

ATMOS ENERGY CORP

FORM 10-Q (Quarterly Report)

Filed 08/06/25 for the Period Ending 06/30/25

Address	1800 THREE LINCOLN CTR 5430 LBJ FREEWAY DALLAS, TX, 75240
Telephone	9729349227
CIK	0000731802
Symbol	ATO
SIC Code	4924 - Natural Gas Distribution
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2025

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 1-10042

Atmos Energy Corporation

(Exact name of registrant as specified in its charter)

Texas and Virginia
(State or other jurisdiction of
incorporation or organization)

75-1743247
(IRS employer
identification no.)

1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas Texas
(Address of principal executive offices)

75240
(Zip code)

(972) 934-9227
(Registrant's telephone number, including area code)

Title of each class
Common stock No Par Value

Trading Symbol
ATO

Name of each exchange on which registered
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, 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. (Check one): 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 ☒

Number of shares outstanding of each of the issuer's classes of common stock, as of August 1, 2025.

Class
Common stock No Par Value

Shares Outstanding
160,523,571

GLOSSARY OF KEY TERMS

AEC	Atmos Energy Corporation
AEK	Atmos Energy Kansas Securitization I, LLC
AOCI	Accumulated other comprehensive income
ARM	Annual Rate Mechanism
ASC	Accounting Standards Codification
Bcf	Billion cubic feet
DARR	Dallas Annual Rate Review
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GRIP	Gas Reliability Infrastructure Program
GSRS	Gas System Reliability Surcharge
KCC	Kansas Corporation Commission
Mcf	Thousand cubic feet
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
PRP	Pipeline Replacement Program
RRC	Railroad Commission of Texas
RRM	Rate Review Mechanism
RSC	Rate Stabilization Clause
S&P	Standard & Poor's Corporation
SAVE	Steps to Advance Virginia Energy
SEC	United States Securities and Exchange Commission
Securitized Utility Tariff Bonds	Series 2023-A Senior Secured Securitized Utility Tariff Bonds
Securitized Utility Tariff Property	As defined in the financing order issued by the KCC in October 2022
SIP	System Integrity Program
SIR	System Integrity Rider
SOFR	Secured Overnight Financing Rate
SRF	Stable Rate Filing
SSIR	System Safety and Integrity Rider
TCJA	Tax Cuts and Jobs Act of 2017
WNA	Weather Normalization Adjustment

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2025	September 30, 2024
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Property, plant and equipment	\$ 28,287,941	\$ 25,848,083
Less accumulated depreciation and amortization	3,909,798	3,643,716
Net property, plant and equipment	24,378,143	22,204,367
Current assets		
Cash and cash equivalents	709,378	307,340
Restricted cash and cash equivalents	4,223	1,516
Cash and cash equivalents and restricted cash and cash equivalents	713,601	308,856
Accounts receivable, net	399,533	365,882
Gas stored underground	139,082	169,508
Other current assets	299,756	288,068
Total current assets	1,551,972	1,132,314
Securitized intangible asset, net (See Note 9)	77,246	82,844
Goodwill	731,257	731,257
Deferred charges and other assets	973,909	1,043,683
	\$ 27,712,527	\$ 25,194,465
CAPITALIZATION AND LIABILITIES		
Shareholders' equity		
Common stock, no par value (stated at \$0.005 per share); 200,000,000 shares authorized; issued and outstanding: June 30, 2025 — 160,521,011 shares; September 30, 2024 — 155,258,845 shares	\$ 803	\$ 776
Additional paid-in capital	8,078,905	7,474,559
Accumulated other comprehensive income	477,960	465,715
Retained earnings	4,828,170	4,216,619
Shareholders' equity	13,385,838	12,157,669
Long-term debt, net	8,907,983	7,783,646
Securitized long-term debt (See Note 9)	72,609	76,871
Total capitalization	22,366,430	20,018,186
Current liabilities		
Accounts payable and accrued liabilities	397,564	445,397
Other current liabilities	712,725	750,620
Current maturities of long-term debt	11,743	1,651
Current maturities of securitized long-term debt (See Note 9)	8,418	8,207
Total current liabilities	1,130,450	1,205,875
Deferred income taxes	2,856,784	2,593,342
Regulatory excess deferred taxes	133,627	177,315
Regulatory cost of removal obligation	529,760	507,815
Deferred credits and other liabilities	695,476	691,932
	\$ 27,712,527	\$ 25,194,465

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30	
	2025	2024
	(Unaudited) (In thousands, except per share data)	
Operating revenues		
Distribution segment	\$ 767,132	\$ 633,211
Pipeline and storage segment	272,388	250,680
Intersegment eliminations	(200,746)	(182,342)
Total operating revenues	838,774	701,549
Purchased gas cost		
Distribution segment	255,883	179,510
Pipeline and storage segment	(1,548)	(19)
Intersegment eliminations	(200,495)	(182,084)
Total purchased gas cost	53,840	(2,593)
Operation and maintenance expense	222,100	211,309
Depreciation and amortization expense	185,786	166,827
Taxes, other than income	124,981	105,739
Operating income	252,067	220,267
Other non-operating income	20,100	19,898
Interest charges	41,537	41,160
Income before income taxes	230,630	199,005
Income tax expense	44,201	33,441
Net income	\$ 186,429	\$ 165,564
Basic net income per share	\$ 1.17	\$ 1.08
Diluted net income per share	\$ 1.16	\$ 1.08
Cash dividends per share	\$ 0.870	\$ 0.805
Basic weighted average shares outstanding	159,285	153,309
Diluted weighted average shares outstanding	161,171	153,396
Net income	\$ 186,429	\$ 165,564
Other comprehensive income (loss), net of tax		
Net unrealized holding gains (losses) on available-for-sale securities, net of tax of \$9 and \$(1)	31	(4)
Cash flow hedges:		
Amortization and unrealized gains on interest rate agreements, net of tax of \$394 and \$4,173	1,378	14,436
Total other comprehensive income	1,409	14,432
Total comprehensive income	\$ 187,838	\$ 179,996

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine Months Ended June 30	
	2025	2024
	(Unaudited) (In thousands, except per share data)	
Operating revenues		
Distribution segment	\$ 3,758,995	\$ 3,327,730
Pipeline and storage segment	786,777	685,336
Intersegment eliminations	(580,497)	(505,823)
Total operating revenues	3,965,275	3,507,243
Purchased gas cost		
Distribution segment	1,647,490	1,464,815
Pipeline and storage segment	(638)	825
Intersegment eliminations	(579,731)	(505,069)
Total purchased gas cost	1,067,121	960,571
Operation and maintenance expense	662,440	577,553
Depreciation and amortization expense	549,069	496,522
Taxes, other than income	346,159	302,235
Operating income	1,340,486	1,170,362
Other non-operating income	68,906	54,471
Interest charges	144,476	148,477
Income before income taxes	1,264,916	1,076,356
Income tax expense	241,053	167,477
Net income	\$ 1,023,863	\$ 908,879
Basic net income per share	\$ 6.47	\$ 6.00
Diluted net income per share	\$ 6.40	\$ 6.00
Cash dividends per share	\$ 2.610	\$ 2.415
Basic weighted average shares outstanding	158,245	151,459
Diluted weighted average shares outstanding	159,798	151,497
Net income	\$ 1,023,863	\$ 908,879
Other comprehensive income (loss), net of tax		
Net unrealized holding gains (losses) on available-for-sale securities, net of tax of \$(13) and \$70	(34)	242
Cash flow hedges:		
Amortization and unrealized gains (losses) on interest rate agreements, net of tax of \$2,264 and \$(2,496)	12,279	(8,638)
Total other comprehensive income (loss)	12,245	(8,396)
Total comprehensive income	\$ 1,036,108	\$ 900,483

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended June 30	
	2025	2024
	(Unaudited) (In thousands)	
Cash Flows From Operating Activities		
Net income	\$ 1,023,863	\$ 908,879
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	549,069	496,522
Deferred income taxes	214,609	138,658
Other	(49,402)	(39,418)
Net assets / liabilities from risk management activities	(1,966)	2,292
Net change in other operating assets and liabilities	(34,841)	(103,869)
Net cash provided by operating activities	1,701,332	1,403,064
Cash Flows From Investing Activities		
Capital expenditures	(2,597,787)	(2,129,137)
Debt and equity securities activities, net	(2,348)	(1,701)
Other, net	6,469	11,744
Net cash used in investing activities	(2,593,666)	(2,119,094)
Cash Flows From Financing Activities		
Net decrease in short-term debt	—	(241,933)
Net proceeds from equity issuances	568,603	749,987
Issuance of common stock through stock purchase and employee retirement plans	11,532	11,390
Proceeds from issuance of long-term debt	1,143,447	1,240,204
Repayment of securitized long-term debt by AEK	(4,051)	(5,738)
Cash dividends paid	(412,312)	(366,719)
Debt issuance costs	(10,140)	(11,147)
Net cash provided by financing activities	1,297,079	1,376,044
Net increase in cash and cash equivalents and restricted cash and cash equivalents	404,745	660,014
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	308,856	19,248
Cash and cash equivalents and restricted cash and cash equivalents at end of period	\$ 713,601	\$ 679,262

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 30, 2025

1. Nature of Business

Atmos Energy Corporation (“Atmos Energy” or the “Company”) and its subsidiaries are engaged in the regulated natural gas distribution and pipeline and storage businesses. Our distribution business is subject to federal and state regulation and/or regulation by local authorities in each of the states in which our regulated divisions and subsidiaries operate.

Our distribution business delivers natural gas through sales and transportation arrangements to over 3.3 million residential, commercial, public authority, and industrial customers through our six regulated distribution divisions, which at June 30, 2025, covered service areas located in eight states.

Our pipeline and storage business, which is also subject to federal and state regulations, includes the transportation of natural gas to our Texas and Louisiana distribution systems and the management of our underground storage facilities used to support our distribution business in various states.

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated interim-period financial statements have been prepared in accordance with accounting principles generally accepted in the United States on the same basis as those used for the Company’s audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. In the opinion of management, all material adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been made to the unaudited consolidated interim-period financial statements. These consolidated interim-period financial statements are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited consolidated financial statements of Atmos Energy Corporation included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. Because of seasonal and other factors, the results of operations for the nine-month period ended June 30, 2025 are not indicative of our results of operations for the full 2025 fiscal year, which ends September 30, 2025.

Significant accounting policies

Our accounting policies are described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

During the second quarter of fiscal 2025, we completed our annual goodwill impairment assessment using a qualitative assessment, as permitted under U.S. GAAP. We test for goodwill at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit. Based on the assessment performed, we determined that our goodwill was not impaired.

No events have occurred subsequent to the balance sheet date that would require recognition or disclosure in the condensed consolidated financial statements.

Recently issued accounting pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued guidance which provides updates to qualitative and quantitative reportable segment disclosure requirements, including enhanced disclosures about significant segment expenses and increased interim disclosure requirements, among others. The amendment is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted, and the amendments should be applied retrospectively. This amendment will be effective for our Form 10-K for fiscal 2025 and our Form 10-Q for the first quarter of fiscal 2026. We are currently evaluating the impact this may have on our financial statement disclosures.

In December 2023, the FASB issued guidance which provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. The amendment is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is also permitted. This amendment will be effective for our Form 10-K for fiscal 2026. We are currently evaluating the impact this amendment may have on our financial statement disclosures.

In November 2024, the FASB issued guidance that will require more detailed information about the types of expenses in commonly presented expense captions. The amendment is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. This amendment will be effective for our Form 10-K for fiscal 2028 and our Form 10-Q for the first quarter of fiscal 2029. We are currently evaluating the impact this may have on our financial statement disclosures.

3. Regulation

Accounting principles generally accepted in the United States require cost-based, rate-regulated entities that meet certain criteria to reflect the authorized recovery of costs due to regulatory decisions in their financial statements. As a result, certain costs are permitted to be capitalized rather than expensed because they can be recovered through rates. We record certain costs as regulatory assets when future recovery through customer rates is considered probable. Regulatory liabilities are recorded when it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process. Substantially all of our regulatory assets are recorded as a component of other current assets and deferred charges and other assets and our regulatory liabilities are recorded as a component of other current liabilities and deferred credits and other liabilities. Deferred gas costs are recorded either in other current assets or liabilities.

