



Investor Fact Sheet

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REV LNG, LLC

- *SJI has acquired a minority interest in REV LNG, LLC, a company specializing in the development and transportation of renewable natural gas (RNG), liquified natural gas (LNG) and compressed natural gas (CNG) in North America*
- *SJI's has also invested in rights to develop anaerobic digesters at a portfolio of dairy farms to produce renewable natural gas*
- *Transaction aligns with SJI's decarbonization commitment and is expected to be accretive to SJI's cash flow and economic earnings and support continued improvement in credit metrics*

Transaction Overview

In December 2020, SJI acquired a minority interest in REV LNG, LLC (REV), along with the rights to develop anaerobic digesters at a portfolio of dairy farms to produce RNG. Total consideration under the agreement is \$39.8 million, inclusive of minority interest, rights to develop RNG from a portfolio of dairy farms, capital contributions and transaction costs. The agreement also provides SJI the option to purchase the remaining outstanding equity of REV as the company achieves financial milestones.

Background

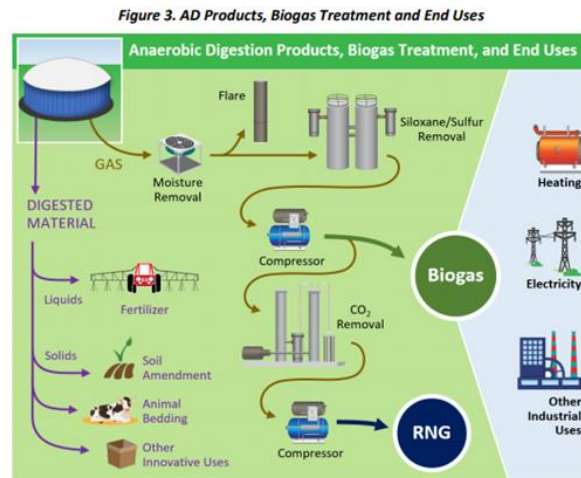
- Founded in 2013 and Headquartered in Ulysses, Pennsylvania
- REV specializes in the development, production and transportation of RNG, LNG and CNG in North America
- Over the last few years, REV has become one of the country's leading developers of RNG projects through capturing, cleaning and converting bio-methane to RNG
- REV acquires the rights to build anaerobic digesters on dairy farms to produce RNG for injection into natural gas pipelines; REV then sources, supplies and transports RNG to utilities through ownership of mobile tankers, decompression and vaporization assets to ensure safe, firm and dependable service
- REV also specializes in LNG/CNG turn-key supply solutions in a "Virtual Pipeline" arrangement

REV operates within three primary verticals:

- REV acquires the rights to and develops RNG projects via anaerobic digesters on dairy farms throughout the US. The digesters produce RNG for injection into natural gas pipelines. REV also provides consulting and dedicated development services via this vertical.
- REV provides mobile mid-stream transportation of LNG, CNG, and RNG to commercial, industrial and utility customers through the ownership and operation of mobile tankers, compression and vaporization assets and other related equipment.
- REV engages with market-leading owners of natural gas assets to develop, build and operate LNG facilities. REV's mobile transportation arm then delivers the LNG to select customers.

RNG Production

The process of producing pipeline quality RNG begins with cow manure that is collected from farms and fed into anaerobic digesters. The manure is then broken down which creates raw biogas. The raw biogas is cleaned and processed into RNG, which meets the same pipeline specification of fossil-based natural gas. The RNG is then compressed and transported via truck to an injection facility such as a local distribution company or interstate natural gas pipeline. The diagram below illustrates the conversion process from Anaerobic Digester to end user.



