Risk Factors Comparison 2023-11-21 to 2022-11-17 Form: 10-K

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When considering any investment in our securities, investors should consider the following risk factors, as well as the information contained under the caption " Information Concerning Forward- Looking Statements, " in analyzing our present and future business performance. While this list is not exhaustive, management also places no priority or likelihood based on their descriptions or order of presentation. Listed below, not necessarily in order of importance or probability of occurrence, are the most significant risk factors applicable to us. Unless indicated otherwise or the content requires otherwise, references below to " we, " " us, " and " our " should be read to refer to the Company and its subsidiaries and affiliates. ~~Page 15 New Jersey Resources CorporationPart I ITEM 1A. RISK FACTORS (Continued) Risk~~ **Risks** Related to Our Business Operations Our investments in solar energy projects are subject to substantial risks and uncertainties. Our investments in commercial and residential solar energy projects are dependent, in part, upon current state regulatory incentives and federal tax credits in order for the projects to be economically viable. Our return on investment for these solar projects is based substantially on our eligibility for ITCs and the future market value of SRECs that are traded in a competitive marketplace in the State of New Jersey. These projects face the risk that the current state regulatory programs and tax laws may expire or be adversely modified. A sustained decrease in the value of SRECs could negatively impact the return on our investments and could impair our portfolio of solar assets. In addition, there are risks associated with our ability to execute on our investment strategy of clean energy projects, which includes our ability to develop and manage such projects profitably ~~,~~ **. These** ~~including~~ **include** logistical risks and potential delays related to construction, permitting ~~,~~ **and** regulatory approvals (including any approvals by the BPU required pursuant to solar energy legislation in the State of New Jersey, and similar approvals required by the **other** ~~States~~ **states where our solar projects are located** ~~of Connecticut, Rhode Island and New York~~) ~~and~~ **;** electric grid interconnection delays associated with the PJM Interconnection, LLC queue reform process **; and** ~~, as well as~~ the operational risk that the projects in service will not perform according to expectations due to equipment failure, suboptimal weather conditions or other economic factors beyond our control. All of the aforementioned risks could reduce the availability of viable solar energy projects for development. Furthermore, at the development or acquisition stage, our ability to predict actual performance results may be hindered or inaccurate and the projects may not perform as predicted. **Page 15 New Jersey Resources CorporationPart I ITEM 1A. RISK FACTORS (Continued) Actions or limitations to address concerns over long- term climate change, both globally and within our utilities' service areas, may affect our operations and financial performance. Legislative, regulatory and advocacy efforts at the local, state and national levels concerning climate change and other environmental issues could have significant impacts on our operations. The natural gas utility industry may be affected by proposals to curb greenhouse gas and other air emissions. Various regulatory and legislative proposals have been made to limit or further restrict byproducts of combustion, including byproducts resulting from the use of natural gas by our customers. In addition, regionally, a number of regulatory and legislative initiatives have been passed that are designed to limit greenhouse gas emissions and increase the use of renewable sources of energy, such as the ban of natural gas equipment in new construction in New York. In addition, regulatory and legislative initiatives may restrict customers' access to natural gas and / or require or limit natural gas infrastructure in buildings. Other initiatives may seek to promote social interests expressed as energy equity, environmental justice or similar frameworks. Any such legislation could direct and / or restrict the operation and raise the costs of our energy delivery infrastructure as well as the distribution of natural gas to our customers. Uncertainties associated with our pipeline of projects could adversely affect our business, results of operations, financial condition and cash flows. Business development projects involve many risks.** We **are currently engaged in business development projects, including projects in various stages of development tied to decarbonization efforts. Timely completion of our projects is subject to certain risks, including those related to regulatory proceedings regarding permitting and adverse outcomes from legal challenges related to the projects' authorizations from federal and state regulatory agencies. We could also experience issues such as: technological challenges; ineffective scalability; failure to achieve expected outcomes; unsuccessful business models; startup and construction delays; construction cost overruns; disputes with contractors; the inability to negotiate acceptable agreements such as rights- of- way, easements, construction, gas supply or other material contracts; changes in customer demand, perception or commitment; public opposition to projects; marketing risk and changes in market regulation, behavior or prices; market volatility or unavailability, including markets for RNG and its associated attributes or other environmental attributes; the inability to receive expected tax or regulatory treatment; and operating cost increases. Additionally, we** may be unable to **finance** ~~obtain governmental approvals, property rights and / or~~ **our** ~~financing~~ **business development projects at acceptable costs or within a scheduled time frame necessary** for **completing** the ~~construction~~ **project. Any of the foregoing risks** , **if realized, could result in business** development **efforts failing to produce expected financial results** and **the project** ~~operation of our proposed energy investments~~ - **investment becoming impaired** ~~and projects in a timely manner or at all. Construction~~ , ~~development~~ and ~~operation of energy investments,~~ such ~~as Leaf River~~ **failure or impairment could have** ~~and~~ - **an** ~~other~~ **adverse effect on our business, results of operations, financial condition and cash flows. ES' s earnings and cash flows are dependent upon optimization of its physical assets. ES' s earnings and cash flows are based, in part, on its ability to optimize its portfolio of contractually based** natural gas storage **and** ~~facilities, NJNG infrastructure improvements,~~ pipeline ~~transportation systems~~ **assets. The optimization strategy involves utilizing its physical assets to take advantage of differences in natural gas prices between geographic locations and / or time periods. Any change among various pricing**

