



QUARTERLY FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2025 AND 2024

(Unaudited)

New Jersey Natural Gas Company

CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

<i>(Thousands)</i>	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
OPERATING REVENUES	\$ 618,645	\$ 463,201	\$ 952,410	\$ 756,631
OPERATING EXPENSES				
Natural gas purchases	275,298	206,675	405,303	325,119
Operation and maintenance	61,257	59,554	113,351	114,259
Regulatory rider expense	48,501	29,229	70,977	48,418
Depreciation and amortization	35,713	27,464	67,797	54,381
Total operating expenses	420,769	322,922	657,428	542,177
OPERATING INCOME	197,876	140,279	294,982	214,454
Other income, net	7,144	6,142	12,661	8,818
Interest expense, net of capitalized interest	17,259	14,850	34,713	29,601
INCOME BEFORE INCOME TAXES	187,761	131,571	272,930	193,671
Income tax provision	43,230	24,476	61,491	35,132
NET INCOME	\$ 144,531	\$ 107,095	\$ 211,439	\$ 158,539

See Note to Unaudited Condensed Financial Statements

New Jersey Natural Gas Company

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended March 31,	
<i>(Thousands)</i>	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 211,439	\$ 158,539
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	67,797	54,381
Allowance for equity used during construction	(3,722)	(3,522)
Allowance for doubtful accounts	2,687	(647)
Deferred income taxes	18,493	24,756
Manufactured gas plant remediation costs	(2,592)	(12,577)
Cost of removal – asset retirement obligations	(863)	(763)
Contributions to postemployment benefit plans	(255)	(1,954)
Taxes related to stock-based compensation	391	325
Changes in:		
Components of working capital	(11,914)	(40,612)
Other noncurrent assets and liabilities	5,410	5,002
Cash flows from operating activities	286,871	182,928
CASH FLOWS USED IN INVESTING ACTIVITIES		
Expenditures for:		
Utility plant	(183,099)	(160,937)
Cost of removal	(20,137)	(16,488)
Cash flows used in investing activities	(203,236)	(177,425)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from long-term debt	—	50,000
Payments of long-term debt	(5,810)	(74,673)
(Payments of) proceeds from short-term debt, net	(55,100)	15,200
Proceeds from sale-leaseback transactions	11,714	8,814
Contribution from Parent	50,000	—
Tax withholding payments related to net settled stock compensation	(1,173)	(735)
Cash flows used in financing activities	(369)	(1,394)
Change in cash, cash equivalents and restricted cash	83,266	4,109
Cash, cash equivalents and restricted cash at beginning of period	1,175	1,346
Cash, cash equivalents and restricted cash at end of period	\$ 84,441	\$ 5,455
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Receivables	\$ (219,036)	\$ (144,128)
Inventories	104,514	111,620
Recovery of natural gas costs	9,690	(3,853)
Natural gas purchases payable	32,440	16,267
Accounts payable and other	(19,136)	(9,861)
Prepaid expenses	(3,550)	(2,836)
Prepaid and accrued taxes	42,612	27,877
Restricted broker margin accounts	33,165	(18,935)
Customers' credit balances and deposits	(15,751)	(20,038)
Other current assets and liabilities	23,138	3,275
Total	\$ (11,914)	\$ (40,612)
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid for:		
Interest (net of amounts capitalized)	\$ 36,441	\$ 30,120
Income taxes	\$ 8	\$ —
Accrued capital expenditures	\$ 6,047	\$ 3,022

See Note to Unaudited Condensed Financial Statements

New Jersey Natural Gas Company

CONDENSED BALANCE SHEETS

ASSETS

	(Unaudited)	
<i>(Thousands)</i>	March 31, 2025	September 30, 2024
PROPERTY, PLANT AND EQUIPMENT		
Utility plant, at cost	\$ 4,316,364	\$ 4,220,895
Construction work in progress	317,844	233,295
Nonutility plant and equipment, at cost	500	500
Total property, plant and equipment	4,634,708	4,454,690
Accumulated depreciation and amortization	(831,775)	(786,594)
Property, plant and equipment, net	3,802,933	3,668,096
CURRENT ASSETS		
Cash and cash equivalents	83,459	580
Customer accounts receivable:		
Billed	212,238	51,613
Unbilled	69,557	11,839
Allowance for doubtful accounts	(6,372)	(4,378)
Regulatory assets	34,839	73,070
Natural gas in storage, at average cost	70,695	177,655
Materials and supplies, at average cost	35,851	33,405
Prepaid expenses	6,288	2,738
Prepaid taxes	5,049	28,014
Derivatives, at fair value	149	21
Restricted broker margin account	7,803	4,975
Other current assets	35,985	58,631
Total current assets	555,541	438,163
NONCURRENT ASSETS		
Regulatory assets	597,591	604,097
Postemployment employee benefit assets	59,869	59,645
Other noncurrent assets	68,100	57,295
Total noncurrent assets	725,560	721,037
Total assets	\$ 5,084,034	\$ 4,827,296

See Note to Unaudited Condensed Financial Statements

New Jersey Natural Gas Company

CONDENSED BALANCE SHEETS (Continued)

CAPITALIZATION AND LIABILITIES

<i>(Thousands)</i>	(Unaudited) March 31, 2025	September 30, 2024
CAPITALIZATION		
Common stock equity	\$ 2,189,540	\$ 1,973,236
Long-term debt	1,615,362	1,609,871
Total capitalization	3,804,902	3,583,107
CURRENT LIABILITIES		
Current maturities of long-term debt	59,263	58,649
Short-term debt	—	55,100
Natural gas purchases payable	62,536	30,096
Natural gas purchases payable related party	775	775
Accounts payable and other	80,864	105,471
Dividend payable to Parent	45,135	—
Accrued taxes	19,647	—
Regulatory liabilities	52,312	32,457
New Jersey Clean Energy Program	7,649	18,491
Derivatives, at fair value	41	581
Customers' credit balances and deposits	22,821	38,572
Total current liabilities	351,043	340,192
NONCURRENT LIABILITIES		
Deferred income taxes	502,257	480,116
Deferred investment tax credits	2,017	2,156
Manufactured gas plant remediation	160,058	161,650
Postemployment employee benefit liability	27,479	21,722
Regulatory liabilities	173,246	175,847
Asset retirement obligations	60,371	59,674
Other noncurrent liabilities	2,661	2,832
Total noncurrent liabilities	928,089	903,997
Total capitalization and liabilities	\$ 5,084,034	\$ 4,827,296

See Note to Unaudited Condensed Financial Statements

New Jersey Natural Gas Company

Note to Unaudited Condensed Financial Statements

1. GENERAL

New Jersey Natural Gas (the Company) is a natural gas distribution company that provides regulated retail natural gas service to residential and commercial customers throughout Burlington, Middlesex, Monmouth, Morris, Ocean and Sussex counties in New Jersey, and participates in the off-system sales and capacity release markets. The Company is a regulated public utility and wholly-owned subsidiary of New Jersey Resources Corporation. The Company maintains its accounts in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts as prescribed by the New Jersey Board of Public Utilities (BPU) and in accordance with the *Regulated Operations* Topic of the Financial Accounting Standards Board Accounting Standards Codification. As a result of the impact of the ratemaking process and regulatory actions of the BPU, the Company is required to recognize the economic effects of rate regulation. Accordingly, the Company capitalizes or defers certain costs that are expected to be recovered from its customers as regulatory assets and recognizes certain obligations representing probable future expenditures as regulatory liabilities on its Balance Sheets.

Because of the seasonal nature of the Company's utility operations and other factors, the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire fiscal year.