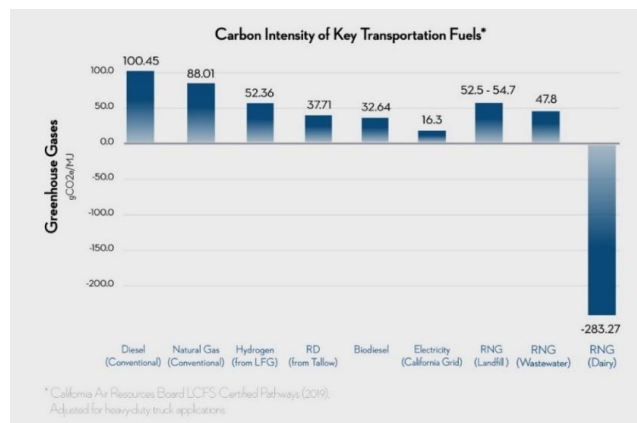
Source: United States Environmental Protection Agency (EPA)

Dairy Farm Development Rights

- Under the agreement, SJI acquired 4 dairy farm projects, which equates to approximately 0.5M MMBtu of renewable natural gas annually.
- SJI has an exclusive option (“Right of First Offer” or ROFO) to purchase development rights for an additional 21 farms, which equates to approximately 1.6 million MMBtu of renewable natural gas annually.
- SJI is not obligated to make investments in anaerobic digesters but retains the option to do so.

Investment Rationale

- **Decarbonization Benefits:** Our measured investment in REV provides an opportunity to align and execute on our decarbonization commitment to our region and the State of New Jersey. RNG recovered from dairy farms has a negative carbon intensity rating, meaning it takes more carbon out of the environment than it produces, and is less carbon intensive than conventional natural gas. Our REV investment, along with planned investments in RNG that will directly serve our utilities, will accelerate SJI’s decarbonization goals.



- **Long-Term, Contracted Cash Flows:** Our investment in REV provides long-term, contracted cash flows with creditworthy counterparties in the renewable space and complements SJI's vision as a clean energy infrastructure organization. Cash flows are driven by development success fees in the short-term and long-term royalty and trucking contracts. More than 80% of REV's EBITDA is supported by long-term trucking contracts and contracted royalties from creditworthy counterparties through 2025.
- **Experienced Management Team.** Collectively, SJI and REV have a proven track record of successful energy development, management and operations as well as the necessary capital to support continued development and advancement of RNG, LNG and CNG technologies and services.

Regulatory Considerations

No regulatory approvals were required for the transaction, which was completed in December 2020.

Financial Considerations

SJI financed the \$39.8M transaction with cash on hand as well as borrowing under its existing credit facilities.

Earnings/Credit Impact

The transaction is expected to be accretive to SJI's cash flow and economic earnings and support continued long-term improvement in SJI's credit metrics.

About SJI

SJI (NYSE: SJI), an energy services holding company based in Folsom, NJ, delivers energy services to its customers through three primary subsidiaries. SJI Utilities, SJI's regulated natural gas utility business, delivers safe, reliable, affordable natural gas to approximately 700,000 South Jersey Gas and Elizabethtown Gas customers in New Jersey. SJI's non-utility businesses within South Jersey Energy Solutions promote efficiency, clean technology and renewable energy by providing customized wholesale commodity marketing and fuel management services; and developing, owning and operating on-site energy production facilities. SJI Midstream houses the company's interest in the PennEast Pipeline Project. Visit sjindustries.com for more information about SJI and its subsidiaries.

About REV LNG, LLC

REV LNG, LLC ("REV") is a full-service supplier of Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG), and Renewable Natural Gas (RNG) based in Ulysses, Pennsylvania. Since the company's inception in 2013, REV has emerged as a leading provider of mobile gas solutions including transportation logistics, marine, mobile fuel solutions, and project development. Having safely sourced and delivered thousands of LNG loads to a variety of markets including Public Utilities, Renewable Gas projects, and Exploration and Production Companies, REV is focused on providing best-in-class turnkey mobile energy service with a focus on safety and environmental stewardship. REV LNG is a minority stakeholder of NiChe LNG, which owns and operates the Towanda LNG Facility in Bradford County, Pennsylvania. The company has been recognized for its commitment to utilizing clean fuels by the State of Pennsylvania, receiving both the Governor's Award as well as the Penn State Marcellus Center Innovation Award. REV has also received grants from the Pennsylvania Department of Environmental Protection for utilizing LNG in its trucking fleet. Visit www.revlng.com for more information on REV LNG.