points could affect these differentials. In addition , ~~such~~ **significant increases in the supply of natural gas in ES' s market areas, including** as ~~the Adelphia Gateway pipeline project, and solar energy projects, are subject to federal and state regulatory oversight and require certain property rights, such as easements and rights- of- way from public and private property owners, as well as regulatory approvals, including environmental and other permits and licenses for such facilities and systems. We or our joint venture partnerships may be unable to obtain, in~~ a **result** ~~cost- efficient or timely manner, all such needed property rights, permits and licenses to successfully construct and develop our energy facilities and systems. Successful financing~~ of **increased production along** ~~our energy investments requires participation by willing financial institutions and lenders, as well as acquisition of capital at favorable interest rates. If we do not obtain~~ the **Marcellus Shale** ~~necessary regulatory approvals~~ , ~~property rights and financing, our equity method investments could be impaired~~ **can reduce ES' s ability to take advantage of pricing fluctuations in the future** . ~~Such impairment~~ **Changes in pricing dynamics and supply** could have **an** ~~a materially~~ adverse ~~effect~~ **impact** on ~~our financial condition~~ **ES' s optimization activities** , **earnings** ~~results of operations~~ and cash flows. **ES incurs fixed demand fees to acquire its contractual rights to transportation and storage assets. Should commodity prices at various locations or time periods change in such a way that ES is not able to recoup these costs from its customers, the cash flows and earnings at ES, and ultimately the Company, could be adversely impacted.** NJNG and **ES** ~~Energy Services~~ rely on storage, transportation assets and suppliers, which they do not own or control, to deliver natural gas. NJNG and **ES** ~~Energy Services~~ depend on natural gas pipelines and other transportation and storage facilities owned and operated by third parties to deliver natural gas to wholesale and retail markets and to provide retail energy services to customers. Their ability to provide natural gas for their present and projected sales will depend upon their suppliers' ability to obtain and deliver additional supplies of natural gas, as well as NJNG' s ability to acquire supplies directly from new sources. Factors beyond the control of NJNG, its suppliers and the independent suppliers that have obligations to provide natural gas to certain NJNG customers may affect NJNG' s ability to deliver such supplies. These factors include other parties' control over the drilling of new wells and the facilities to transport natural gas to NJNG' s citygate stations; development of additional interstate pipeline infrastructure; availability of supply sources; third- party pipelines or other midstream facilities interconnected to our gathering or transportation system, such as the TETCO or Transcontinental Pipeline, becoming partially or fully unavailable; competition for the acquisition of natural gas; priority allocations; impact of severe weather disruptions to natural gas supplies; and the regulatory and pricing policies of federal and state regulatory agencies, as well as the availability of Canadian reserves for export to the U. S. Energy deregulation legislation may increase competition among natural gas utilities and impact the quantities of natural gas requirements needed for sales service. **ES** ~~Energy Services~~ also relies on a firm supply source to meet its energy management obligations to its customers. If supply, transportation or storage is disrupted, including for reasons of force majeure, the ability of NJNG and **ES** ~~Energy Services~~ to sell and deliver their products and services may be hindered. As a result, they may be responsible for damages incurred by their customers, such as the additional cost of acquiring alternative supply at then- current **Page 16** market rates. Particularly for **ES** ~~Energy Services~~ , these conditions could have a material impact on our financial condition, results of operations and cash flows. **Failure to attract and retain** ~~Page 16 Energy Services' earnings and~~ - **an** ~~cash flows are~~ **appropriately qualified employee workforce could adversely affect operations. Our ability to implement our business strategy and serve our customers is** dependent upon ~~optimization~~ **our continuing ability to attract and retain talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise** of **our workforce to new employees as our aging employees retire. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor could adversely affect the ability to manage and operate our business. NJNG and the Union are in active negotiations to extend the collective bargaining agreement, which** ~~its~~ - **is** ~~physical assets~~ **scheduled to expire on December 7, 2023** . ~~Energy~~ **The collective bargaining agreement between NJRHS and the Union is scheduled to expire April 2, 2024. Disputes with the Union over terms and conditions of the agreements could result in instability in our labor relationship and work stoppages that could impair the timely delivery of natural gas and other services from our utility and Home** Services **business, which could strain relationships with customers and state regulators and cause a loss of revenues that could adversely affect our results of operations. Our collective bargaining agreements may also increase the cost of employing NJNG and Home Services workforce, affect our ability to continue offering market- based salaries and employee benefits, limit our flexibility in dealing with our workforce and limit our ability to change work rules and practices and implement other efficiency- related improvements to successfully compete in today** ' ~~earnings and cash flows are based~~ **s challenging marketplace. Our success depends upon our ability to attract** , ~~in part~~ **effectively transition** , **motivate and retain key employees and identify and develop talent to succeed senior management. We depend** on ~~its~~ **senior executive officers and other key personnel to develop, implement and execute on our overall business strategy. The** ~~ability~~ **inability** to ~~optimize its portfolio~~ **recruit and retain or effectively transition key personnel or the unexpected loss** of ~~contractually based~~ **key personnel may adversely affect our operations. We may be unable to obtain governmental approvals, property rights and / or financing for the construction, development and operation of our proposed energy investments and projects in a timely manner or at all. Construction, development and operation of energy investments, such as Leaf River and other** natural gas storage ~~and~~ **facilities, NJNG infrastructure improvements,** pipeline **transportation systems, such as the Adelphia pipeline project, and solar energy projects, are subject to federal and state regulatory oversight and require certain property rights, such as easements and rights- of- way from public and private property owners, as well as regulatory approvals, including environmental and other permits and licenses for such facilities and systems. We or our joint venture partnerships may be unable to obtain, in a cost- efficient or timely manner, all such needed property rights, permits and licenses to construct and develop our energy facilities and systems. Successful financing of our energy investments requires participation by willing financial institutions and lenders, as well as acquisition of capital at reasonable interest rates. If we do not obtain the necessary**

