UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2020

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: 001-38790

New Fortress Energy LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware	**83-1482060**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
111 W. 19th Street, 8th Floor **New York, NY**	**10011**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 268-7400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A shares, representing limited liability company interests	**"NFE"**	**NASDAQ Global Select Market**

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.

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 ☒

As of April 30, 2020, the registrant had 24,236,495 Class A shares and 144,342,572 Class B shares outstanding.

TABLE OF CONTENTS

GLOSSARY OF TERMS

As commonly used in the liquefied natural gas industry, to the extent applicable and as used in this Quarterly Report on Form 10-Q ("Quarterly Report"), the terms listed below have the following meanings:

Btu	the amount of heat required to raise the temperature of one avoirdupois pound of pure water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at an absolute pressure of 14.696 pounds per square inch gage
CAA	Clean Air Act
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CWA	Clean Water Act
DOE	U.S. Department of Energy
FERC	Federal Energy Regulatory Commission
GAAP	generally accepted accounting principles in the United States
GHG	greenhouse gases
GSA	gas sales agreement
Henry Hub	a natural gas pipeline located in Erath, Louisiana that serves as the official delivery location for futures contracts on the New York Mercantile Exchange
ISO container	International Organization of Standardization, an intermodal container
LNG	natural gas in its liquid state at or below its boiling point at or near atmospheric pressure
MMBtu	one million Btus, which corresponds to approximately 12.1 LNG gallons
MW	megawatt. We estimate 2,500 LNG gallons would be required to produce one megawatt
NGA	Natural Gas Act of 1938, as amended
non-FTA countries	countries without a free trade agreement with the United States providing for national treatment for trade in natural gas and with which trade is permitted
OPA	Oil Pollution Act
OUR	Office of Utilities Regulation (Jamaica)
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	power purchase agreement
SSA	steam supply agreement
TBtu	one trillion Btus, which corresponds to approximately 12,100,000 LNG gallons

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements regarding, among other things, our plans, strategies, prospects and projections, both business and financial. All statements contained in this Quarterly Report other than historical information are forward-looking statements that involve known and unknown risks and relate to future events, our future financial performance or our projected business results. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “targets,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such forward-looking statements are necessarily estimates based upon current information and involve a number of risks and uncertainties. Actual events or results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include:

- our limited operating history;
- loss of one or more of our customers;
- inability to procure LNG on a fixed-price basis, or otherwise to manage LNG price risks, including hedging arrangements;
- the completion of construction on our LNG terminals, power plants or Liquefaction Facilities (as defined herein) and the terms of our construction contracts for the completion of these assets;
- cost overruns and delays in the completion of one or more of our LNG terminals, power plants or Liquefaction Facilities, as well as difficulties in obtaining sufficient financing to pay for such costs and delays;
- our ability to obtain additional financing to effect our strategy;
- failure to produce or purchase sufficient amounts of LNG or natural gas at favorable prices to meet customer demand;
- hurricanes or other natural or manmade disasters;
- the severity and duration of world health events, including the recent novel coronavirus (“COVID-19”) pandemic and related economic and political impacts on our or our customers’ or suppliers’ operations and financial status;
- failure to obtain and maintain approvals and permits from governmental and regulatory agencies;
- operational, regulatory, environmental, political, legal and economic risks pertaining to the construction and operation of our facilities;
- inability to contract with suppliers and tankers to facilitate the delivery of LNG on their chartered LNG tankers;
- volatility or cyclical or other changes in the demand for and price of LNG and natural gas and alternative fuels including oil-based fuels;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States, the other jurisdictions in which we operate and elsewhere, which in turn will likely affect demand for crude oil and natural gas;
- failure of natural gas to be a competitive source of energy in the markets in which we operate, and seek to operate;
- competition from third parties in our business;
- inability to re-finance our outstanding indebtedness or implement our financing plans;
- changes to environmental and similar laws and governmental regulations that are adverse to our operations;
- inability to enter into favorable agreements and obtain necessary regulatory approvals;
- the tax treatment of us or of an investment in our Class A shares;
- the completion of the Exchange Transactions (as defined below);
- a major health and safety incident relating to our business;

- increased labor costs, and the unavailability of skilled workers or our failure to attract and retain qualified personnel; and

- risks related to the jurisdictions in which we do, or seek to do, business, particularly Florida, Puerto Rico, Mexico, Jamaica, Angola, Nicaragua and other jurisdictions in the Caribbean.