Regulatory assets and liabilities as of June 30, 2025 and September 30, 2024 included the following:

	June 30, 2025	September 30, 2024
	(In thousands)	
Regulatory assets:		
Pension and postretirement benefit costs	\$ 820	\$ 11,243
Infrastructure mechanisms ⁽¹⁾	252,035	246,734
Winter Storm Uri incremental costs	6,343	10,373
Deferred gas costs	36,623	159,762
Regulatory excess deferred taxes ⁽²⁾	50,154	51,380
Recoverable loss on reacquired debt	2,945	3,070
Deferred pipeline record collection costs	38,021	41,742
System Safety and Integrity Riders ⁽³⁾	43,332	38,632
Other	11,979	16,454
	<u>\$ 442,252</u>	<u>\$ 579,390</u>
Regulatory liabilities:		
Regulatory excess deferred taxes ⁽²⁾	\$ 209,166	\$ 257,001
Regulatory cost of removal obligation	635,389	607,032
Deferred gas costs	14,643	9,142
APT annual adjustment mechanism	84,426	73,119
Pension and postretirement benefit costs	230,948	247,250
Other	44,218	34,338
	<u>\$ 1,218,790</u>	<u>\$ 1,227,882</u>

(1) Infrastructure mechanisms in Texas, Louisiana, and Tennessee allow for the deferral of all eligible expenses associated with capital expenditures incurred pursuant to these rules, including the recording of interest on deferred expenses until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recoverable through base rates.

(2) Regulatory excess deferred taxes represent changes in our net deferred tax liability related to our cost of service ratemaking due to the enactment of Tax Cuts and Jobs Act of 2017 (the "TCJA"), a Kansas legislative change enacted in fiscal 2020, and a Louisiana legislative change enacted in fiscal 2025. See Note 12 to the condensed consolidated financial statements for further information.

(3) In our APT and West Texas Divisions and portions of our Mid-Tex Division, the RRC has approved the deferral of certain system safety and integrity costs incurred in excess of a specified benchmark. These costs are eligible for recovery in a future filing after such costs are approved by the RRC.

We deferred \$32.4 million in carrying costs incurred after September 1, 2022 associated with interim financing for gas costs incurred in February 2021 during Winter Storm Uri. During fiscal 2024, we recovered \$22.0 million of this amount. During the first nine months of fiscal 2025, we have recovered \$4.1 million of this amount. The remaining \$6.3 million has been recorded as a current asset in other current assets as of June 30, 2025.

4. Segment Information

We manage and review our consolidated operations through the following reportable segments:

- The *distribution segment* is comprised of our regulated natural gas distribution and related sales operations in eight states.
- The *pipeline and storage segment* is comprised primarily of the regulated pipeline and storage operations of our Atmos Pipeline-Texas division and our natural gas transmission operations in Louisiana.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies found in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

Income statements and capital expenditures for the three and nine months ended June 30, 2025 and 2024 by segment are presented in the following tables:

	Three Months Ended June 30, 2025			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 766,380	\$ 72,394	\$ —	\$ 838,774
Intersegment revenues	752	199,994	(200,746)	—
Total operating revenues	767,132	272,388	(200,746)	838,774
Purchased gas cost	255,883	(1,548)	(200,495)	53,840
Operation and maintenance expense	166,744	55,607	(251)	222,100
Depreciation and amortization expense	137,106	48,680	—	185,786
Taxes, other than income	111,933	13,048	—	124,981
Operating income	95,466	156,601	—	252,067
Other non-operating income	7,017	13,083	—	20,100
Interest charges	22,271	19,266	—	41,537
Income before income taxes	80,212	150,418	—	230,630
Income tax expense	9,731	34,470	—	44,201
Net income	\$ 70,481	\$ 115,948	\$ —	\$ 186,429
Capital expenditures	\$ 669,452	\$ 197,478	\$ —	\$ 866,930

Three Months Ended June 30, 2024				
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 632,446	\$ 69,103	\$ —	\$ 701,549
Intersegment revenues	765	181,577	(182,342)	—
Total operating revenues	633,211	250,680	(182,342)	701,549
Purchased gas cost	179,510	(19)	(182,084)	(2,593)
Operation and maintenance expense	153,140	58,427	(258)	211,309
Depreciation and amortization expense	122,912	43,915	—	166,827
Taxes, other than income	94,527	11,212	—	105,739
Operating income	83,122	137,145	—	220,267
Other non-operating income	11,452	8,446	—	19,898
Interest charges	22,550	18,610	—	41,160
Income before income taxes	72,024	126,981	—	199,005
Income tax expense	6,175	27,266	—	33,441
Net income	\$ 65,849	\$ 99,715	\$ —	\$ 165,564
Capital expenditures	\$ 587,062	\$ 126,549	\$ —	\$ 713,611

Nine Months Ended June 30, 2025				
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 3,756,691	\$ 208,584	\$ —	\$ 3,965,275
Intersegment revenues	2,304	578,193	(580,497)	—
Total operating revenues	3,758,995	786,777	(580,497)	3,965,275
Purchased gas cost	1,647,490	(638)	(579,731)	1,067,121
Operation and maintenance expense	503,145	160,061	(766)	662,440
Depreciation and amortization expense	405,279	143,790	—	549,069
Taxes, other than income	307,849	38,310	—	346,159
Operating income	895,232	445,254	—	1,340,486
Other non-operating income	30,545	38,361	—	68,906
Interest charges	86,607	57,869	—	144,476
Income before income taxes	839,170	425,746	—	1,264,916
Income tax expense	147,833	93,220	—	241,053
Net income	\$ 691,337	\$ 332,526	\$ —	\$ 1,023,863
Capital expenditures	\$ 1,889,954	\$ 707,833	\$ —	\$ 2,597,787

	Nine Months Ended June 30, 2024			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 3,325,459	\$ 181,784	\$ —	\$ 3,507,243
Intersegment revenues	2,271	503,552	(505,823)	—
Total operating revenues	3,327,730	685,336	(505,823)	3,507,243
Purchased gas cost	1,464,815	825	(505,069)	960,571
Operation and maintenance expense	435,711	142,596	(754)	577,553
Depreciation and amortization expense	363,981	132,541	—	496,522
Taxes, other than income	273,430	28,805	—	302,235
Operating income	789,793	380,569	—	1,170,362
Other non-operating income	26,650	27,821	—	54,471
Interest charges	93,915	54,562	—	148,477
Income before income taxes	722,528	353,828	—	1,076,356
Income tax expense	92,550	74,927	—	167,477
Net income	\$ 629,978	\$ 278,901	\$ —	\$ 908,879
Capital expenditures	\$ 1,659,217	\$ 469,920	\$ —	\$ 2,129,137

Balance sheet information at June 30, 2025 and September 30, 2024 by segment is presented in the following tables:

	June 30, 2025			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Net property, plant and equipment	\$ 18,010,431	\$ 6,367,712	\$ —	\$ 24,378,143
Total assets	\$ 26,806,555	\$ 6,705,835	\$ (5,799,863)	\$ 27,712,527

	September 30, 2024			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Net property, plant and equipment	\$ 16,372,659	\$ 5,831,708	\$ —	\$ 22,204,367
Total assets	\$ 24,328,877	\$ 6,181,558	\$ (5,315,970)	\$ 25,194,465

5. Earnings Per Share

We use the two-class method of computing earnings per share because we have participating securities in the form of non-vested restricted stock units with a nonforfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator. Basic weighted average shares outstanding is calculated based upon the weighted average number of common shares outstanding during the periods presented. Also, this calculation includes fully vested stock awards that have not yet been issued as common stock. Additionally, the weighted average shares outstanding for diluted EPS includes the incremental effects of the forward sale agreements, discussed in Note 8 to the condensed consolidated financial statements, when the impact is dilutive.

Basic and diluted earnings per share for the three and nine months ended June 30, 2025 and 2024 are calculated as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
(In thousands, except per share amounts)				
Basic Earnings Per Share				
Net income	\$ 186,429	\$ 165,564	\$ 1,023,863	\$ 908,879
Less: Income allocated to participating securities	87	87	422	490
Income available to common shareholders	\$ 186,342	\$ 165,477	\$ 1,023,441	\$ 908,389
Basic weighted average shares outstanding	159,285	153,309	158,245	151,459
Net income per share — Basic	\$ 1.17	\$ 1.08	\$ 6.47	\$ 6.00
Diluted Earnings Per Share				
Income available to common shareholders	\$ 186,342	\$ 165,477	\$ 1,023,441	\$ 908,389
Effect of dilutive shares	—	—	—	—
Income available to common shareholders	\$ 186,342	\$ 165,477	\$ 1,023,441	\$ 908,389
Basic weighted average shares outstanding	159,285	153,309	158,245	151,459
Dilutive shares	1,886	87	1,553	38
Diluted weighted average shares outstanding	161,171	153,396	159,798	151,497
Net income per share — Diluted	\$ 1.16	\$ 1.08	\$ 6.40	\$ 6.00

6. Revenue and Accounts Receivable

Revenue

Our revenue recognition policy is fully described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. The following tables disaggregate our revenue from contracts with customers by customer type and segment and provide a reconciliation to total operating revenues, including intersegment revenues, for the three and nine months ended June 30, 2025 and 2024.

	Three Months Ended June 30, 2025		Three Months Ended June 30, 2024	
	Distribution	Pipeline and Storage	Distribution	Pipeline and Storage
(In thousands)				
Gas sales revenues:				
Residential	\$ 473,478	\$ —	\$ 384,957	\$ —
Commercial	213,377	—	169,508	—
Industrial	27,369	—	21,160	—
Public authority and other	8,920	—	8,177	—
Total gas sales revenues	723,144	—	583,802	—
Transportation revenues	35,908	284,103	30,773	260,779
Miscellaneous revenues	3,326	4,656	2,681	7,592
Revenues from contracts with customers	762,378	288,759	617,256	268,371
Alternative revenue program revenues	1,438	(16,371)	11,997	(17,691)
Other revenues	3,316	—	3,958	—
Total operating revenues	\$ 767,132	\$ 272,388	\$ 633,211	\$ 250,680

	Nine Months Ended June 30, 2025		Nine Months Ended June 30, 2024	
	Distribution	Pipeline and Storage	Distribution	Pipeline and Storage
	(In thousands)			
Gas sales revenues:				
Residential	\$ 2,475,219	\$ —	\$ 2,177,935	\$ —
Commercial	959,539	—	851,462	—
Industrial	92,575	—	79,810	—
Public authority and other	45,722	—	43,881	—
Total gas sales revenues	3,573,055	—	3,153,088	—
Transportation revenues	115,987	816,646	102,147	699,243
Miscellaneous revenues	10,570	11,579	9,048	12,796
Revenues from contracts with customers	3,699,612	828,225	3,264,283	712,039
Alternative revenue program revenues	48,657	(41,448)	51,713	(26,703)
Other revenues	10,726	—	11,734	—
Total operating revenues	\$ 3,758,995	\$ 786,777	\$ 3,327,730	\$ 685,336

We have alternative revenue programs in each of our segments. In our distribution segment, we have weather-normalization adjustment mechanisms that serve to mitigate the effects of weather on our revenue. In our pipeline and storage segment, APT has a regulatory mechanism that requires that we share with its tariffed customers 75% of the difference between the total non-tariffed revenues earned during a test period and a revenue benchmark established by the RRC. Other revenues includes AEK revenues (see Note 9 to the condensed consolidated financial statements) and other miscellaneous revenues.

Accounts receivable and allowance for uncollectible accounts

Accounts receivable arise from natural gas sales to residential, commercial, industrial, public authority, and other customers. Our accounts receivable balance includes unbilled amounts which represent a customer's consumption of gas from the date of the last cycle billing through the last day of the month. Our policy related to the accounting for our accounts receivable and allowance for uncollectible accounts is fully described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. During the nine months ended June 30, 2025, there were no material changes to this policy. Rollforwards of our allowance for uncollectible accounts for the three and nine months ended June 30, 2025 and 2024 are presented in the table below. The allowance excludes the gas cost portion of customers' bills for approximately 89 percent of our customers as we have the ability to collect these gas costs through our gas cost recovery mechanisms in most of our jurisdictions.

In December 2023, the Mississippi Public Service Commission approved the recovery of uncollectible accounts through our purchased gas cost mechanism over a two-year period rather than through our annual filing mechanism over a one-year period. As a result of this decision, we recorded a \$13.9 million reduction to bad debt expense during the first quarter of fiscal 2024. Of this amount, \$9.7 million represents future recovery of customer receivables previously written off since April 2022 but not yet recovered through our rates. This amount increased our deferred gas cost regulatory asset. The remaining \$4.2 million reduction represents a reversal of our allowance for uncollectible accounts for customer balances that have not yet been written off.