regulatory approvals or property rights, or if we are unable to enter into contracts with counterparties at reasonable rates, or obtain financing, our assets ~~. The optimization strategy involves utilizing its physical assets to take advantage of differences in natural gas prices between geographic locations and /~~ or **equity method investments** ~~time periods. Any change among various pricing points~~ could **be impaired** ~~affect these differentials~~ . **Such impairment could have** ~~In addition, significant increases in the supply of natural gas in Energy Services' market areas, including as~~ a **materially** ~~result of increased production along the Marcellus Shale, can reduce Energy Services' ability to take advantage of pricing fluctuations in the future. Changes in pricing dynamics and supply could have an~~ adverse ~~impact~~ **effect** on **our financial condition** ~~Energy Services' optimization activities~~ , ~~earnings~~ **results of operations** and cash flows ~~. Energy Services incurs fixed demand fees to acquire its contractual rights to transportation and storage assets. Should commodity prices at various locations or time periods change in such a way that Energy Services is not able to recoup these costs from its customers, the cash flows and earnings at Energy Services, and ultimately the Company, could be adversely impacted~~ . Weather and weather patterns, including normal seasonal and quarterly fluctuations of weather, as well as extreme weather events that, individually or in aggregate, may be associated with climate change, could adversely affect our ability to manage our operational requirements to serve our customers, and ultimately adversely affect our results of operations and liquidity. NJNG' s business is seasonal, and weather patterns can have a material impact on our financial performance. Demand for natural gas is often greater in the summer and winter months associated with cooling and heating. Because natural gas is heavily used for residential and commercial heating, the demand for this product depends heavily upon weather patterns throughout our market areas, and a significant amount of natural gas revenues are recognized in the first and second quarters related to the heating season. Accordingly, our operations have historically generated less revenue and income when weather conditions are milder in the winter and cooler in the summer. Unusually mild winters or cool summers could adversely affect our results of operations and financial position. In addition, exceptionally hot summer weather or unusually cold winter weather could add significantly to working capital needs to fund higher than normal supply purchases to meet customer demand for natural gas. While we believe the CIP mitigates the impact of weather variations on NJNG' s Utility Gross Margin, severe weather conditions may have an impact on the ability of suppliers and pipelines to deliver the natural gas to NJNG, which can negatively affect our earnings. The CIP does not mitigate the impact of severe weather conditions on our cash flows. Future results at **ES** ~~Energy Services~~ are subject to volatility in the natural gas market due to weather. Variations in weather may affect earnings and working capital needs throughout the year. During periods of milder temperatures, demand and volatility in the natural gas market may decrease, which can negatively impact **ES** ~~Energy Services~~ ' **s** earnings and cash flows. **Page 17** Severe weather impacts, including **,** but not limited to, hurricanes, thunderstorms, high winds, microbursts, fires, tornadoes, blizzards ~~,~~ and snow or ice storms, can disrupt energy generation, transmission and distribution. Extreme weather conditions, especially those of prolonged duration, create high energy demand on our own and / or other systems and increase the risk **that** we may be unable to reliably serve customers. Risk of losing gas supply during extreme weather carries significant consequences, as without our services our customers may be subjected to dire circumstances. Additionally, extreme weather conditions may cause the breakdown of or damage to equipment essential to the operation of our assets, and could also raise market prices as we buy short- term energy to serve our own system. To the extent the frequency of extreme weather events increases, this could increase our cost of providing service. In addition, we may not recover all costs related to mitigating these physical and financial risks. There is also a concern that the physical risks of climate change could include changes in weather conditions, such as changes in the amount or type of precipitation and extreme weather events. Climate change and the costs that may be associated with its impacts have the potential to affect our business in many ways, including increasing the cost incurred in providing natural gas, impacting the demand for and consumption of natural gas (due to change in both costs and weather patterns) and affecting the economic health of the regions in which we operate. ~~Page 17~~ **We may be adversely impacted by natural disasters, pandemic illness, war or terrorist activities and other extreme events to which we may be unable to promptly respond. Local or national natural disasters, pandemic illness, actual or threatened acts of war or terrorist activities, including the political and economic disruption and uncertainty related to Russia' s military invasion of Ukraine and the Israel- Hamas war, catastrophic** ~~Failure~~ **failure** ~~to attract and retain~~ **of the interstate pipeline system** ~~an~~ **and** ~~appropriately qualified employee and~~ other extreme events are a threat to our assets and operations.Companies in our industry that are located in our service territory may face a heightened risk due to exposure to acts of terrorism that could target or impact our natural gas distribution,transmission and storage facilities and disrupt our operations and ability to meet customer requirements.In addition,the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations.Natural disasters,political unrest or actual or ~~Page 19~~ threatened terrorist activities may also disrupt capital markets and our ability to raise capital or may impact our suppliers or our customers directly.A local disaster or pandemic illness ~~(including COVID~~ **could result in part of our** workforce **being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. In addition, these risks** could **result in loss of human life, significant damage to property, environmental damage, impairment of our operations and substantial loss to the Company. Such uncertain conditions may also impact the ability of certain customers to pay for services, which could affect the collectability and recognition of our revenues and** adversely affect **our financial results. Our regulators may not allow us to recover from our customers part or all of the increased cost related to the foregoing events, which could negatively affect our financial condition, results of** operations **and cash flows** . **A slow** ~~Our ability to implement our~~ - **or inadequate response to events that could cause** business ~~strategy~~ **interruption may have** ~~and~~ - **an adverse impact on operations** ~~serve our customers is dependent upon our continuing ability to attract~~ and **earnings. We may be** ~~retain talented professionals and a technically skilled workforce, and being able~~ **unable** to **obtain sufficient insurance (** ~~transfer the knowledge and expertise of our~~ - **or** ~~workforce~~ **such insurance may be costly)** to ~~new employees as our aging employees retire.~~ **cover all risks associated with local and national disasters, pandemic illness, terrorist activities, catastrophic** ~~Failure~~ **failure** ~~to hire~~ **of the interstate pipeline system and other events,**

which could increase the risk that ~~and~~ - **an event** ~~adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor could~~ adversely ~~affect~~ **affects** ~~the ability to manage and operate~~ our **financial** ~~business. NJNG and the Union recently negotiated an extension of their current collective bargaining agreement extending the term through December 7, 2023. The collective bargaining agreement between NJRHS and the Union is scheduled to expire April 2, 2024. Disputes with the Union over terms and conditions~~ - **condition** ~~of the agreements could result in instability in our labor relationship and work stoppages that could impair the timely delivery of natural gas and other services from our utility and Home Services business~~ , ~~which could strain relationships with customers and state regulators and cause a loss of revenues that could adversely affect our~~ results of operations ~~. Our collective bargaining agreements may also increase the cost of employing Natural Gas Distribution~~ and **cash flows** ~~Home Services workforce, affect our ability to continue offering market- based salaries and employee benefits, limit our flexibility in dealing with our workforce and limit our ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today' s