Forward-Looking Statements and Risk Factors

This news release, including information incorporated by reference, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position, expected sources of incremental margin, strategy, financing needs, future capital expenditures and the outcome or effect of ongoing litigation, are forward-looking. This Quarterly Report uses words such as "anticipate," "believe," "expect," "estimate," "forecast," "goal," "intend," "objective," "plan," "project," "seek," "strategy," "target," "will" and similar expressions to identify forward-looking statements. These forward-looking statements are based on the beliefs and assumptions of management at the time that these statements were prepared and are inherently uncertain. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic conditions on an international, national, state and local level; weather conditions in SJI's marketing areas; changes in commodity costs; changes in the availability of natural gas; "non-routine" or "extraordinary" disruptions in SJI's distribution system; regulatory, legislative and court decisions; competition; the availability and cost of capital; costs and effects of legal proceedings and environmental liabilities; the failure of customers, suppliers or business partners to fulfill their contractual obligations; changes in business strategies; and public health crises and epidemics or pandemics, such as a novel coronavirus (COVID-19). These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ materially from those expressed in the forward-looking statements, are described in greater detail under the heading "Item 1A. Risk Factors" in SJI's and SJG's Annual Report on Form 10-K for the year ended December 31, 2020 and in any other SEC filings made by SJI or SJG during 2019 and 2020 and prior to the filing of this earnings release. Also refer to the additional risk factor described below: Our business could be materially and adversely affected by a public health crisis or the widespread outbreak of contagious disease, such as the recent outbreak of respiratory illness caused by a novel coronavirus (COVID-19), which has been declared a pandemic by the World Health Organization in March 2020. The continued spread of COVID-19 across the world has led to disruption and volatility in the global capital markets, which increases the cost of capital and adversely impacts access to capital. Additionally, our reliance on third-party suppliers, contractors, service providers, and commodity markets exposes us to the possibility of delay or interruption of our operations. For the duration of the outbreak of COVID-19, legislative and government action limits our ability to collect on overdue accounts, and prohibits us from shutting off services, which may cause a decrease in our cash flows or net income. These suspensions of shut offs of service for non-payment will be in place through at least March 15, 2021 based on an executive order issued by the Governor of New Jersey, in which water, gas and electricity providers are barred from cutting services to New Jersey residents. We have been executing our business continuity plans since the outbreak of COVID-19 and are closely monitoring potential impacts due to COVID-19 pandemic responses at the state and federal level. As expected, we have incurred operating costs for emergency supplies, cleaning services, enabling technology and other specific needs during this crisis which have traditionally been recognized as prudent expenditures by our regulators. The effects of the pandemic also may have a material adverse impact on our ability to collect accounts receivable as customers face higher liquidity and solvency risks, and also considering the inability to shut off services as noted above. Currently, the impact of the pandemic to the collectability of our accounts receivable continues to be monitored, but such receivables have traditionally been included in rate recovery. Our infrastructure investment programs continue to move forward, and construction activity that was delayed in accordance with directives from the Governor of New Jersey have since continued; however, to the extent the pandemic worsens or a similar directive is put in place in the future for a long period of time, our capital projects could be significantly impacted. It is impossible to predict the effect of the continued spread of the coronavirus in the communities we service. Should the coronavirus continue to spread or not be contained, our business, financial condition and results of operations could be materially impacted, including impairment of goodwill or access to capital markets, which in turn may have a negative effect on the market price of our common stock. No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. SJI and SJG undertake no obligation to revise or update any forward-looking statements, whether as result of new information, future events or otherwise, except as required by law.