	Three Months Ended June 30, 2025
	(In thousands)
Beginning balance, March 31, 2025	\$ 49,341
Current period provisions	1,771
Write-offs charged against allowance	(5,054)
Recoveries of amounts previously written off	302
Ending balance, June 30, 2025	\$ 46,360

	Three Months Ended June 30, 2024
	(In thousands)
Beginning balance, March 31, 2024	\$ 42,705
Current period provisions	3,575
Write-offs charged against allowance	(4,407)
Recoveries of amounts previously written off	286
Ending balance, June 30, 2024	<u>\$ 42,159</u>

	Nine Months Ended June 30, 2025
	(In thousands)
Beginning balance, September 30, 2024	\$ 37,056
Current period provisions	24,786
Write-offs charged against allowance	(17,263)
Recoveries of amounts previously written off	1,781
Ending balance, June 30, 2025	<u>\$ 46,360</u>

	Nine Months Ended June 30, 2024
	(In thousands)
Beginning balance, September 30, 2023	\$ 40,840
Current period provisions	23,122
Write-offs charged against allowance	(19,023)
Recoveries of amounts previously written off	1,412
Mississippi recovery of uncollectible accounts	(4,192)
Ending balance, June 30, 2024	<u>\$ 42,159</u>

7. Debt

The nature and terms of our debt instruments and credit facilities are described in detail in Note 8 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. Other than as described below, there were no material changes in the terms of our debt instruments during the nine months ended June 30, 2025.

Long-term debt at June 30, 2025 and September 30, 2024 consisted of the following:

	June 30, 2025	September 30, 2024
	(In thousands)	
Unsecured 3.00% Senior Notes, due June 2027	\$ 500,000	\$ 500,000
Unsecured 2.625% Senior Notes, due September 2029	500,000	500,000
Unsecured 1.50% Senior Notes, due January 2031	600,000	600,000
Unsecured 5.45% Senior Notes, due October 2032	300,000	300,000
Unsecured 5.90% Senior Notes, due November 2033	725,000	725,000
Unsecured 5.95% Senior Notes, due October 2034	200,000	200,000
Unsecured 5.20% Senior Notes, due August 2035	500,000	—
Unsecured 5.50% Senior Notes, due June 2041	400,000	400,000
Unsecured 4.15% Senior Notes, due January 2043	500,000	500,000
Unsecured 4.125% Senior Notes, due October 2044	750,000	750,000
Unsecured 4.30% Senior Notes, due October 2048	600,000	600,000
Unsecured 4.125% Senior Notes, due March 2049	450,000	450,000
Unsecured 3.375% Senior Notes, due September 2049	500,000	500,000
Unsecured 2.85% Senior Notes, due February 2052	600,000	600,000
Unsecured 5.75% Senior Notes, due October 2052	500,000	500,000
Unsecured 6.20% Senior Notes, due November 2053	500,000	500,000
Unsecured 5.00% Senior Notes, due December 2054	650,000	—
Medium-term note Series A, 1995-1, 6.67%, due December 2025	10,000	10,000
Unsecured 6.75% Debentures, due July 2028	150,000	150,000
Finance lease obligations	47,658	48,890
Total long-term debt	8,982,658	7,833,890
Less:		
Original issue premium on unsecured senior notes and debentures	(1,591)	(9,071)
Debt issuance cost	64,523	57,664
Current maturities of long-term debt	11,743	1,651
Total long-term debt, net	\$ 8,907,983	\$ 7,783,646

On October 1, 2024, we completed a public offering of \$650 million of 5.00% senior notes due December 2054, with an effective interest rate of 3.90%, after giving effect to the offering costs and settlement of our interest rate swaps. The net proceeds from the offering, after the underwriting discount and offering expenses, of \$639.4 million were used for general corporate purposes.

On June 26, 2025, we completed a public offering of \$500 million of 5.20% senior notes due August 2035, with an effective interest rate of 5.35%, after giving effect to the estimated offering costs. The net proceeds from the offering, after the underwriting discount and offering expenses, of \$493.9 million were used for general corporate purposes.

Short-term debt

We utilize short-term debt to provide cost-effective, short-term financing until it can be replaced with a balance of long-term debt and equity financing that achieves the Company's desired capital structure. Our short-term borrowing requirements are driven primarily by construction work in progress and the seasonal nature of the natural gas business.

Our short-term borrowing requirements are satisfied through a combination of a \$1.5 billion commercial paper program and four committed revolving credit facilities with third-party lenders that provide \$3.1 billion of total working capital funding.

Our commercial paper program is supported by a five-year unsecured \$1.5 billion credit facility. On March 31, 2025, we elected to extend the maturity date from March 28, 2029 to March 28, 2030. This facility bears interest at a base rate or at a

Term SOFR-based rate for the applicable interest period, plus a margin ranging from zero percent to 0.25 percent for base rate advances or a margin ranging from 0.75 percent to 1.25 percent for Term SOFR-based advances, based on the Company's credit ratings. Additionally, the facility contains a \$250 million accordion feature, which provides the opportunity to increase the total committed loan to \$1.75 billion. At June 30, 2025 and September 30, 2024, there were no amounts outstanding under our commercial paper program.

We also have a \$1.5 billion three-year unsecured revolving credit facility that is used to provide additional working capital funding. On March 31, 2025, we elected to extend the maturity date from March 28, 2027 to March 28, 2028. This facility bears interest at a base rate or at a Term SOFR-based rate for the applicable interest period, plus a margin ranging from zero percent to 0.25 percent for base rate advances or a margin ranging from 0.75 percent to 1.25 percent for Term SOFR-based advances, based on the Company's credit ratings. Additionally, the facility contains a \$250 million accordion feature, which provides the opportunity to increase the total committed loan to \$1.75 billion. At June 30, 2025 and September 30, 2024, there were no borrowings outstanding under this facility.

Additionally, we have a \$50 million 364-day unsecured facility, which was renewed April 1, 2025 and is used to provide working capital funding. There were no borrowings outstanding under this facility as of June 30, 2025 and September 30, 2024.

Finally, we have a \$50 million 364-day unsecured revolving credit facility, which was renewed March 31, 2025 and is used to issue letters of credit and to provide working capital funding. At June 30, 2025, there were no borrowings outstanding under this facility; however, outstanding letters of credit reduced the total amount available to us to \$44.4 million.

Debt covenants

The availability of funds under these credit facilities is subject to conditions specified in the respective credit agreements, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in these agreements. We are required by the financial covenants in each of these facilities to maintain, at the end of each fiscal quarter, a ratio of total-debt-to-total-capitalization of no greater than 70 percent. At June 30, 2025, our total-debt-to-total-capitalization ratio, as defined in the agreements, was 41 percent. In addition, both the interest margin and the fee that we pay on unused amounts under certain of these facilities are subject to adjustment depending upon our credit ratings.

These credit facilities and our public indentures contain usual and customary covenants for our business, including covenants substantially limiting liens, substantial asset sales, and mergers. Additionally, our public debt indentures relating to our senior notes and debentures, as well as certain of our revolving credit agreements, each contain a default provision that is triggered if outstanding indebtedness arising out of any other credit agreements in amounts ranging from in excess of \$15 million to in excess of \$100 million becomes due by acceleration or if not paid at maturity. We were in compliance with all of our debt covenants as of June 30, 2025. If we were unable to comply with our debt covenants, we would likely be required to repay our outstanding balances on demand, provide additional collateral or take other corrective actions.

8. Shareholders' Equity

The following tables present a reconciliation of changes in stockholders' equity for the three and nine months ended June 30, 2025 and 2024.

	Common stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value	Additional Paid-in Capital			
	(In thousands, except share and per share data)					
Balance, September 30, 2024	155,258,845	\$ 776	\$ 7,474,559	\$ 465,715	\$ 4,216,619	\$ 12,157,669
Net income	—	—	—	—	351,858	351,858
Other comprehensive income	—	—	—	16,423	—	16,423
Cash dividends (\$0.87 per share)	—	—	—	—	(135,453)	(135,453)
Common stock issued:						
Public and other stock offerings	3,329,358	17	383,520	—	—	383,537
Stock-based compensation plans	137,862	1	6,446	—	—	6,447
Balance, December 31, 2024	158,726,065	794	7,864,525	482,138	4,433,024	12,780,481
Net income	—	—	—	—	485,576	485,576
Other comprehensive loss	—	—	—	(5,587)	—	(5,587)
Cash dividends (\$0.87 per share)	—	—	—	—	(138,416)	(138,416)
Common stock issued:						
Public and other stock offerings	26,367	—	3,841	—	—	3,841
Stock-based compensation plans	82,691	—	12,070	—	—	12,070
Balance, March 31, 2025	158,835,123	794	7,880,436	476,551	4,780,184	13,137,965
Net income	—	—	—	—	186,429	186,429
Other comprehensive income	—	—	—	1,409	—	1,409
Cash dividends (\$0.87 per share)	—	—	—	—	(138,443)	(138,443)
Common stock issued:						
Public and other stock offerings	1,630,943	8	192,749	—	—	192,757
Stock-based compensation plans	54,945	1	5,720	—	—	5,721
Balance, June 30, 2025	160,521,011	\$ 803	\$ 8,078,905	\$ 477,960	\$ 4,828,170	\$ 13,385,838

	Common stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
(In thousands, except share and per share data)						
Balance, September 30, 2023	148,492,783	\$ 742	\$ 6,684,120	\$ 518,528	\$ 3,666,674	\$ 10,870,064
Net income	—	—	—	—	311,292	311,292
Other comprehensive loss	—	—	—	(49,936)	—	(49,936)
Cash dividends (\$0.805 per share)	—	—	—	—	(119,898)	(119,898)
Common stock issued:						
Public and other stock offerings	2,177,864	11	257,757	—	—	257,768
Stock-based compensation plans	163,750	1	3,918	—	—	3,919
Balance, December 31, 2023	150,834,397	754	6,945,795	468,592	3,858,068	11,273,209
Net income	—	—	—	—	432,023	432,023
Other comprehensive income	—	—	—	27,108	—	27,108
Cash dividends (\$0.805 per share)	—	—	—	—	(121,667)	(121,667)
Common stock issued:						
Public and other stock offerings	34,687	—	4,025	—	—	4,025
Stock-based compensation plans	5,468	—	3,941	—	—	3,941
Balance, March 31, 2024	150,874,552	754	6,953,761	495,700	4,168,424	11,618,639
Net income	—	—	—	—	165,564	165,564
Other comprehensive income	—	—	—	14,432	—	14,432
Cash dividends (\$0.805 per share)	—	—	—	—	(125,154)	(125,154)
Common stock issued:						
Public and other stock offerings	4,288,217	22	499,562	—	—	499,584
Stock-based compensation plans	66,255	—	10,011	—	—	10,011
Balance, June 30, 2024	155,229,024	\$ 776	\$ 7,463,334	\$ 510,132	\$ 4,208,834	\$ 12,183,076

Shelf Registration, At-the-Market Equity Sales Program and Equity Issuances

We have a shelf registration statement on file with the Securities and Exchange Commission (SEC) that allows us to issue up to \$8.0 billion in common stock and/or debt securities, which expires December 3, 2027. At June 30, 2025, \$5.8 billion of securities were available for issuance under this shelf registration statement.

We also have an at-the-market (ATM) equity sales program under which we may issue and sell shares of our common stock up to an aggregate offering price of \$1.7 billion through December 3, 2027 (including shares of common stock that may be sold pursuant to forward sale agreements entered into concurrently with the ATM equity sales program).

During the nine months ended June 30, 2025, we executed forward sales under our ATM equity sales program with various forward sellers who borrowed and sold 5,967,768 shares of our common stock at an aggregate price of \$871.5 million. During the nine months ended June 30, 2025, we also settled forward sale agreements with respect to 4,907,436 shares that had been borrowed and sold by various forward sellers under the ATM program for net proceeds of \$568.6 million. As of June 30, 2025, \$828.5 million of equity was available for issuance under our existing ATM program. Additionally, we had \$1.7 billion in available proceeds from outstanding forward sale agreements, as detailed below.

Maturity	Shares Available	Net Proceeds Available (In thousands)	Forward Price
December 31, 2025	2,184,204	\$ 278,186	\$ 127.36
March 31, 2026	3,627,033	464,239	\$ 127.99
June 30, 2026	669,043	89,359	\$ 133.56
December 31, 2026	3,392,352	474,012	\$ 139.73
March 31, 2027	2,477,820	378,610	\$ 152.80
Total	12,350,452	\$ 1,684,406	\$ 136.38

Accumulated Other Comprehensive Income (Loss)

We record deferred gains (losses) in AOCI related to available-for-sale debt securities and interest rate agreement cash flow hedges. Deferred gains (losses) for our available-for-sale debt securities are recognized in earnings upon settlement, while deferred gains (losses) related to our interest rate agreement cash flow hedges are recognized in earnings on a straight-line basis over the life of the related financing. The following tables provide the components of our accumulated other comprehensive income (loss) balances, net of the related tax effects allocated to each component of other comprehensive income (loss).