challenging marketplace~~ . ~~Our success as a company depends upon our ability to attract, effectively transition, motivate and retain key employees and identify and develop talent to succeed senior management. We depend on senior executive officers and other key personnel to develop, implement and execute on our overall business strategy. The inability to recruit and retain or effectively transition key personnel or the unexpected loss of key personnel may adversely affect our operations. Risk~~ **Risks** Related to Technologies Cyberattacks **, ransomware, terrorism, other malicious acts against,** or failure of **,** information technology systems could adversely affect our business operations, financial condition and results of operations. We continue to place ever- greater reliance on technological tools that support our business operations and corporate functions, including tools that help us manage our natural gas distribution and energy trading operations and infrastructure. The failure of, or security breaches related to, these technologies could materially adversely affect our business operations, financial position, results of operations and cash flows. We rely on information technology to manage our natural gas distribution and storage, energy trading and other corporate operations; maintain customer, employee, Company and vendor data; and prepare our financial statements and perform other critical business processes. This technology may fail due to cyberattack, physical disruption, design and implementation defects or human error. Disruption or failure of business operations and information technology systems could harm our facilities or otherwise adversely impact our ability to safely deliver natural gas to our customers, serve our customers effectively or manage our assets. Additionally, an attack on, or failure of, information technology systems could result in the unauthorized release of customer, employee or other confidential or sensitive data. ~~Recent widespread~~ **Cyberattacks,** ransomware ~~attacks~~ **, terrorism, increased use of artificial intelligence technologies or other malicious acts could damage, destroy or disrupt these systems for** ~~and~~ - **an extended period of time** ~~cybersecurity breaches in the U~~ . ~~S. and elsewhere have affected many~~ **The energy sector, including natural gas utility** companies **has become** ~~, including the cybersecurity incident involving SolarWinds Orion in December 2020. While these~~ -- **the** ~~attacks did not affect~~ **subject of cyberattacks with increased frequency. Page 18 Additionally, the facilities and systems of clients, suppliers and third- party service providers could be vulnerable to the same cyber or terrorism risks as our facilities and systems, and such third- party systems may be interconnected to our systems both physically and technologically. Therefore, an event caused by cyberattacks, ransomware or other malicious acts at an interconnected third party could impact** our business **and facilities. Any failure or unexpected or unauthorized use of technology systems could result in the unavailability of such systems, and could result in a loss of** ~~operations~~ - **operating revenues** , ~~future events~~ **an increase in operating expenses and costs to repair or replace damaged assets. Any** of ~~this kind~~ **the above could also result in the loss or release of confidential customer and / or employee information or other proprietary data that** could adversely affect our ~~business~~ reputation **and competitiveness** , ~~diminish customer confidence, disrupt~~ **could result in costly litigation and negatively impact our results of** operations **. These cyberattacks have become more common and sophisticated and** , **as such** ~~subject us to financial liability or increased regulation~~ , ~~increase our~~ **we could be required to incur** costs ~~and expose us~~ to ~~material legal claims~~ **strengthen our systems** and ~~liability~~ **respond to emerging concerns** . There is no guarantee that redundancies built into our networks and technology, or the procedures we have implemented to protect against cyberattacks and other unauthorized access to secured data, will guarantee protection against all failures of technology or security breaches. Furthermore, despite our efforts to investigate, improve and remediate the capability and performance of our information technology system, we may not be able to discover all weaknesses, breaches and vulnerabilities, and failure to do so may expose us to higher risk of data loss and adversely affect our business operations and results of operations. Failure to keep pace with technological change may limit customer growth and have an adverse effect on our operations. Advances in technology and changes in laws or regulations are reducing the cost of alternative methods of producing energy. In addition, customers are increasingly expecting enhanced communications regarding their electric and natural gas services, which, in some cases, may involve additional investments in technology. New technologies **, including, but not limited to, cloud computing and generative artificial intelligence,** may require us to make significant expenditures to remain competitive and may result in the obsolescence of certain of our operating assets. ~~Page 18~~ Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes and to offer services that meet customer demand. Failure to adapt to advances in technology and manage the related costs could make us less competitive and negatively impact our financial condition, results of operations and cash flows. Risks Related to the Ongoing COVID- 19 Pandemic and...... and cash flows. Risk Related to Regulations and Litigation We are subject to governmental regulation. Compliance with current and future regulatory requirements and procurement of necessary approvals, permits and certificates may result in substantial costs to us. We are subject to substantial regulation from federal, state and local authorities. We are required to comply with numerous laws and regulations and to obtain numerous authorizations, permits, approvals and certificates from governmental agencies. These agencies regulate various aspects of our business, including customer rates, services, construction and natural gas pipeline operations. FERC has regulatory authority over some of our operations, including sales of natural gas in the wholesale and retail markets and the purchase and sale of interstate pipeline and storage capacity, including Steckman Ridge, Leaf River and Adelphia ~~Gateway~~ . Any Congressional legislation or agency regulation that would alter these or other similar statutory and regulatory structures in a way to significantly raise costs that could not be recovered in rates from customers, that would reduce the availability of supply or capacity or that would reduce our competitiveness could negatively impact our earnings. In addition, changes in and compliance with laws such as the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 could increase federal regulatory oversight and administrative costs that may not be recovered in rates from customers, which could have an adverse effect on our earnings. We cannot predict the impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and applicable regulations. Changes in regulations or the imposition of additional regulations could influence our operating environment and may result in substantial costs to us **.Page 19 Our** regulated operations are subject to certain operating risks incidental to handling,storing,transporting and providing customers with natural gas.Our regulated operations are subject to all operating hazards and risks incidental to handling,storing,transporting and providing customers with natural gas,including our natural gas vehicle refueling stations and LNG facilities.These risks include catastrophic failure of the interstate pipeline system,explosions,pollution,release of toxic substances,fires,storms,safety issues and other adverse weather conditions and hazards,each of which could result in damage to or destruction of facilities or damage to persons and property.We could suffer substantial losses should any of these events occur. ~~Moreover,as a result,we have been,and likely will be,a defendant in legal proceedings and litigation arising in the ordinary course of business.