All forward-looking statements speak only as of the date of this Quarterly Report. When considering forward-looking statements, you should keep in mind the risks set forth under “Item 1A. Risk Factors” and other cautionary statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 (our “Annual Report”), this Quarterly Report and in our other filings with the Securities and Exchange Commission (the “SEC”). The cautionary statements referred to in this section also should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. We undertake no duty to update these forward-looking statements, even though our situation may change in the future. Furthermore, we cannot guarantee future results, events, levels of activity, performance, projections or achievements.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

New Fortress Energy LLC
Condensed Consolidated Balance Sheets
As of March 31, 2020 and December 31, 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 232,698	$ 27,098
Restricted cash	32,512	30,966
Receivables, net of allowances of $0 and $0, respectively	45,976	49,890
Inventory	28,602	63,432
Prepaid expenses and other current assets	74,826	39,734
Total current assets	414,614	211,120
Restricted cash	26,055	34,971
Construction in progress	333,646	466,587
Property, plant and equipment, net	479,089	192,222
Right-of-use asset, net	115,511	-
Intangible assets, net	42,276	43,540
Finance leases, net	1,002	91,174
Investment in equity securities	140	2,540
Deferred tax assets, net	2,756	34
Other non-current assets	74,027	81,626
Total assets	$ 1,489,116	$ 1,123,814
Liabilities		
Current liabilities		
Accounts payable	$ 21,256	$ 11,593
Accrued liabilities	68,529	54,943
Current lease liabilities	29,944	-
Due to affiliates	7,377	10,252
Other current liabilities	24,545	25,475
Total current liabilities	151,651	102,263
Long-term debt	945,209	619,057
Non-current lease liabilities	64,760	-
Deferred tax liabilities, net	-	241
Other long-term liabilities	13,305	14,929
Total liabilities	1,174,925	736,490
Commitments and contingencies (Note 18)		
Stockholders' equity		
Class A shares, 24,820,003 shares issued and 24,236,495 outstanding as of March 31, 2020; 23,607,096 shares issued and outstanding as of December 31, 2019	133,166	130,658
Treasury shares, 583,508 shares as of March 31, 2020, at cost; 0 shares at December 31, 2019, at cost	(6,132)	-
Class B shares, 144,342,572 shares, issued and outstanding as of March 31, 2020 and December 31, 2019	-	-
Accumulated deficit	(55,427)	(45,823)
Accumulated other comprehensive loss	(83)	(30)
Total stockholders' equity attributable to NFE	71,524	84,805
Non-controlling interest	242,667	302,519
Total stockholders' equity	314,191	387,324
Total liabilities and stockholders' equity	$ 1,489,116	$ 1,123,814

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues		
Operating revenue	$ 63,502	$ 26,138
Other revenue	11,028	3,813
Total revenues	74,530	29,951
Operating expenses		
Cost of sales	68,216	33,349
Operations and maintenance	8,483	4,499
Selling, general and administrative	28,370	49,749
Loss on mitigation sales	208	-
Depreciation and amortization	5,254	1,691
Total operating expenses	110,531	89,288
Operating loss	(36,001)	(59,337)
Interest expense	13,890	3,284
Other expense (income), net	611	(2,575)
Loss on extinguishment of debt, net	9,557	-
Loss before taxes	(60,059)	(60,046)
Tax (benefit) expense	(4)	246
Net loss	(60,055)	(60,292)
Net loss attributable to non-controlling interest	51,757	46,735
Net loss attributable to stockholders	$ (8,298)	$ (13,557)
Net loss per share – basic and diluted	$ (0.32)	$ (0.96)
Weighted average number of shares outstanding – basic and diluted	26,029,492	14,094,534
Other comprehensive loss:		
Net loss	$ (60,055)	$ (60,292)
Unrealized loss on currency translation adjustment	369	-
Comprehensive loss	(60,424)	(60,292)
Comprehensive loss attributable to non-controlling interest	52,073	46,735
Comprehensive loss attributable to stockholders	$ (8,351)	$ (13,557)