	Available- for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Total
	(In thousands)		
September 30, 2024	\$ 213	\$ 465,502	\$ 465,715
Other comprehensive income (loss) before reclassifications	(34)	23,400	23,366
Amounts reclassified from accumulated other comprehensive income	—	(11,121)	(11,121)
Net current-period other comprehensive income (loss)	(34)	12,279	12,245
June 30, 2025	\$ 179	\$ 477,781	\$ 477,960

	Available- for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Total
	(In thousands)		
September 30, 2023	\$ (369)	\$ 518,897	\$ 518,528
Other comprehensive income (loss) before reclassifications	242	(1,165)	(923)
Amounts reclassified from accumulated other comprehensive income	—	(7,473)	(7,473)
Net current-period other comprehensive income (loss)	242	(8,638)	(8,396)
June 30, 2024	\$ (127)	\$ 510,259	\$ 510,132

9. Securitization

Kansas

Atmos Energy Kansas Securitization I, LLC (AEK), a special-purpose entity wholly owned by Atmos Energy, was formed for the purpose of issuing securitized bonds to recover extraordinary costs incurred during Winter Storm Uri in February 2021. In June 2023, AEK completed a public offering of \$95 million of Securitized Utility Tariff Bonds. AEK's assets cannot be used to settle Atmos Energy's obligations, and the holders of the Securitized Utility Tariff Bonds have no recourse against Atmos Energy.

As described in Note 10 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, AEK is considered to be a variable interest entity. As a result, AEK is included in the condensed consolidated financial statements of Atmos Energy.

The following table summarizes the impact of AEK on our condensed consolidated balance sheets, for the periods indicated:

	June 30, 2025	September 30, 2024
	(In thousands)	
Restricted cash and cash equivalents	\$ 4,223	\$ 1,516
Other current assets	\$ 11	\$ 3
Securitized intangible asset, net	\$ 77,246	\$ 82,844
Accrued interest	\$ 1,392	\$ 365
Current maturities of securitized long-term debt	\$ 8,418	\$ 8,207
Securitized long-term debt	\$ 72,609	\$ 76,871

The following table summarizes the impact of AEK on our condensed consolidated statements of comprehensive income, for the period indicated:

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
	(In thousands)			
Operating revenues	\$ 2,855	\$ 3,463	\$ 9,199	\$ 10,265
Operation and maintenance expense	(189)	(52)	(466)	(276)
Amortization expense	(1,646)	(2,292)	(5,599)	(6,561)
Interest expense, net	(1,020)	(1,119)	(3,134)	(3,428)
Income before income taxes	\$ —	\$ —	\$ —	\$ —

The securitized long-term debt is recorded at carrying value. The fair value of the securitized long-term debt is determined using third party market value quotations, which are considered Level 2 fair value measurements for debt instruments where fair value is determined using the most recent available quoted market price. The carrying value and fair value of the securitized long-term debt as of June 30, 2025 was \$81.0 million and \$82.3 million, and as of September 30, 2024 was \$85.1 million and \$87.8 million.

Texas

In March 2023, the Texas Natural Gas Securitization Finance Corporation (the Finance Corporation), with the authority of the Texas Public Finance Authority (TPFA), issued \$3.5 billion in customer rate relief bonds with varying scheduled final maturities from 12 to 18 years. The bonds are obligations of the Finance Corporation, payable from the customer rate relief charges and other bond collateral, and are not an obligation of Atmos Energy. We began collecting the customer rate relief charges on October 1, 2023, and any such property collected is solely owned by the Finance Corporation and not available to pay creditors of Atmos Energy.

10. Interim Pension and Other Postretirement Benefit Plan Information

The components of our net periodic pension cost for our pension and other postretirement benefit plans for the three and nine months ended June 30, 2025 and 2024 are presented in the following tables. Most of these costs are recoverable through our tariff rates. A portion of these costs is capitalized into our rate base or deferred as a regulatory asset or liability. The remaining costs are recorded as a component of operation and maintenance expense or other non-operating expense.

	Three Months Ended June 30			
	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
	(In thousands)			
Components of net periodic pension cost:				
Service cost	\$ 2,838	\$ 2,405	\$ 2,033	\$ 1,507
Interest cost ⁽¹⁾	6,663	7,430	3,365	3,509
Expected return on assets ⁽¹⁾	(7,655)	(7,202)	(3,831)	(3,128)
Amortization of prior service cost (credit) ⁽¹⁾	—	—	(3,260)	(3,260)
Amortization of actuarial (gain) loss ⁽¹⁾	256	97	(2,429)	(2,718)
Net periodic pension cost	\$ 2,102	\$ 2,730	\$ (4,122)	\$ (4,090)

	Nine Months Ended June 30			
	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
	(In thousands)			
Components of net periodic pension cost:				
Service cost	\$ 8,512	\$ 7,199	\$ 6,099	\$ 4,521
Interest cost ⁽¹⁾	19,989	22,356	10,096	10,526
Expected return on assets ⁽¹⁾	(22,964)	(21,606)	(11,494)	(9,383)
Amortization of prior service cost (credit) ⁽¹⁾	—	—	(9,780)	(9,780)
Amortization of actuarial (gain) loss ⁽¹⁾	767	313	(7,287)	(8,154)
Settlements ⁽¹⁾	—	776	—	—
Net periodic pension cost	<u>\$ 6,304</u>	<u>\$ 9,038</u>	<u>\$ (12,366)</u>	<u>\$ (12,270)</u>

(1) The components of net periodic cost other than the service cost component are included in the line item other non-operating expense in the condensed consolidated statements of comprehensive income or are capitalized on the condensed consolidated balance sheets as a regulatory asset or liability, as described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

11. Commitments and Contingencies

Litigation and Environmental Matters

In the normal course of business, we are subject to various legal and regulatory proceedings. For such matters, we record liabilities when they are considered probable and estimable, based on currently available facts, our historical experience and our estimates of the ultimate outcome or resolution of the liability in the future. While the outcome of these proceedings is uncertain and a loss in excess of the amount we have accrued is possible though not reasonably estimable, it is the opinion of management that any amounts exceeding the accruals will not have a material adverse impact on our financial position, results of operations or cash flows.

The National Transportation Safety Board (NTSB) issued a Preliminary Report on February 14, 2024 relating to its investigation of two incidents that occurred in Jackson, Mississippi on January 24 and 27, 2024 that resulted in one fatality. Atmos Energy is working closely with the NTSB and other state and federal regulators to help determine causal factors.

The NTSB issued a Preliminary Report on December 30, 2024 relating to its investigation of an incident that occurred in Avondale, Louisiana on December 2, 2024 that resulted in one fatality. Atmos Energy is working closely with the NTSB and other state and federal regulators to help determine causal factors.

We are a party to various other litigation and environmental-related matters or claims that have arisen in the ordinary course of our business. While the results of such litigation and response actions to such environmental-related matters or claims cannot be predicted with certainty, we continue to believe the final outcome of such litigation and matters or claims will not have a material adverse effect on our financial condition, results of operations, or cash flows.

Purchase Commitments

Our distribution divisions maintain supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of the individual contract.

Our Mid-Tex Division also maintains a limited number of long-term supply contracts to ensure a reliable source of gas for our customers in its service area, which obligate it to purchase specified volumes at prices under contracts indexed to natural gas hubs or fixed price contracts. These purchase commitment contracts are detailed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. At June 30, 2025, we were committed to purchase 88.8 Bcf within one year and 123.7 Bcf within two to three years under indexed contracts. At June 30, 2025, we were committed to purchase 10.7 Bcf within one year under fixed price contracts with a weighted average price of \$3.12 per Mcf.

Future Lease Payments

During the third quarter of fiscal 2025, we entered into one service center lease that is expected to commence in fiscal 2026 and impacts our future lease payments. The total future lease payments for this lease is \$23.1 million.

Rate Regulatory Proceedings

As of June 30, 2025, routine rate regulatory proceedings were in progress in several of our service areas, which are discussed in further detail below in *Management's Discussion and Analysis — Recent Ratemaking Developments*. Except for these proceedings, there were no material changes to rate regulatory proceedings for the nine months ended June 30, 2025.

12. Income Taxes

Income Tax Expense

Our interim effective tax rates reflect the estimated annual effective tax rates for the fiscal years ended September 30, 2025 and 2024, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2025 and 2024 were 19.2% and 16.8% and for the nine months ended June 30, 2025 and 2024 were 19.1% and 15.6%. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to the amortization of excess deferred federal income tax liabilities, tax credits, state income taxes, and other permanent book-to-tax differences. These adjustments have a relative impact on the effective tax rate proportionally to pretax income or loss.

Regulatory Excess Deferred Taxes

Regulatory excess net deferred taxes represent changes in our net deferred tax liability related to our cost of service ratemaking due to the enactment of the Tax Cuts and Jobs Act of 2017 (the TCJA), a Kansas legislative change enacted in fiscal 2020, and a Louisiana legislative change enacted in fiscal 2025. Currently, the regulatory excess net deferred tax liability of \$159.0 million is being returned over various periods. Of this amount, \$109.8 million is being returned to customers over 12 - 60 months. An additional \$48.2 million is being returned to customers on a provisional basis over 15 - 68 years until our regulators establish the final refund periods. The refund of the remaining \$1.0 million will be addressed in future rate proceedings.

As of June 30, 2025 and September 30, 2024, \$75.5 million and \$79.7 million is recorded in other current liabilities.

13. Financial Instruments

We currently use financial instruments to mitigate commodity price risk and interest rate risk. The objectives and strategies for using financial instruments and the related accounting for these financial instruments are fully described in Notes 2 and 16 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. During the nine months ended June 30, 2025, there were no material changes in our objectives, strategies, and accounting for using financial instruments. Our financial instruments do not contain any credit-risk-related or other contingent features that could cause payments to be accelerated when our financial instruments are in net liability positions. The following summarizes those objectives and strategies.

Commodity Risk Management Activities

Our purchased gas cost adjustment mechanisms essentially insulate our distribution segment from commodity price risk; however, our customers are exposed to the effects of volatile natural gas prices. We manage this exposure through a combination of physical storage, fixed-price forward contracts, and financial instruments, primarily over-the-counter swap and option contracts, in an effort to minimize the impact of natural gas price volatility on our customers during the winter heating season.

We typically seek to hedge between 25 and 50 percent of anticipated heating season gas purchases using financial instruments. For the 2024-2025 heating season (generally October through March), in the jurisdictions where we are permitted to utilize financial instruments, we hedged approximately 24.0 Bcf of the winter flowing gas requirements. We have not designated these financial instruments as hedges for accounting purposes.

Interest Rate Risk Management Activities

We manage interest rate risk by periodically entering into financial instruments to effectively fix the Treasury yield component of the interest cost associated with anticipated financings.

The following table summarizes our existing forward starting interest rate swaps as of June 30, 2025. These swaps were designated as cash flow hedges at the time the agreements were executed.

Planned Debt Issuance Date	Amount Hedged (In thousands)	
Fiscal 2026	\$	300,000
	\$	300,000

Quantitative Disclosures Related to Financial Instruments

The following tables present detailed information concerning the impact of financial instruments on our condensed consolidated balance sheet and statements of comprehensive income.

As of June 30, 2025, our financial instruments were comprised of both long and short commodity positions. A long position is a contract to purchase the commodity, while a short position is a contract to sell the commodity. As of June 30, 2025, we had 14,909 MMcf of net long commodity contracts outstanding. These contracts have not been designated as hedges.

Financial Instruments on the Balance Sheet

The following tables present the fair value and balance sheet classification of our financial instruments as of June 30, 2025 and September 30, 2024. The gross amounts of recognized assets and liabilities are netted within our condensed consolidated balance sheets to the extent that we have netting arrangements with our counterparties. However, as of June 30, 2025 and September 30, 2024, no gross amounts and no cash collateral were netted within our consolidated balance sheet.

Balance Sheet Location		June 30, 2025	
		Assets	Liabilities
(In thousands)			
Designated As Hedges:			
Interest rate contracts	Other current assets / Other current liabilities	\$ 121,889	\$ —
Total		121,889	—
Not Designated As Hedges:			
Commodity contracts	Other current assets / Other current liabilities	8,500	(674)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	2,611	—
Total		11,111	(674)
Gross / Net Financial Instruments		\$ 133,000	\$ (674)

Balance Sheet Location		September 30, 2024	
		Assets	Liabilities
(In thousands)			
Designated As Hedges:			
Interest rate contracts	Deferred charges and other assets / Deferred credits and other liabilities	\$ 91,981	\$ —
Total		91,981	—
Not Designated As Hedges:			
Commodity contracts	Other current assets / Other current liabilities	2,091	(7,324)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	2,216	(313)
Total		4,307	(7,637)
Gross / Net Financial Instruments		\$ 96,288	\$ (7,637)

Impact of Financial Instruments on the Statement of Comprehensive Income

Cash Flow Hedges

As discussed above, our distribution segment has interest rate agreements, which we designated as cash flow hedges at the time the agreements were executed. The net (gain) loss on settled interest rate agreements reclassified from AOCI into interest charges on our condensed consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 was \$(5.1) million and \$(3.2) million and for the nine months ended June 30, 2025 and 2024 was \$(15.4) million and \$(9.6) million.