~~ Although we maintain insurance coverage,insurance may not be sufficient to cover all material expenses related to these risks **,and such insurance may be costly** .We are involved in legal or administrative proceedings before various courts and governmental bodies that could adversely affect our results of operations,cash flows and financial condition.In the ordinary conduct of business,we are involved in legal or administrative proceedings before various courts and governmental bodies with respect to general claims,rates,permitting,taxes,environmental issues,natural gas cost prudence reviews and other matters.Adverse decisions regarding these matters,to the extent they require us to make payments in excess of amounts provided for in our financial statements or are not covered **by insurance or indemnity rights,could adversely affect our results of operations,cash flows and financial condition** . Our costs of compliance with present and future environmental laws are significant and could adversely affect our cash flows and profitability. Our operations are subject to federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, natural resources and site remediation. Compliance with these laws and regulations may require us to expend financial resources to, among other things, conduct site remediation and perform environmental monitoring. If we fail to comply with applicable environmental laws and regulations, even if we are unable to do so due to factors beyond our control, we may be subject to civil liabilities or criminal penalties and may be required to incur expenditures to come into compliance. Additionally, any alleged violations of environmental laws and regulations may require us to expend resources in our defense against alleged violations. Furthermore, the U. S. Congress has for some time been considering various forms of climate change legislation. In addition, in July 2019, the State of New Jersey amended the GWRA, which targets 80 ~~percent~~ **%** reduction in greenhouse gas emissions below 2006 levels economy- wide by 2050. In January 2020, Governor Murphy released the EMP confirming his commitment to achieve 100 ~~percent~~ **%** clean energy by 2050, and the GWRA mandate of reducing state greenhouse gas emissions. The EMP addressed New Jersey' s energy system, including electric generation, transportation and buildings, and their associated greenhouse gas emissions and related air pollutants. The EMP defines 100 ~~percent~~ **%** clean energy by 2050 to mean 100 ~~percent~~ **%** carbon- neutral electric generation and maximum electrification of the transportation and building sectors, which are the greatest carbon emission **-** producing sectors in the state, to meet or exceed the GWRA emissions reductions by 2050. Our goals, to reduce our New Jersey operational emissions by ~~50 percent~~ **60 %** from 2006 levels by 2030 and to achieve net- zero carbon emissions from our New Jersey operations by 2050, may require additional technological, legislative and regulatory developments, the impacts and costs of which may not be fully known at this time. ~~Page 20 To underpin the initiatives in the EMP, Governor Murphy issued Executive Order No. 100, directing the Department of Environmental Protection to make sweeping regulatory reforms, branded as Protecting Against Climate Threats, to reduce emissions and adapt to climate change. These regulations have begun to be promulgated, and NJR is taking an active role in participating in these rulemaking processes.~~ While the EMP does not place a moratorium or end date on natural gas hook ups, further legislation or rulemaking that de- emphasizes the role of natural gas in providing clean, low- cost energy in the state of New Jersey ~~which~~ could put upward pressure on natural gas prices and place customer growth targets at risk. Higher cost levels could impact the competitive position of natural gas and negatively affect our growth opportunities, cash flows and earnings. **In February 2023, Governor Murphy issued two executive orders that established, or accelerated, previously established 2050 targets for clean- sourced electricity and electric heat pump adoption, with target dates of 2030 or 2035, as applicable. An additional executive order opened a proceeding to plan for the future of natural gas utilities in New Jersey. We are unable to predict the outcomes of these proceedings, but they could have a material impacts on our business, results of operations and cash flows.** Risks related to regulation could affect the rates we are able to charge, various costs and our profitability. NJNG is subject to regulation by federal, state and local authorities. These authorities regulate many aspects of NJNG' s distribution and transmission operations, including construction and maintenance of facilities, operations, safety, tariff rates that NJNG can charge customers, rates of return, the authorized cost of capital, recovery of pipeline replacement, environmental remediation costs and relationships with its affiliates. NJNG' s ability to timely construct rate- based assets and obtain rate increases, including base rate increases, ~~extend~~ **continue** its BGSS incentive and CIP programs and maintain its currently authorized rates of return may be impacted by events, including regulatory or legislative actions. Additionally, in fiscal 2019, NJR began the process of transitioning away from its enterprise platform, which will no longer receive extended support after 2025. The first **Page 20** phase of IT enhancements and upgrades were placed into service in July 2020. The remaining phases of planned upgrades relate to work order and asset management and customer information systems and experience **,** which are expected to require significant capital investment through fiscal year 2024. There can be no assurance that NJNG will be able to obtain rate increases and continue its BGSS incentive, CIP, RAC, or SAVEGREEN programs and IT upgrades and enhancements or continue to earn its currently authorized rates of return. Adelphia is subject to regulation by FERC. FERC regulates many aspects of Adelphia' s transmission operations, including construction and maintenance of facilities, operations, safety tariff rates that Adelphia can charge customers, rates of return, the authorized cost of capital, recovery of pipeline replacement and relations with its affiliates. Adelphia' s ability to obtain rate increases and maintain its currently authorized rates of return may be impacted by events, including regulatory or legislative actions. There can be no assurance that Adelphia will be able to obtain rate increases or continue to earn its currently authorized rate of return. **Risks Related to** Our regulated operations are subject to certain operating...... our interests. Risk Related to our Markets ~~We are exposed to market risk and may incur losses in our wholesale business. Our transportation and storage portfolios consist of contracts to transport and store natural gas. The value of our transportation and storage portfolio could be negatively impacted if the value of these contracts changes in a direction or manner that we do not anticipate. In addition, upon expiration of these transportation and storage contracts, to the extent that they are renewed or replaced at less favorable terms, our results of operations and cash flows could be adversely affected.