Issued Financial Statements.*

Remediation of Material Weaknesses

The Partnership acknowledges that its management is responsible for establishing and maintaining adequate internal control over financial reporting and assessing the effectiveness of its internal controls. The Partnership is committed to maintaining a strong internal control environment and implementing measures to ensure that the control deficiency identified above is remediated as soon as possible. Management is in the process of implementing its remediation plan, which includes augmenting existing staff and strengthen the review process. The Partnership will consider the material weakness remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

(b) Evaluation of Disclosure Controls and Procedures

The Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

(c) Change in Internal Control over Financial Reporting

Except with respect to the material weakness described herein, there were no change in the Partnership's internal control over financial reporting occurred during the Partnership's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

LEGAL PROCEEDINGS

The information set forth in Note 6, Commitments and Contingencies to our Condensed Consolidated Financial Statements included in this Report, is incorporated herein by reference.

RISK FACTORS

In addition to the information presented in this Report, you should carefully consider the factors discussed in "Risk Factors" in our 2022 Annual Report and the Quarterly Report for the fiscal quarter ended December 31, 2022, which could materially affect our business, financial condition or future results. The risks described in our 2022 Annual Report and the Quarterly Report for the fiscal quarter ended December 31, 2022, are not the only risks facing the Partnership. Other unknown or unpredictable factors could also have material adverse effects on future results.

EXHIBIT INDEX

31.1	Certification by the President.
31.2	Certification by the Chief Financial Officer.
32	Certification by the President and the Chief Financial Officer.

SIGNATURES

The Partnership has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIGAS PARTNERS, L.P.

By: AmeriGas Propane, Inc.
Its General Partner

Date: August 8, 2023	By: /s/ Raymond J. Kaszuba Raymond J. Kaszuba Vice President - Finance and Chief Financial Officer (Principal Financial Officer)
Date: August 8, 2023	By: /s/ Joshua Hobson Joshua Hobson Controller and Chief Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Robert F. Beard, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’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 Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:

   (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 Company’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 Company’s internal control over financial reporting.

Date: August 8, 2023

/s/ Robert F. Beard

Robert F. Beard

President of AmeriGas Propane, Inc.

Exhibit 31.2

CERTIFICATION

I, Raymond Kaszuba, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:

   (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 Company’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 Company’s internal control over financial reporting.

Date: August 8, 2023

/s/ Raymond Kaszuba

Raymond Kaszuba

Chief Financial Officer

Exhibit 32

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

I, Robert F. Beard, President, and I, Raymond Kaszuba, Chief Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the "Company"), hereby certify that to our knowledge:

(1) The Company's quarterly for the period ended June 30, 2023 (the "Quarterly Report") fully complies, in all material respects, with the requirements of the indentures; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

PRESIDENT	CHIEF FINANCIAL OFFICER
/s/ Robert F. Beard	/s/ Raymond Kaszuba
Robert F. Beard	Raymond Kaszuba
Date August 8, 2023	Date: August 8, 2023