The following table summarizes the gains and losses arising from hedging transactions that were recognized as a component of other comprehensive income (loss), net of taxes, for the three and nine months ended June 30, 2025 and 2024.

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
(In thousands)				
<i>Increase (decrease) in fair value:</i>				
Interest rate agreements	\$ 5,359	\$ 16,926	\$ 23,400	\$ (1,165)
<i>Recognition of (gains) losses in earnings due to settlements:</i>				
Interest rate agreements	(3,981)	(2,490)	(11,121)	(7,473)
Total other comprehensive income (loss) from hedging, net of tax	\$ 1,378	\$ 14,436	\$ 12,279	\$ (8,638)

Deferred gains (losses) recorded in AOCI associated with our interest rate agreements are recognized in earnings as they are amortized over the terms of the underlying debt instruments. As of June 30, 2025, we had \$383.0 million of net realized gains in AOCI associated with our interest rate agreements. The following amounts, net of deferred taxes, represent the expected recognition in earnings of the deferred net gains recorded in AOCI associated with our interest rate agreements, based upon the fair values of these agreements at the date of settlement. The remaining amortization periods for these settled amounts extend through fiscal 2055. However, the table below does not include the expected recognition in earnings of our outstanding interest rate swaps as those instruments have not yet settled.

	Interest Rate Agreements	
	(In thousands)	
Next twelve months	\$	15,925
Thereafter		367,099
Total	\$	383,024

Financial Instruments Not Designated as Hedges

As discussed above, commodity contracts which are used in our distribution segment are not designated as hedges. However, there is no earnings impact on our distribution segment as a result of the use of these financial instruments because the gains and losses arising from the use of these financial instruments are recognized in the consolidated statement of comprehensive income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue. Accordingly, the impact of these financial instruments is excluded from this presentation.

14. Fair Value Measurements

We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We record cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and short-term debt at carrying value, which substantially approximates fair value due to the short-term nature of these assets and liabilities. For other financial assets and liabilities, we primarily use quoted market prices and other observable market pricing information to minimize the use of unobservable pricing inputs in our measurements when determining fair value. The methods used to determine fair value for our assets and liabilities are fully described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. During the nine months ended June 30, 2025, there were no changes in these methods.

Fair value measurements also apply to the valuation of our pension and postretirement plan assets. Current accounting guidance requires employers to annually disclose information about fair value measurements of the assets of a defined benefit pension or other postretirement plan. The fair value of these assets is presented in Note 11 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

Quantitative Disclosures

Financial Instruments

The classification of our fair value measurements requires judgment regarding the degree to which market data is observable or corroborated by observable market data. Authoritative accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), with the lowest priority given to unobservable inputs (Level 3). The following tables summarize, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2025 and September 30, 2024. Assets and liabilities are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2) ⁽¹⁾	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral	June 30, 2025
(In thousands)					
Assets:					
Financial instruments	\$ —	\$ 133,000	\$ —	\$ —	\$ 133,000
Debt and equity securities					
Registered investment companies	28,290	—	—	—	28,290
Bond mutual funds	41,533	—	—	—	41,533
Bonds ⁽²⁾	—	40,502	—	—	40,502
Money market funds	—	2,191	—	—	2,191
Total debt and equity securities	69,823	42,693	—	—	112,516
Total assets	<u>\$ 69,823</u>	<u>\$ 175,693</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 245,516</u>
Liabilities:					
Financial instruments	<u>\$ —</u>	<u>\$ 674</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 674</u>

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2) ⁽¹⁾	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral	September 30, 2024
(In thousands)					
Assets:					
Financial instruments	\$ —	\$ 96,288	\$ —	\$ —	\$ 96,288
Debt and equity securities					
Registered investment companies	28,311	—	—	—	28,311
Bond mutual funds	40,341	—	—	—	40,341
Bonds ⁽²⁾	—	39,142	—	—	39,142
Money market funds	—	2,800	—	—	2,800
Total debt and equity securities	68,652	41,942	—	—	110,594
Total assets	<u>\$ 68,652</u>	<u>\$ 138,230</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 206,882</u>
Liabilities:					
Financial instruments	<u>\$ —</u>	<u>\$ 7,637</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,637</u>

(1) Our Level 2 measurements consist of over-the-counter options and swaps, which are valued using a market-based approach in which observable market prices are adjusted for criteria specific to each instrument, such as the strike price, notional amount or basis differences, municipal and corporate bonds, which are valued based on the most recent available quoted market prices and money market funds that are valued at cost.

(2) Our investments in bonds are considered available-for-sale debt securities in accordance with current accounting guidance.

Debt and equity securities are comprised of our available-for-sale debt securities and our equity securities. As described in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, we evaluate the performance of our available-for-sale debt securities on an investment by investment basis for impairment, taking into consideration the investment's purpose, volatility, current returns, and any intent to sell the security. As of June 30, 2025, no allowance for credit losses was recorded for our available-for-sale debt securities. At June 30, 2025 and September 30, 2024, the amortized cost of our available-for-sale debt securities was \$40.3 million and \$38.9 million. At June 30, 2025, we maintained investments in bonds that have contractual maturity dates ranging from July 2025 through February 2028.

Other Fair Value Measures

Our long-term debt is recorded at carrying value. The fair value of our long-term debt, excluding finance leases, is determined using third party market value quotations, which are considered Level 1 fair value measurements for debt instruments with a recent, observable trade or Level 2 fair value measurements for debt instruments where fair value is determined using the most recent available quoted market price. The carrying value of our finance leases materially approximates fair value. The following table presents the carrying value and fair value of our long-term debt, excluding finance leases, debt issuance costs and original issue premium or discount, as of June 30, 2025 and September 30, 2024:

	June 30, 2025		September 30, 2024	
	(In thousands)			
Carrying Amount	\$	8,935,000	\$	7,785,000
Fair Value	\$	8,115,633	\$	7,337,936

15. Concentration of Credit Risk

Information regarding our concentration of credit risk is disclosed in Note 18 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. During the nine months ended June 30, 2025, there were no material changes in our concentration of credit risk.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Atmos Energy Corporation

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Atmos Energy Corporation (the Company) as of June 30, 2025, the related condensed consolidated statements of comprehensive income for the three and nine month periods ended June 30, 2025 and 2024, the condensed consolidated statement of cash flows for the nine month periods ended June 30, 2025 and 2024, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of September 30, 2024, the related consolidated statements of comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated November 18, 2024, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of September 30, 2024, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ ERNST & YOUNG LLP

Dallas, Texas
August 6, 2025

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

The following discussion should be read in conjunction with the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and Management's Discussion and Analysis in our Annual Report on Form 10-K for the year ended September 30, 2024.

Cautionary Statement for the Purposes of the Safe Harbor under the Private Securities Litigation Reform Act of 1995

The statements 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 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Report are forward-looking statements made in good faith by us and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this Report, or any other of our documents or oral presentations, the words "anticipate", "believe", "estimate", "expect", "forecast", "goal", "intend", "objective", "plan", "projection", "seek", "strategy", or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements relating to our strategy, operations, markets, services, rates, recovery of costs, availability of gas supply, and other factors. These risks and uncertainties include the following: federal, state, and local regulatory and political trends and decisions, including the impact of rate proceedings before various state regulatory commissions; increased federal regulatory oversight and potential penalties; possible increased federal, state, and local regulation of the safety of our operations; possible significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs; the inherent hazards and risks involved in distributing, transporting, and storing natural gas; the availability and accessibility of contracted gas supplies, interstate pipeline, and/or storage services; increased competition from energy suppliers and alternative forms of energy; failure to attract and retain a qualified workforce; natural disasters, adverse weather, terrorist activities, or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control; failure of technology that affects the Company's business operations; the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee, or Company information; the impact of new cybersecurity compliance requirements; adverse weather conditions; the impact of legislation to reduce or eliminate greenhouse gas emissions or fossil fuels; the impact of climate change; the capital-intensive nature of our business; our ability to continue to access the credit and capital markets to execute our business strategy; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty performance or creditworthiness, and interest rate risk; the concentration of our operations in Texas; the impact of adverse economic conditions on our customers; changes in the availability and price of natural gas; and increased costs of providing health care benefits, along with pension and postretirement health care benefits and increased funding requirements. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

OVERVIEW

Atmos Energy and our subsidiaries are engaged in the regulated natural gas distribution and pipeline and storage businesses. We distribute natural gas through sales and transportation arrangements to over 3.3 million residential, commercial, public authority, and industrial customers throughout our six distribution divisions, which at June 30, 2025 covered service areas located in eight states. In addition, we transport natural gas for others through our distribution and pipeline systems.

We manage and review our consolidated operations through the following reportable segments:

- The *distribution segment* is comprised of our regulated natural gas distribution and related sales operations in eight states.
- The *pipeline and storage segment* is comprised primarily of the regulated pipeline and storage operations of our Atmos Pipeline-Texas division and our natural gas transmission operations in Louisiana.

Our vision is to be the safest provider of natural gas services. Our commitment to this vision requires significant levels of capital spending to modernize our natural gas distribution system and operating costs to deliver natural gas safely and reliably and in full compliance with the various safety regulations impacting our business. We have the ability to begin recovering a significant portion of our expenditures timely through rate designs and mechanisms that reduce or eliminate regulatory lag and separate the recovery of our approved rate from customer usage patterns. The execution of our capital spending program, the ability to recover these expenditures timely, and our ability to access the capital markets to satisfy our financing needs are the primary drivers that affect our financial performance.

We anticipate making significant capital expenditures for the foreseeable future to modernize our distribution and transmission system, to comply with the safety rules and regulations issued by the regulatory authorities responsible for the service areas in which we operate, and to prepare to serve the growing needs of the communities we serve. Between fiscal years 2025 and 2029, we anticipate spending approximately \$24 billion, with more than 80 percent dedicated to safety and reliability spending. The magnitude and allocation of these expenditures may be affected by factors such as new policy and regulations, population growth, and increased labor and materials costs. Although we believe these costs are ultimately recoverable through our rates based on the regulatory frameworks currently available to us, full recovery is not assured.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Our condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. Preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosures of contingent assets and liabilities. We based our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. On an ongoing basis, we evaluate our estimates, including those related to the allowance for doubtful accounts, legal and environmental accruals, insurance accruals, pension and postretirement obligations, deferred income taxes, and the valuation of goodwill and other long-lived assets. Actual results may differ from such estimates.

Our critical accounting policies used in the preparation of our consolidated financial statements are described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024 and include the following:

- Regulation
- Pension and other postretirement plans

Our critical accounting policies are reviewed periodically by the Audit Committee of our Board of Directors. There were no significant changes to these critical accounting policies during the nine months ended June 30, 2025.

RESULTS OF OPERATIONS

Executive Summary

During the nine months ended June 30, 2025, we recorded net income of \$1,023.9 million, or \$6.40 per diluted share, compared to net income of \$908.9 million, or \$6.00 per diluted share for the nine months ended June 30, 2024.

The 13 percent year-over-year increase in net income largely reflects positive rate outcomes driven by safety and reliability spending, partially offset by higher bad debt expense, depreciation and property tax expenses, and higher spending on certain operating expenses.

During the nine months ended June 30, 2025, we implemented, or received approval to implement, ratemaking regulatory actions which resulted in an increase in annual operating income of \$321.8 million. Additionally, as of June 30, 2025, we had ratemaking efforts in progress seeking a total increase in annual operating income of \$248.7 million.

Capital expenditures for the nine months ended June 30, 2025 were \$2,597.8 million. Approximately 86 percent was invested to improve the safety and reliability of our distribution and transportation systems, with a significant portion of this investment incurred under regulatory mechanisms that reduce lag to six months or less.

During the nine months ended June 30, 2025, we completed approximately \$1.7 billion of long-term debt and equity financing. As of June 30, 2025, our equity capitalization was 60.0 percent. As of June 30, 2025, we had approximately \$5.5 billion in total liquidity, consisting of \$709.4 million in cash and cash equivalents, \$1,684.4 million in funds available through equity forward sales agreements and \$3,094.4 million in undrawn capacity under our credit facilities.

The following discusses the results of operations for each of our operating segments.

Distribution Segment

The distribution segment is comprised of our regulated natural gas distribution and related sales operations in eight states. The primary factors that impact the results of this segment are our ability to earn our authorized rates of return, competitive factors in the energy industry, and economic conditions in our service areas.

Our ability to earn our authorized rates of return is based primarily on our ability to improve the rate design in our various ratemaking jurisdictions to minimize regulatory lag and, ultimately, separate the recovery of our approved rates from customer usage patterns. Improving rate design is a long-term process and is further complicated by the fact that we operate in multiple rate jurisdictions. Under our current rate design, approximately 70 percent of our distribution segment revenues are earned through the first six months of the fiscal year. Additionally, we currently recover approximately 50 percent of our distribution segment revenue, excluding gas costs, through the base customer charge, which partially separates the recovery of our approved rate from customer usage patterns.