~~ Major changes in the supply and price of natural gas may affect financial results. While NJRES and NJNG expect to meet customers' demand for natural gas for the foreseeable future, factors affecting suppliers and other third parties, including the inability to develop additional interstate pipeline infrastructure, lack of supply sources, increased competition, further deregulation, transportation costs, possible climate change legislation, energy efficiency mandates or changes in consumer behaviors, transportation availability and drilling for new natural gas resources, may impact the supply and price of natural gas. In addition, any significant disruption in the availability of supplies of natural gas could result in increased supply costs, higher prices for customers and potential supply disruptions to customers. NJRES and NJNG actively hedge against the fluctuation in the price of natural gas by entering into forward and financial contracts with third parties. Should these third parties fail to perform, and regulators not allow the pass- through of expended funds to customers, it may result in a loss that could have a material impact on our financial condition, results of operations and cash flows. ~~growth~~ may affect earnings and cash flows.NJNG' s ability to increase its Utility Gross Margin is dependent upon the new construction housing market,as well as the conversion of customers to natural gas from other fuel sources.During periods of extended economic downturns,prolonged weakness in housing markets or slowdowns in the conversion market,there could be an adverse impact on NJNG' s Utility Gross Margin,earnings and cash flows.Furthermore,while our estimates regarding customer growth are based in part upon information from third parties,the estimates have not been verified by an independent source and are subject to the aforementioned risks and uncertainties,which could cause actual results to materially deviate from the estimates.Our economic hedging activities that are designed to protect against commodity and financial market risks,including the use of derivative contracts in the normal course of our business,may cause fluctuations in reported financial results and financial losses that negatively impact results of operations and our stock price.We use derivatives,including futures,forwards,options,swaps and foreign exchange contracts,to manage commodity,financial market and foreign currency risks.The timing of the recognition of gains or losses associated with our economic hedges in accordance with GAAP does not always coincide with the gains or losses on the items being hedged.The difference in accounting can result in volatility in reported results,even though the expected profit margin is essentially unchanged from the dates the transactions were consummated.In addition,we could recognize financial losses on these **contracts** Page ~~22~~ **21 We are exposed to market risk and may incur losses in our wholesale business. Our transportation and storage portfolios consist of contracts to transport and store natural gas. The value of our transportation and storage portfolio could be negatively impacted if the value of these contracts changes in a direction or manner that we do not anticipate. In addition, upon expiration of these transportation and storage contracts, to the extent that they are renewed or replaced at less favorable terms, our results of operations and cash flows could be adversely affected.** Inflation and increased natural gas costs could adversely impact our customer base and customer collections and increase ~~The~~ **the** Company' s level of indebtedness. Inflation has caused, and may continue to cause, increases in certain operating and capital costs. Our regulated businesses have a process in place to review the adequacy of their rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those rates. The ability to control expenses is an important factor that will influence future results. Rapid increases in the price of purchased gas may cause the Company to experience a significant increase in short- term debt because it must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection from customers and counterparties for gas delivered. Increases in purchased gas costs could also slow collection efforts as NJNG customers may be more likely to delay the payment of their gas bills, leading to higher- than- normal accounts receivable. This situation could also result in higher short- term debt levels and increased bad debt expense. ~~Changes in customer~~ **Risks Related to Acquisition and Investment Strategies Any acquisitions that we may undertake involve risks and uncertainties. We may not realize the anticipated synergies, cost savings and** growth **opportunities** may affect earnings and cash flows....... could recognize financial losses on these contracts as a result of ~~volatility in the~~ **these transactions** ~~market values of the underlying commodities or if a counterparty fails to perform under a contract~~. **The integration** ~~In the absence~~ of ~~actively quoted market prices~~ **acquisitions requires significant time** and ~~pricing~~ **resources. Investments of resources are required to support any acquisition, which could result in significant ongoing operating expenses, and we may experience challenges when combining separate business cultures,** information ~~from external sources~~ **technology systems and employees** , **and** ~~the valuation of these~~ **those** ~~financial instruments can involve~~ **challenges may divert senior** management' s **time and attention** ~~judgment or use of estimates~~. ~~As~~ **If we fail to successfully integrate assets and liabilities through the entities which we acquire, we may not fully realize all of the growth opportunities, benefits expected from the transaction, cost savings and other synergies and, as** a result, ~~changes in~~ the ~~underlying assumptions or use of alternative valuation methods could adversely affect the value of the reported~~ fair value of **assets acquired could be impaired. We assess long- lived assets, including intangible assets associated with acquisitions, for impairment whenever events or**

circumstances indicate that an asset' s carrying amount may not be recoverable. To the extent the value of long- lived assets becomes impaired, the impairment charges could have a material impact on our financial condition and results of operations. The benefits that we expect to achieve from acquisitions will depend, in part, on our ability to realize anticipated growth opportunities and other synergies with our existing businesses. The success of these ~~contracts~~ **transactions will depend on our ability to integrate these transactions within our existing businesses in a timely and seamless manner** . **We** may experience challenges when combining separate business cultures,information technology systems and employees.Even if we are able to complete an integration successfully,we may not fully realize all the growth opportunities,cost savings and other synergies that we expect.Investing through partnerships or joint ventures decreases our ability to manage risk.We have utilized joint ventures through partnerships for certain ~~Storage and Transportation~~ **S & T** investments.Although we currently have no specific plans to do so,we may acquire interests in other joint ventures or partnerships in the future.In these joint ventures or partnerships,we may not have the right or power to direct the management and policies of the joint ventures or partnerships,and other participants or investors may take action contrary to our instructions or requests and against our policies and objectives.In addition,the other participants may become bankrupt or have economic or other business interests or goals that are inconsistent with those of NJR and our subsidiaries and affiliates.Our financial condition,results of operations or cash flows could be harmed if a joint venture participant acts contrary to our interests. ~~Risk Risk~~ **Risks** Related to Credit and Liquidity NJR is a holding company and depends on its operating subsidiaries to meet its financial obligations. NJR is a holding company with no significant assets other than possible cash investments and the stock of its operating subsidiaries. We rely exclusively on dividends from our subsidiaries, on intercompany loans from our unregulated subsidiaries ~~,~~ and on the repayments of principal and interest from intercompany loans and reimbursement of expenses from our subsidiaries for our cash flows. Our ability to pay dividends on our common stock and to pay principal and interest on our outstanding debt depends on the payment of dividends to us by our subsidiaries or the repayment of loans to us by our subsidiaries. The extent to which our subsidiaries are unable to pay dividends or repay funds to us may adversely affect our ability to pay dividends to holders of our common stock and principal and interest to holders of our debt. Page ~~23~~ **22** Credit rating downgrades could increase financing costs, limit access to the financial markets and negatively affect NJR and its subsidiaries. Rating agencies Moody' s and Fitch currently rate NJNG' s debt as investment grade. If such ratings are downgraded below investment grade, borrowing costs could increase, as would the costs of maintaining certain contractual relationships and obtaining future financing. Even if ratings are downgraded without falling below investment grade, NJR and NJNG could face increased borrowing costs under their current and future credit facilities. Our ability to borrow and costs of borrowing have a direct impact on our subsidiaries' ability to execute their operating strategies, particularly in the case of NJNG, which relies heavily upon capital expenditures financed by its credit facility. If we suffer a reduction in our credit and borrowing capacity or in our ability to issue parental guarantees, the business prospects of **ES** ~~Energy Services~~ , **CEV** ~~Clean Energy Ventures~~ and ~~Storage and Transportation~~ **S & T** , which rely on our creditworthiness, would be adversely affected. **ES** ~~Energy Services~~ could possibly be required to comply with various margin or other credit enhancement obligations under its trading and marketing contracts, and it may be unable to continue to trade or be able to do so only on less favorable terms with certain counterparties. **CEV** ~~Clean Energy Ventures~~ could be required to seek alternative financing for its projects ~~,~~ and may be unable to obtain such financing or able to do so only on less favorable terms. Additionally, lower credit ratings could adversely affect relationships with NJNG' s state regulators, who may be unwilling to allow NJNG to pass along increased costs to its natural gas customers. If we are unable to access the financial markets or there are adverse conditions in the equity or credit markets, **including, but not limited to, inflationary pressures, recessionary pressures, or rising interest rates,** it could affect management' s ability to execute our business plans. We rely on access to both short- term and long- term credit markets as significant sources of liquidity for capital requirements not satisfied by our cash flow from operations. Any deterioration in our financial condition could hamper our ability to access the equity or credit markets or otherwise obtain debt financing on terms favorable to us or at all. In addition, because certain state regulatory approvals may be necessary for NJNG to incur debt, NJNG may be unable to access credit markets on a timely basis **. General economic factors beyond our control might create uncertainty that could increase our cost of capital or impair or eliminate our ability to access the debt, equity, or credit markets, including our ability to draw on bank credit facilities** . External events could also increase the cost of borrowing or adversely affect our ability to access the financial markets. Such external events could include the following: • economic weakness and / or political instability in the U. S. or in the regions where we operate; • political conditions, such as a shutdown of the U. S. federal government; • financial difficulties of unrelated energy companies; • capital market conditions generally; • volatility in the equity markets; • market prices for natural gas; • the overall health of the natural gas utility industry; and • fluctuations in interest rates and increased borrowing costs. **Failure by NJR and / or NJNG to comply with debt covenants may impact our financial condition. Our long- term debt obligations contain financial covenants related to debt- to- capital ratios. These debt obligations also contain provisions that put limitations on our ability to finance future operations or capital needs or to expand or pursue certain business activities. For example, certain of these agreements contain provisions that, among other things, put limitations on our ability to make loans or investments, make material changes to the nature of our businesses, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Furthermore, the debt obligations and our sale leaseback agreements contain covenants and other provisions requiring us to provide timely delivery of accurate financial statements prepared in accordance with GAAP. The failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations and / or the inability to borrow under existing revolving credit facilities and term loans. We have relied, and continue to rely, upon short- term bank borrowings or commercial paper supported by our revolving credit facilities to finance the execution of a portion of our operating strategies. NJNG is dependent on these capital sources to purchase its natural gas supply and maintain its properties. The acceleration of our outstanding**

debt obligations and our inability to borrow under the existing revolving credit facilities would cause a material adverse change in NJR' s and NJNG' s financial condition. Page 23 Our ability to secure short- term financing is subject to conditions in the credit markets. A prolonged constriction of credit availability could affect management' s ability to execute our business plan. An inability to access capital may limit our ability to pursue improvements or acquisitions that we may otherwise rely on for both current operations and future growth. **ES** ~~Energy Services~~ and NJNG execute derivative transactions with financial institutions as a part of their economic hedging strategy and could incur losses associated with the inability of a financial counterparty to meet or perform under its obligations as a result of adverse conditions in the credit markets or their ability to access capital or post collateral. ~~Failure by NJR~~ **Risks Related to Tax** and ~~/~~ **Accounting Matters A valuation allowance may be required** ~~or~~ **for** ~~NJNG to comply with debt covenants may impact~~ our ~~financial condition~~ **deferred tax assets** . Our **deferred tax assets are comprised primarily of investment tax credits and state net operating losses** ~~long- term debt obligations contain financial covenants related to debt- to- capital ratios~~ . ~~These debt obligations also contain provisions~~ **Any revaluation of our deferred tax assets** that **may be required in the** ~~put limitations on our ability to finance~~ future ~~operations or capital needs or to expand or pursue certain business activities. For example, certain of these agreements contain provisions that, among other things, put limitations on our ability to make loans or investments, make material changes to the nature of our businesses, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Furthermore, the debt obligations and our sale leaseback agreements contain covenants and other provisions requiring us to provide timely delivery of accurate financial statements prepared in accordance with GAAP. The failure to comply with any of these covenants~~ could ~~result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations and / or the inability to borrow under existing revolving Page 24 credit facilities and term loans. We~~ have ~~relied, and continue to rely, upon short- term bank borrowings or commercial paper supported by our revolving credit facilities to finance the execution of a portion of our operating strategies. NJNG is dependent on these capital sources to purchase its natural gas supply and maintain its properties. The acceleration of our outstanding debt obligations and our inability to borrow under the existing revolving credit facilities would cause~~ a material adverse **impact on our** ~~change in NJR' s and NJNG' s~~ financial condition ~~. Risks Related to Tax~~ and ~~Accounting Matters~~ **results of operations.