Seasonal weather patterns can also affect our distribution operations. However, the effect of weather that is above or below normal is substantially offset through weather normalization adjustments, known as WNA, which have been approved by state regulatory commissions for approximately 97 percent of our residential and commercial revenues in the following states for the following time periods:

Kansas, West Texas	October — May
Tennessee	October — April
Kentucky, Mississippi, Mid-Tex	November — April
Louisiana	December — March
Virginia	January — December

Our distribution operations are also affected by the cost of natural gas. We are generally able to pass the cost of gas through to our customers without markup under purchased gas cost adjustment mechanisms; therefore, increases in the cost of gas are offset by a corresponding increase in revenues. Revenues in our Texas and Mississippi service areas include franchise fees and gross receipts taxes, which are calculated as a percentage of revenue (inclusive of gas costs). Therefore, the amount of these taxes included in revenues is influenced by the cost of gas and the level of gas sales volumes. We record the associated tax expense as a component of taxes, other than income.

The cost of gas typically does not have a direct impact on our operating income because these costs are recovered through our purchased gas cost adjustment mechanisms. However, higher gas costs may adversely impact our accounts receivable collections, resulting in higher bad debt expense. This risk is currently mitigated by rate design that allows us to collect from our customers the gas cost portion of our bad debt expense on approximately 89 percent of our residential and commercial revenues. Additionally, higher gas costs may require us to increase borrowings under our credit facilities, resulting in higher interest expense. Finally, higher gas costs, as well as competitive factors in the industry and general economic conditions may cause customers to conserve or, in the case of industrial consumers, to use alternative energy sources.

Three Months Ended June 30, 2025 compared with Three Months Ended June 30, 2024

Financial and operational highlights for our distribution segment for the three months ended June 30, 2025 and 2024 are presented below.

	Three Months Ended June 30		
	2025	2024	Change
	(In thousands, unless otherwise noted)		
Operating revenues	\$ 767,132	\$ 633,211	\$ 133,921
Purchased gas cost	255,883	179,510	76,373
Operating expenses	415,783	370,579	45,204
Operating income	95,466	83,122	12,344
Other non-operating income	7,017	11,452	(4,435)
Interest charges	22,271	22,550	(279)
Income before income taxes	80,212	72,024	8,188
Income tax expense	9,731	6,175	3,556
Net income	\$ 70,481	\$ 65,849	\$ 4,632
Consolidated distribution sales volumes — MMcf	41,008	37,863	3,145
Consolidated distribution transportation volumes — MMcf	34,346	34,562	(216)
Total consolidated distribution throughput — MMcf	75,354	72,425	2,929
Consolidated distribution average cost of gas per Mcf sold	\$ 6.24	\$ 4.74	\$ 1.50

Operating income for our distribution segment increased 14.9 percent. Key drivers for the change in operating income include:

- a \$33.4 million increase in rate adjustments, primarily in our Mid-Tex Division.
- a \$7.2 million increase related to residential customer growth, primarily in our Mid-Tex Division, and increased industrial load.
- an \$8.1 million decrease in refunds of excess deferred taxes to customers, which is substantially offset in income tax expense.

Partially offset by:

- a \$19.2 million increase in depreciation expense and property taxes associated with increased capital investments.
- a \$4.9 million increase in employee-related costs primarily due to an increase in headcount to support company growth.
- a \$7.5 million increase in system monitoring, line locating, and other compliance-related activities.

The following table shows our operating income by distribution division, in order of total rate base, for the three months ended June 30, 2025 and 2024. The presentation of our distribution operating income is included for financial reporting purposes and may not be appropriate for ratemaking purposes.

	Three Months Ended June 30		
	2025	2024	Change
	(In thousands)		
Mid-Tex	\$ 48,244	\$ 42,820	\$ 5,424
Kentucky/Mid-States	15,221	13,615	1,606
Louisiana	18,747	14,167	4,580
West Texas	5,320	4,186	1,134
Mississippi	6,967	6,309	658
Colorado-Kansas	2,041	2,925	(884)
Other	(1,074)	(900)	(174)
Total	<u>\$ 95,466</u>	<u>\$ 83,122</u>	<u>\$ 12,344</u>

Nine Months Ended June 30, 2025 compared with Nine Months Ended June 30, 2024

Financial and operational highlights for our distribution segment for the nine months ended June 30, 2025 and 2024 are presented below.

	Nine Months Ended June 30		
	2025	2024	Change
	(In thousands, unless otherwise noted)		
Operating revenues	\$ 3,758,995	\$ 3,327,730	\$ 431,265
Purchased gas cost	1,647,490	1,464,815	182,675
Operating expenses	1,216,273	1,073,122	143,151
Operating income	895,232	789,793	105,439
Other non-operating income	30,545	26,650	3,895
Interest charges	86,607	93,915	(7,308)
Income before income taxes	839,170	722,528	116,642
Income tax expense	147,833	92,550	55,283
Net income	<u>\$ 691,337</u>	<u>\$ 629,978</u>	<u>\$ 61,359</u>
Consolidated distribution sales volumes — MMcf	256,085	252,116	3,969
Consolidated distribution transportation volumes — MMcf	118,306	119,755	(1,449)
Total consolidated distribution throughput — MMcf	374,391	371,871	2,520
Consolidated distribution average cost of gas per Mcf sold	\$ 6.43	\$ 5.81	\$ 0.62

Operating income for our distribution segment increased 13.4 percent. Key drivers for the change in operating income include:

- a \$170.5 million increase in rate adjustments, primarily in our Mid-Tex Division.
- a \$21.6 million increase related to residential customer growth, primarily in our Mid-Tex Division, and increased industrial load.
- a \$40.3 million decrease in refunds of excess deferred taxes to customers, which is substantially offset in income tax expense.

Partially offset by:

- a \$59.9 million increase in depreciation expense and property taxes associated with increased capital investments.
- a \$31.6 million increase in employee-related costs primarily due to an increase in headcount to support company growth.
- a \$16.7 million increase in system monitoring, line locating, and other compliance-related activities.
- a \$12.9 million increase in bad debt expense due to a regulatory change in Mississippi in the first quarter of fiscal 2024, as discussed in Note 6 to the condensed consolidated financial statements.

The following table shows our operating income by distribution division, in order of total rate base, for the nine months ended June 30, 2025 and 2024. The presentation of our distribution operating income is included for financial reporting purposes and may not be appropriate for ratemaking purposes.

	Nine Months Ended June 30		
	2025	2024	Change
	(In thousands)		
Mid-Tex	\$ 490,330	\$ 424,027	\$ 66,303
Kentucky/Mid-States	101,484	83,049	18,435
Louisiana	91,132	77,676	13,456
West Texas	73,556	70,096	3,460
Mississippi	92,233	97,610	(5,377)
Colorado-Kansas	39,821	44,389	(4,568)
Other	6,676	(7,054)	13,730
Total	<u>\$ 895,232</u>	<u>\$ 789,793</u>	<u>\$ 105,439</u>

Recent Ratemaking Developments

The amounts described in the following sections represent the operating income that was requested or received in each rate filing, which may not necessarily reflect the stated amount referenced in the final order, as certain operating costs may have changed as a result of a commission's or other governmental authority's final ruling. During the first nine months of fiscal 2025, we implemented, or received approval to implement, regulatory proceedings, resulting in a \$244.6 million increase in annual operating income as summarized below. Our ratemaking outcomes include the refund (return) of excess deferred income taxes (EDIT) resulting from previously enacted tax reform legislation and do not reflect the true economic benefit of the outcomes because they do not include the corresponding income tax benefit. Excluding these amounts, our total rate outcomes for ratemaking activities for the nine months ended June 30, 2025 were \$232.5 million.

Rate Action	Annual Increase in Operating Income	EDIT Impact	Annual Increase in Operating Income Excluding EDIT
		(In thousands)	
Annual formula rate mechanisms	\$ 180,214	\$ 782	\$ 180,996
Rate case filings	64,269	(12,827)	51,442
Other rate activity	111	—	111
	<u>\$ 244,594</u>	<u>\$ (12,045)</u>	<u>\$ 232,549</u>

The following ratemaking efforts seeking \$248.7 million in increased annual operating income were in progress as of June 30, 2025:

Division	Rate Action	Jurisdiction	Operating Income Requested (In thousands)
Kentucky/Mid-States	Infrastructure Mechanism	Virginia	\$ 550
Louisiana	Formula Rate Mechanism	Louisiana ⁽¹⁾	22,304
Mid-Tex	Rate Case	ATM Cities ⁽²⁾	12,531
Mid-Tex	Rate Case	Environs ⁽³⁾	7,994
Mid-Tex	Formula Rate Mechanism	Mid-Tex Cities	165,027
Mississippi	Rate Case	Mississippi	40,301
			<u>\$ 248,707</u>

(1) The Company implemented the requested amount, subject to refund, with rates effective July 1, 2025, and anticipates receiving final commission approval during the fourth quarter of fiscal 2025.

(2) The Railroad Commission of Texas approved an increase in operating income of \$4.4 million on June 17, 2025, with rates effective August 1, 2025.

(3) The Railroad Commission of Texas approved an increase in operating income of \$2.3 million on June 17, 2025, with rates effective August 1, 2025.

Annual Formula Rate Mechanisms

As an instrument to reduce regulatory lag, formula rate mechanisms allow us to refresh our rates on an annual basis without filing a formal rate case. However, these filings still involve discovery by the appropriate regulatory authorities prior to the final determination of rates under these mechanisms. We currently have formula rate mechanisms in our Louisiana, Mississippi, and Tennessee operations and in substantially all the service areas in our Texas divisions. Additionally, we have specific infrastructure programs in substantially all of our distribution divisions with tariffs in place to permit the investment associated with these programs to have their surcharge rate adjusted annually to recover approved capital costs incurred in a prior test-year period. The following table summarizes our annual formula rate mechanisms by state:

State	Annual Formula Rate Mechanisms	
	Infrastructure Programs	Formula Rate Mechanisms
Colorado	System Safety and Integrity Rider (SSIR)	—
Kansas	Gas System Reliability Surcharge (GSRS), System Integrity Program (SIP)	—
Kentucky	Pipeline Replacement Program (PRP)	—
Louisiana	(1)	Rate Stabilization Clause (RSC)
Mississippi	System Integrity Rider (SIR)	Stable Rate Filing (SRF)
Tennessee	(1)	Annual Rate Mechanism (ARM)
Texas	Gas Reliability Infrastructure Program (GRIP), (1)	Dallas Annual Rate Review (DARR), Rate Review Mechanism (RRM)
Virginia	Steps to Advance Virginia Energy (SAVE)	—

(1) Infrastructure mechanisms in Texas, Louisiana, and Tennessee allow for the deferral of all expenses associated with capital expenditures incurred pursuant to these rules, which primarily consists of interest, depreciation, and other taxes (Texas and Tennessee only), until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recoverable through base rates.

The following annual formula rate mechanisms were approved during the nine months ended June 30, 2025:

Division	Jurisdiction	Test Year Ended	Increase in Annual Operating Income	EDIT Impact	Increase in Annual Operating Income Excluding EDIT	Effective Date
(In thousands)						
2025 Filings:						
Kentucky/Mid-States	Tennessee ARM	09/30/2024	\$ 1,432	\$ —	\$ 1,432	06/01/2025
Mid-Tex	DARR	09/30/2024	25,916	—	25,916	06/01/2025
Kentucky/Mid-States	Kentucky PRP ⁽¹⁾	09/30/2025	3,248	—	3,248	05/29/2025
Colorado-Kansas	Kansas SIP	12/31/2024	612	—	612	04/01/2025
Colorado-Kansas	Colorado SSIR	12/31/2025	1,907	—	1,907	01/01/2025
Colorado-Kansas	Kansas GSRS	09/30/2024	1,998	—	1,998	12/17/2024
Mississippi	Mississippi - SIR	10/31/2025	23,995	—	23,995	11/04/2024
Mississippi	Mississippi - SRF	10/31/2025	3,800	15	3,815	11/04/2024
Mid-Tex	Mid-Tex Cities RRM	12/31/2023	112,144	645	112,789	10/01/2024
West Texas	West Texas Cities RRM	12/31/2023	4,414	122	4,536	10/01/2024
Kentucky/Mid-States	Virginia - SAVE	09/30/2025	748	—	748	10/01/2024
Total 2025 Filings			<u>\$ 180,214</u>	<u>\$ 782</u>	<u>\$ 180,996</u>	

(1) On October 2, 2024, we implemented the PRP rates subject to refund; on May 29, 2025, the Kentucky Public Service Commission issued a final order approving the PRP filing.