** The cost of providing pension and postemployment health care benefits to employees and eligible former employees is subject to changes in pension fund values, interest rates and changing demographics and may have a material adverse effect on our financial results. We have two defined benefit pension plans and two OPEB plans for the benefit of eligible full- time employees and qualified retirees, which were closed to all employees hired on or after January 1, 2012. The cost of providing these benefits to eligible current and former employees is subject to changes in the market value of the pension and OPEB fund assets, changing discount rates and changing actuarial assumptions based upon demographics, including longer life expectancy of beneficiaries, an expected increase in the number of eligible former employees over the next five years, impacts from healthcare legislation and increases in health care costs. Significant declines in equity markets and / or reductions in bond yields can have a material adverse effect on the funded status of our pension and OPEB plans. In these circumstances, we may be required to recognize increased pension and OPEB expenses and / or be required to make additional cash contributions into the plans. The funded status of these plans, and the related cost reflected in our financial statements, are affected by various factors that are subject to an inherent degree of uncertainty. Under the Pension Protection Act of 2006, losses of asset values may necessitate increased funding of the plans in the future to meet minimum federal government requirements. A significant decrease in the asset values of these plans can result in funding obligations earlier than we had originally planned, which would have a negative impact on cash flows from operations, decrease our borrowing capacity and increase our interest expense. Changes in tax laws, rates or adverse outcomes resulting from examinations by tax authorities may negatively affect our results of operations, net income, financial condition and cash flows. We are subject to taxation and audit by various taxing authorities at the federal, state and local levels. We cannot predict how our federal and state regulators will apply such tax changes in our future rates. While we believe we comply with all applicable tax laws, rules ~~,~~ and regulations in the relevant jurisdictions, tax authorities may elect to audit us and determine that we owe additional taxes, which could result in a significant increase in our liabilities for taxes, interest and penalties in excess of our accrued liabilities. New tax legislative initiatives may be proposed from time to time, such as proposals for comprehensive tax reform in the United States, which may impact our effective tax rate and which could adversely affect our tax positions or tax liabilities. On August 16, 2022, the Inflation Reduction Act was signed into law and imposed a 15 ~~percent~~ **%** minimum tax rate on book earnings for corporations with higher than $ **1B** ~~1 billion~~ of annual income, along with a 1 ~~percent~~ **%** excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. We are currently assessing the potential impact of these legislative changes. Any future change in tax laws or interpretation of such laws could adversely affect our results of operations, net income, financial condition and cash flows. ~~A valuation allowance may be required for our deferred tax assets. During fiscal 2018, as a result of the Tax Act' s decrease to the federal statutory corporate tax rate, and during fiscal 2020, as a result of Corporate Business Tax reform in the state of New Jersey, we revalued our deferred tax assets and liabilities at the enactment date to reflect the rates expected to be in effect when the deferred tax assets and liabilities are realized or settled. These adjustments are based on assumptions we made with respect to our book versus tax differences and the timing of when those differences will reverse. Our deferred tax assets are comprised primarily of investment tax credits and state net operating losses. Any further revaluation of our deferred tax assets that may be required in the future could have a material adverse impact on our financial condition and results of operations.~~ Page ~~25~~ **24** Significant regulatory assets recorded by our regulated companies could be disallowed for recovery from customers in the future. NJNG records regulatory assets on its financial statements to reflect the ratemaking and regulatory decision- making authority of the BPU as allowed by GAAP. The creation of a regulatory asset allows for the deferral of costs, which, absent a mechanism to recover such costs from customers in rates approved by the BPU, would be charged to expense on its income statement in the period incurred. Primary regulatory assets that are subject to BPU approval include the recovery of BGSS and USF costs, remediation costs associated with NJNG' s MGP sites, CIP, NJCEP, economic stimulus plans, certain deferred income taxes and pension and OPEB. If there were to be a change in regulatory positions surrounding the collection of these deferred costs, there could be a material impact on NJNG' s existing tariff or a future base rate case, as well as our financial condition, results of operations and cash flows. Adelphia ~~Gateway~~ records regulatory assets on its financial statements to reflect the ratemaking and regulatory decision- making authority of FERC as allowed by GAAP. The creation of a regulatory asset allows for the deferral of costs, which, absent a mechanism to recover such costs from customers in rates approved by FERC, would be recorded as a charge to earnings on its Statement of Operations in the period incurred. If there were to be a change in regulatory positions surrounding the collection of these deferred costs, there could be a material impact on Adelphia' s existing rates or a future rate case, as well as our financial condition, results of operations and cash flows. Risks Related to Takeovers Our restated certificate of incorporation, as amended, and amended and restated bylaws may delay or prevent a transaction that shareowners would view as favorable. Our restated certificate of incorporation, as amended **,** and amended and restated bylaws, as well as New Jersey law, contain provisions that could delay, defer or prevent an unsolicited change in control of NJR, which may negatively affect the market price of our common stock or the ability of stockholders to participate in a transaction in which they might otherwise receive a premium for their shares over the then- current market price. These provisions may also prevent changes in management. In addition, our Board is authorized to issue preferred stock without stockholder approval on such terms as our Board may determine. Our common shareowners will be subject to, and may be negatively affected by, the rights of any preferred stock that may be issued in the future. In addition, we are subject to the New Jersey Shareholders' Protection Act, which could delay or prevent a change of control of NJR. We may also be subject to actions or proposals from activist investors or others that may not be aligned with our long- term strategy or the interests of our other stockholders. This may interfere with our ability to execute our strategic plans, cause uncertainty with our regulators and make it more difficult to attract and retain qualified personnel. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any investor activism.