Rate Case Filings

A rate case is a formal request from Atmos Energy to a regulatory authority to increase rates that are charged to our customers. Rate cases may also be initiated when the regulatory authorities request us to justify our rates. This process is referred to as a “show cause” action. Adequate rates are intended to provide for recovery of the Company’s costs as well as a fair rate of return and ensure that we continue to deliver reliable, reasonably priced natural gas service safely to our customers. The following table summarizes the rate cases completed in our distribution segment during the nine months ended June 30, 2025.

Division	State	Increase in Annual Operating Income	EDIT Impact	Increase in Annual Operating Income Excluding EDIT	Effective Date
(In thousands)					
2025 Rate Case Filings:					
West Texas Systemwide	Texas	\$ 30,615	\$ (4,343)	\$ 26,272	06/01/2025
Kentucky/Mid-States	Kentucky ⁽¹⁾	33,654	(8,484)	25,170	05/12/2025
Total 2025 Rate Case Filings		<u>\$ 64,269</u>	<u>\$ (12,827)</u>	<u>\$ 51,442</u>	

(1) On May 12, 2025, we implemented rates subject to refund. We anticipate receiving a final order during the fourth quarter of fiscal 2025.

Other Ratemaking Activity

The following table summarizes other ratemaking activity during the nine months ended June 30, 2025.

Division	Jurisdiction	Rate Activity	Change in Annual Operating Income (In thousands)	Effective Date
<i>2025 Other Rate Activity:</i>				
Colorado-Kansas	Kansas	Ad Valorem ⁽¹⁾	\$ 111	02/01/2025
Total 2025 Other Rate Activity			<u>\$ 111</u>	

(1) The Ad Valorem filing relates to property taxes that are either over or undercollected compared to the amount included in our Kansas service area's base rate.

Pipeline and Storage Segment

Our pipeline and storage segment consists of the regulated pipeline and storage operations of our Atmos Pipeline–Texas Division (APT) and our natural gas transmission operations in Louisiana. APT is an intrastate pipeline in Texas with a heavy concentration in the established natural gas producing areas of central, northern, and eastern Texas, extending into or near the major producing areas of the Barnett Shale, the Texas Gulf Coast, and the Permian Basin of West Texas. APT provides transportation and storage services to our Mid-Tex Division, other third-party local distribution companies, industrial, and electric generation customers, as well as marketers and producers. Over 80 percent of this segment's revenues are derived from these APT services. These revenues are subject to traditional ratemaking governed by the Texas Railroad Commission (RRC). As part of its pipeline operations, APT owns and operates five underground storage facilities in Texas.

Our natural gas transmission operations in Louisiana are comprised of a 21-mile pipeline located in the New Orleans, Louisiana area that is primarily used to aggregate gas supply for our distribution division in Louisiana under a long-term contract and, on a more limited basis, to third parties. The demand fee charged to our Louisiana distribution division for these services is subject to regulatory approval by the Louisiana Public Service Commission. We also manage two asset management plans, which have been approved by applicable state regulatory commissions. Generally, these asset management plans require us to share with our distribution customers a significant portion of the cost savings earned from these arrangements.

Our pipeline and storage segment is impacted by seasonal weather patterns, competitive factors in the energy industry, and economic conditions in our Texas and Louisiana service areas. Natural gas prices do not directly impact the results of this segment as revenues are derived from the transportation and storage of natural gas. However, natural gas prices and demand for natural gas could influence the level of drilling activity in the supply areas that we serve, which may influence the level of throughput we may be able to transport on our pipelines. Further, natural gas price differences between the various hubs that we serve in Texas could influence the volumes of gas transported for shippers through our Texas pipeline system and rates for such transportation.

The results of APT are also significantly impacted by the natural gas requirements of its local distribution company customers. Additionally, its operations may be impacted by the timing of when costs and expenses are incurred and when these costs and expenses are recovered through its tariffs.

APT annually uses GRIP to recover capital costs incurred in the prior calendar year. On February 26, 2025, APT made a GRIP filing that covered changes in net property, plant and equipment investments from January 1, 2024 through December 31, 2024 with a requested increase in operating income of \$77.2 million. On June 17, 2025, the RRC approved the Company's GRIP filing.

The demand fee our Louisiana natural gas transmission pipeline charges to our Louisiana distribution division increases five percent annually and has been approved by the Louisiana Public Service Commission until September 30, 2027.

Three Months Ended June 30, 2025 compared with Three Months Ended June 30, 2024

Financial and operational highlights for our pipeline and storage segment for the three months ended June 30, 2025 and 2024 are presented below.

	Three Months Ended June 30		
	2025	2024	Change
	(In thousands, unless otherwise noted)		
Mid-Tex / Affiliate transportation revenue	\$ 207,944	\$ 189,069	\$ 18,875
Third-party transportation revenue	60,422	55,420	5,002
Other revenue	4,022	6,191	(2,169)
Total operating revenues	272,388	250,680	21,708
Total purchased gas cost	(1,548)	(19)	(1,529)
Operating expenses	117,335	113,554	3,781
Operating income	156,601	137,145	19,456
Other non-operating income	13,083	8,446	4,637
Interest charges	19,266	18,610	656
Income before income taxes	150,418	126,981	23,437
Income tax expense	34,470	27,266	7,204
Net income	\$ 115,948	\$ 99,715	\$ 16,233
Gross pipeline transportation volumes — MMcf	216,416	193,766	22,650
Consolidated pipeline transportation volumes — MMcf	184,105	162,334	21,771

Operating income for our pipeline and storage segment increased 14.2 percent. Key drivers for the change in operating income include:

- a \$17.4 million increase primarily due to rate adjustments from the GRIP filings approved in May 2024 and 2025 and the System Safety and Integrity Rider filing approved in November 2024.
- a \$4.2 million increase due to higher capacity contracted by tariff-based customers due to their increased peak day demand.
- an \$8.1 million increase primarily due to timing of activities such as pipeline inspection and storage and compression maintenance.

Partially offset by:

- a \$6.4 million increase in depreciation expense and property taxes associated with increased capital investments.
- a \$4.7 million increase in expenses recognized as a result of the System Safety and Integrity Rider filing approved in November 2024, which is offset in operating revenues.

Nine Months Ended June 30, 2025 compared with Nine Months Ended June 30, 2024

Financial and operational highlights for our pipeline and storage segment for the nine months ended June 30, 2025 and 2024 are presented below.

	Nine Months Ended June 30		
	2025	2024	Change
	(In thousands, unless otherwise noted)		
Mid-Tex / Affiliate transportation revenue	\$ 602,105	\$ 526,200	\$ 75,905
Third-party transportation revenue	174,061	147,926	26,135
Other revenue	10,611	11,210	(599)
Total operating revenues	786,777	685,336	101,441
Total purchased gas cost	(638)	825	(1,463)
Operating expenses	342,161	303,942	38,219
Operating income	445,254	380,569	64,685
Other non-operating income	38,361	27,821	10,540
Interest charges	57,869	54,562	3,307
Income before income taxes	425,746	353,828	71,918
Income tax expense	93,220	74,927	18,293
Net income	\$ 332,526	\$ 278,901	\$ 53,625
Gross pipeline transportation volumes — MMcf	678,457	622,747	55,710
Consolidated pipeline transportation volumes — MMcf	507,870	452,770	55,100

Operating income for our pipeline and storage segment increased 17.0 percent. Key drivers for the change in operating income include:

- a \$65.7 million increase primarily due to rate adjustments from the GRIP filings approved in May 2024 and 2025, the System Safety and Integrity Rider filing approved in November 2024, and the rate case approved in December 2023.
- a \$12.4 million increase in APT's through-system activities primarily associated with increased volumes and spreads.
- a \$9.1 million decrease in refunds of excess deferred taxes to customers, which is substantially offset in income tax expense.
- a \$12.5 million increase due to higher capacity contracted by tariff-based customers due to their increased peak day demand.

Partially offset by:

- a \$19.7 million increase in depreciation expense and property taxes associated with increased capital investments.
- a \$14.2 million increase in expenses recognized as a result of the System Safety and Integrity Rider filing approved in November 2024, which is offset in operating revenues.

Liquidity and Capital Resources

The liquidity required to fund our working capital, capital expenditures, and other cash needs is provided from a combination of internally generated cash flows and external debt and equity financing. Additionally, we have a \$1.5 billion commercial paper program and four committed revolving credit facilities with \$3.1 billion in total availability from third-party lenders. The commercial paper program and credit facilities provide cost-effective, short-term financing until it can be replaced with a balance of long-term debt and equity financing that achieves the Company's desired capital structure. Additionally, we have various uncommitted trade credit lines with our gas suppliers that we utilize to purchase natural gas on a monthly basis.

We have a shelf registration statement on file with the Securities and Exchange Commission (SEC) that allows us to issue up to \$8.0 billion in common stock and/or debt securities, which expires December 3, 2027. As of June 30, 2025, \$5.8 billion of securities were available for issuance under this shelf registration statement.

We also have an at-the-market (ATM) equity sales program under which we may issue and sell shares of our common stock up to an aggregate offering price of \$1.7 billion (including shares of common stock that may be sold pursuant to forward sale agreements entered into in connection with the ATM equity sales program), which expires December 3, 2027. As of June 30, 2025, \$828.5 million of equity was available for issuance under our existing ATM equity sales program. Additionally, as of June 30, 2025, we had \$1.7 billion in available proceeds from outstanding forward sale agreements. Additional details are summarized in Note 8 to the condensed consolidated financial statements.

The liquidity provided by these sources is expected to be sufficient to fund the Company's working capital needs and capital expenditure program for the remainder of fiscal year 2025. Additionally, we expect to continue to be able to obtain financing upon reasonable terms as necessary.

The following table summarizes our existing forward starting interest rate swaps as of June 30, 2025.

Planned Debt Issuance Date	Amount Hedged (In thousands)	Effective Interest Rate
Fiscal 2026	\$ 300,000	2.16 %
	\$ 300,000	

The following table presents our capitalization inclusive of short-term debt and the current portion of long-term debt as of June 30, 2025, September 30, 2024 and June 30, 2024:

	June 30, 2025		September 30, 2024		June 30, 2024	
	(In thousands, except percentages)					
Short-term debt	\$	—	— %	\$	—	— %
Long-term debt ⁽¹⁾		8,919,726	40.0 %		7,785,297	39.0 %
Shareholders' equity		13,385,838	60.0 %		12,157,669	61.0 %
Total	\$	22,305,564	100.0 %	\$	19,942,966	100.0 %

(1) Inclusive of our finance leases, but exclusive of AEK's securitized long-term debt.

Cash Flows

Our internally generated funds may change in the future due to a number of factors, some of which we cannot control. These factors include regulatory changes, the price for our services, demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks, and other factors.

Cash flows from operating, investing, and financing activities for the nine months ended June 30, 2025 and 2024 are presented below.

	Nine Months Ended June 30		
	2025	2024	Change
	(In thousands)		
Total cash provided by (used in)			
Operating activities	\$ 1,701,332	\$ 1,403,064	\$ 298,268
Investing activities	(2,593,666)	(2,119,094)	(474,572)
Financing activities	1,297,079	1,376,044	(78,965)
Change in cash and cash equivalents and restricted cash and cash equivalents	404,745	660,014	(255,269)
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	308,856	19,248	289,608
Cash and cash equivalents and restricted cash and cash equivalents at end of period	\$ 713,601	\$ 679,262	\$ 34,339

Cash flows from operating activities

For the nine months ended June 30, 2025, we generated cash flow from operating activities of \$1,701.3 million compared with \$1,403.1 million for the nine months ended June 30, 2024. Operating cash flow increased \$298.3 million primarily due to the positive effects of successful rate case outcomes achieved in fiscal 2024.

Cash flows from investing activities

Our capital expenditures are primarily used to improve the safety and reliability of our distribution and transmission system through pipeline replacement and system modernization and to enhance and expand our system to meet customer needs. Over the last three fiscal years, approximately 86 percent of our capital spending has been committed to improving the safety and reliability of our system.

For the nine months ended June 30, 2025, cash used for investing activities was \$2,593.7 million compared to \$2,119.1 million for the nine months ended June 30, 2024. Capital spending in our distribution segment increased \$230.7 million, primarily as a result of increased system modernization and customer growth spending. Capital spending in our pipeline and storage segment increased \$237.9 million primarily due to increased spending for pipeline system safety and reliability in Texas.

Cash flows from financing activities

For the nine months ended June 30, 2025, our financing activities provided \$1,297.1 million of cash compared with \$1,376.0 million of cash provided by financing activities in the prior-year period.

In the nine months ended June 30, 2025, we received approximately \$1.7 billion in net proceeds from the issuance of long-term debt and equity. We completed a public offering of \$650 million of 5.00% senior notes due December 2054, and received net proceeds from the offering, after the underwriting discount and offering expenses, of \$639.4 million. We also completed a public offering of \$500 million of 5.20% senior notes due August 2035, and received net proceeds from the offering, after the underwriting discount and offering expenses of \$493.9 million. Additionally, during the nine months ended June 30, 2025, we settled 4,907,436 shares that had been sold on a forward basis for net proceeds of \$568.6 million. The net proceeds were used primarily to support capital spending and for other general corporate purposes. Cash dividends increased due to an 8.1 percent increase in our dividend rate and an increase in shares outstanding.

In the nine months ended June 30, 2024, we received approximately \$2.0 billion in net proceeds from the issuance of long-term debt and equity. We completed a public offering of \$500 million of 6.20% senior notes due November 2053 and \$400 million of 5.90% senior notes due November 2033, and received net proceeds from the offering, after the underwriting discount and offering expenses, of \$889.4 million. We also completed a public offering of \$325 million of 5.90% senior notes due November 2033, and received net proceeds from the offering, after the underwriting discount and offering expenses, of \$339.7 million. Additionally, during the nine months ended June 30, 2024, we settled 6,401,469 shares that had been sold on a forward basis for net proceeds of \$750.0 million. The net proceeds were used primarily to support capital spending and for other general corporate purposes. Cash dividends increased due to an 8.8 percent increase in our dividend rate and an increase in shares outstanding.

The following table summarizes our share issuances for the nine months ended June 30, 2025 and 2024:

	Nine Months Ended June 30	
	2025	2024
Shares issued:		
Direct Stock Purchase Plan	37,069	46,927
1998 Long-Term Incentive Plan	275,498	235,473
Retirement Savings Plan and Trust	42,163	52,372
Equity Issuance	4,907,436	6,401,469
Total shares issued	5,262,166	6,736,241

Credit Ratings

Our credit ratings directly affect our ability to obtain short-term and long-term financing, in addition to the cost of such financing. In determining our credit ratings, the rating agencies consider a number of quantitative factors, including but not limited to, debt to total capitalization, operating cash flow relative to outstanding debt, operating cash flow coverage of interest, and pension liabilities. In addition, the rating agencies consider qualitative factors such as consistency of our earnings over time, the quality of our management and business strategy, the risks associated with our businesses, and the regulatory structures that govern our rates in the states where we operate.

Our debt is rated by two rating agencies: Standard & Poor's Corporation (S&P) and Moody's Investors Service (Moody's). On April 2, 2025, Moody's reaffirmed its short-term credit rating, downgraded our long-term credit rating to A2, and placed our ratings under stable outlook. Currently, our outlook and debt ratings, which are all considered investment grade, are as follows:

	S&P	Moody's
Senior unsecured long-term debt	A-	A2
Short-term debt	A-2	P-1
Outlook	Stable	Stable

A significant degradation in our operating performance or a significant reduction in our liquidity caused by more limited access to the private and public credit markets as a result of deteriorating global or national financial and credit conditions could trigger a negative change in our ratings outlook or even a reduction in our credit ratings by the two credit rating agencies. This would mean more limited access to the private and public credit markets and an increase in the costs of such borrowings.

A credit rating is not a recommendation to buy, sell, or hold securities. The highest investment grade credit rating is AAA for S&P and Aaa for Moody's. The lowest investment grade credit rating is BBB- for S&P and Baa3 for Moody's. Our credit ratings may be revised or withdrawn at any time by the rating agencies, and each rating should be evaluated independently of any other rating. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, or withdrawn entirely, by a rating agency if, in its judgment, circumstances so warrant.

Debt Covenants

We were in compliance with all of our debt covenants as of June 30, 2025. Our debt covenants are described in greater detail in Note 7 to the condensed consolidated financial statements.

Contractual Obligations and Commercial Commitments

Except as noted in Note 11 to the condensed consolidated financial statements, there were no significant changes in our contractual obligations and commercial commitments during the nine months ended June 30, 2025.

Risk Management Activities

In our distribution and pipeline and storage segments, we use a combination of physical storage, fixed physical contracts, and fixed financial contracts to reduce our exposure to unusually large winter-period gas price increases. Additionally, we manage interest rate risk by periodically entering into financial instruments to effectively fix the Treasury yield component of the interest cost associated with anticipated financings.

The following table shows the components of the change in fair value of our financial instruments for the three and nine months ended June 30, 2025 and 2024:

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
	(In thousands)			
Fair value of contracts at beginning of period	\$ 122,648	\$ 351,261	\$ 88,651	\$ 370,256
Contracts realized/settled	265	(131)	(10,536)	(34,234)
Fair value of new contracts	3,528	1,880	3,485	2,265
Other changes in value	5,885	22,233	50,726	36,956
Fair value of contracts at end of period	132,326	375,243	132,326	375,243
Netting of cash collateral	—	—	—	—
Cash collateral and fair value of contracts at period end	\$ 132,326	\$ 375,243	\$ 132,326	\$ 375,243

The fair value of our financial instruments at June 30, 2025 is presented below by time period and fair value source:

Source of Fair Value	Fair Value of Contracts at June 30, 2025				
	Maturity in Years				Total Fair Value
	Less Than 1	1-3	4-5	Greater Than 5	
	(In thousands)				
Prices actively quoted	\$ 129,715	\$ 2,611	\$ —	\$ —	\$ 132,326
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	\$ 129,715	\$ 2,611	\$ —	\$ —	\$ 132,326

ONE BIG BEAUTIFUL BILL ACT

On July 4, 2025, U.S. legislation formally titled "An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14" ("The Act") and commonly referred to as the One Big Beautiful Bill Act was signed into law. The Act, among other things, extended key provisions of the 2017 Tax Cuts and Jobs Act and introduced targeted changes to the U.S. federal income tax regime. We do not anticipate the provisions of the Act will have a material impact on our results of operations.

OPERATING STATISTICS AND OTHER INFORMATION

The following tables present certain operating statistics for our distribution and pipeline and storage segments for the three and nine months ended June 30, 2025 and 2024.

Distribution Sales and Statistical Data

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
METERS IN SERVICE, end of period				
Residential	3,129,847	3,096,038	3,129,847	3,096,038
Commercial	254,871	252,494	254,871	252,494
Industrial	1,462	1,491	1,462	1,491
Public authority and other	5,626	7,960	5,626	7,960
Total meters	3,391,806	3,357,983	3,391,806	3,357,983
INVENTORY STORAGE BALANCE — Bcf	59.5	61.2	59.5	61.2
SALES VOLUMES — MMcf ⁽¹⁾				
Gas sales volumes				
Residential	17,333	14,940	143,248	140,953
Commercial	16,781	15,299	87,188	84,459
Industrial	5,934	6,585	20,277	21,124
Public authority and other	960	1,039	5,372	5,580
Total gas sales volumes	41,008	37,863	256,085	252,116
Transportation volumes	36,220	36,471	124,045	125,439
Total throughput	77,228	74,334	380,130	377,555

Pipeline and Storage Operations Sales and Statistical Data

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
CUSTOMERS, end of period				
Industrial	91	94	91	94
Other	201	194	201	194
Total	292	288	292	288
INVENTORY STORAGE BALANCE — Bcf	1.5	1.5	1.5	1.5
PIPELINE TRANSPORTATION VOLUMES — MMcf ⁽¹⁾	216,416	193,766	678,457	622,747

Note to preceding tables:

⁽¹⁾ Sales and transportation volumes reflect segment operations, including intercompany sales and transportation amounts.

RECENT ACCOUNTING DEVELOPMENTS

Recent accounting developments, if any, and their impact on our financial position, results of operations and cash flows are described in Note 2 to the condensed consolidated financial statements.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information regarding our quantitative and qualitative disclosures about market risk are disclosed in Item 7A in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. During the nine months ended June 30, 2025, there were no material changes in our quantitative and qualitative disclosures about market risk.

Item 4. ***Controls and Procedures***

Management’s Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, the Company’s principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2025 to provide reasonable assurance that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC’s rules and forms, including a reasonable level of assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We did not make any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third quarter of the fiscal year ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

During the nine months ended June 30, 2025, except as noted in Note 11 to the condensed consolidated financial statements, there were no material changes in the status of the litigation and other matters that were disclosed in Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. We continue to believe that the final outcome of such litigation and other matters or claims will not have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. *Risk Factors*

There were no material changes from the risk factors disclosed under the heading "Risk Factors" in Item 1A in the Annual Report on Form 10-K for the year ended September 30, 2024.

Item 5. *Other Information*

During the three months ended June 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report.

Exhibit Number	Description	Page Number or Incorporation by Reference to
3.1	Restated Articles of Incorporation of Atmos Energy Corporation - Texas (As Amended Effective February 3, 2010)	Exhibit 3.1 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.2	Restated Articles of Incorporation of Atmos Energy Corporation - Virginia (As Amended Effective February 3, 2010)	Exhibit 3.2 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.3	Amended and Restated Bylaws of Atmos Energy Corporation (as of August 4, 2023)	Exhibit 3.1 to Form 8-K dated August 1, 2023 (File No. 1-10042)
4.1(a)	Officers' Certificate dated June 26, 2025	Exhibit 4.2 to Form 8-K dated June 26, 2025 (File No. 1-10042)
4.1(b)	Global Security for the 5.200% Senior Notes due 2035	Exhibit 4.3 to Form 8-K dated June 26, 2024 (File No. 1-10042)
15	Letter regarding unaudited interim financial information	
31	Rule 13a-14(a)/15d-14(a) Certifications	
32	Section 1350 Certifications*	
101.INS	XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH	Inline XBRL Taxonomy Extension Schema	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document	

* These certifications, which were made pursuant to 18 U.S.C. Section 1350 by the Company's Chief Executive Officer and Chief Financial Officer, furnished as Exhibit 32 to this Quarterly Report on Form 10-Q, will not be deemed to be filed with the Commission or incorporated by reference into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such certifications by reference.

SIGNATURE

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.

ATMOS ENERGY CORPORATION
(Registrant)

By: /s/ CHRISTOPHER T. FORSYTHE

Christopher T. Forsythe
Senior Vice President and Chief Financial Officer
(Duly authorized signatory)

Date: August 6, 2025

Board of Directors and Shareholders of Atmos Energy Corporation
Atmos Energy Corporation

We are aware of the incorporation by reference in the Registration Statements (Form S-3, No. 33-37869; Form S-3, No. 33-58220; Form S-3D/A, No. 33-70212; Form S-3, No. 33-56915; Form S-3/A, No. 333-03339; Form S-3/A, No. 333-32475; Form S-3, No. 333-95525; Form S-3D, No. 333-113603; Form S-3D, No. 333-155666; Form S-3D, No. 333-208317; Form S-3ASR, No. 333-271038; Form S-3ASR, No. 333-283563; Form S-4, No. 333-13429; Form S-8, No. 33-57687; Form S-8, No. 33-57695; Form S-8, No. 333-32343; Form S-8, No. 333-46337; Form S-8, No. 333-73143; Form S-8, No. 333-73145; Form S-8, No. 333-63738; Form S-8, No. 333-88832; Form S-8, No. 333-116367; Form S-8, No. 333-138209; Form S-8, No. 333-145817; Form S-8, No. 333-155570; Form S-8, No. 333-166639; Form S-8, No. 333-177593; Form S-8, No. 333-199301; Form S-8, No. 333-210461; Form S-8, No. 333-217739; and Form S-8, No. 333-286862) of Atmos Energy Corporation and in the related Prospectuses of our report dated August 6, 2025, relating to the unaudited condensed consolidated interim financial statements of Atmos Energy Corporation, which are included in its Form 10-Q for the quarter ended June 30, 2025.

/s/ ERNST & YOUNG LLP

Dallas, Texas
August 6, 2025

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, John K. Akers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atmos Energy 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 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 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 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 6, 2025

/s/ JOHN K. AKERS

John K. Akers
President and
Chief Executive Officer

I, Christopher T. Forsythe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atmos Energy 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 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 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 equivalent functions):
 - (a) All significant deficiencies or 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 6, 2025

/s/ CHRISTOPHER T. FORSYTHE

Christopher T. Forsythe
Senior Vice President and
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Atmos Energy Corporation (the “Company”) on Form 10-Q for the third quarter of the fiscal year ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John K. Akers, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 6, 2025

/s/ JOHN K. AKERS

John K. Akers
President and
Chief Executive Officer

A signed original of this written statement has been provided to Atmos Energy Corporation and will be retained by Atmos Energy Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Atmos Energy Corporation (the “Company”) on Form 10-Q for the third quarter of the fiscal year ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher T. Forsythe, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 6, 2025

/s/ CHRISTOPHER T. FORSYTHE

Christopher T. Forsythe
Senior Vice President and
Chief Financial Officer

A signed original of this written statement has been provided to Atmos Energy Corporation and will be retained by Atmos Energy Corporation and furnished to the Securities and Exchange Commission or its staff upon request.