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Changes in Stockholders’ Equity
For the three months ended March 31, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	Members' Capital		Class A shares		Class B shares		Treasury shares		Accumulated	Accumulated other comprehensive	Non-controlling	Total stockholders'
	Units	Amounts	Shares	Amount	Shares	Amount	Shares	Amount	deficit	(loss) income	Interest	equity
Balance as of December 31, 2019	-	$ -	23,607,096	$130,658	144,342,572	$ -	-	$ -	$ (45,823)	$ (30)	$ 302,519	$ 387,324
Cumulative effect of accounting change (ASC 842)	-	-	-	-	-	-	-	-	(1,306)	-	(7,779)	(9,085)
Net loss	-	-	-	-	-	-	-	-	(8,298)	-	(51,757)	(60,055)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(53)	(316)	(369)
Share-based compensation expense	-	-	-	2,508	-	-	-	-	-	-	-	2,508
Issuance of shares for vested RSUs	-	-	1,212,907	-	-	-	-	-	-	-	-	-
Shares withheld from employees related to share-based compensation, at cost	-	-	-	-	-	-	(583,508)	(6,132)	-	-	-	(6,132)
Balance as of March 31, 2020	-	$ -	24,820,003	$133,166	144,342,572	$ -	(583,508)	$ (6,132)	$ (55,427)	$ (83)	$ 242,667	$ 314,191

	Members' Capital		Class A shares		Class B shares		Treasury shares		Accumulated	Accumulated other comprehensive	Non-controlling	Total stockholders'
	Units	Amounts	Shares	Amount	Shares	Amount	Shares	Amount	deficit	(loss) income	Interest	equity
Balance as of December 31, 2018	67,983,095	$ 426,741	-	$ -	-	$ -	-	$ -	$ (158,423)	$ (11)	$ 14,340	$ 282,647
Activity prior to the IPO and related organizational transactions:												
Net loss	-	-	-	-	-	-	-	-	(7,923)	11	(91)	(8,003)
Effects of the IPO and related organizational transactions:												
Issuance of Class A shares in the IPO, net of underwriting discount and offering costs	-	-	20,837,272	32,136	-	-	-	-	-	-	235,874	268,010
Effects of the reorganization transactions	(67,983,095)	(426,741)	-	51,092	147,058,824	-	-	-	146,420	-	229,229	-
Activity subsequent to the IPO and related organizational transactions:												
Net loss	-	-	-	-	-	-	-	-	(5,645)	-	(46,644)	(52,289)
Share-based compensation expense	-	-	-	19,037	-	-	-	-	-	-	-	19,037
Balance as of March 31, 2019	-	$ -	20,837,272	$102,265	147,058,824	$ -	-	$ -	$ (25,571)	$ -	$ 432,708	$ 509,402

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2020 and 2019
(Unaudited, in thousands of U.S. dollars)

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities		
Net loss	$ (60,055)	$ (60,292)
Adjustments for:		
Amortization of deferred financing costs	3,353	981
Depreciation and amortization	5,481	1,849
Loss on extinguishment of debt, net	9,557	-
Deferred taxes	(18)	201
Change in value of Investment in equity securities	2,400	(896)
Share-based compensation	2,508	19,037
Other	88	204
Decrease (Increase) in receivables	5,752	(3,102)
Decrease (Increase) in inventories	34,830	(11,043)
(Increase) Decrease in other assets	(54,080)	15,684
Decrease in right-of-use asset, net	9,263	-
Increase in accounts payable/accrued liabilities	2,132	3,567
(Decrease) Increase in amounts due to affiliates	(2,875)	3,117
(Decrease) in lease liabilities	(9,170)	-
(Decrease) in other liabilities	(477)	(355)
Net cash used in operating activities	(51,311)	(31,048)
Cash flows from investing activities		
Capital expenditures	(56,098)	(136,281)
Principal payments received on finance lease, net	50	284
Net cash used in investing activities	(56,048)	(135,997)
Cash flows from financing activities		
Proceeds from borrowings of debt	832,144	220,000
Payment of deferred financing costs	(14,069)	(4,400)
Repayment of debt	(506,402)	(1,250)
Proceeds from IPO	-	274,948
Payments related to tax withholdings for share-based compensation	(6,084)	-
Payment of offering costs	-	(6,105)
Net cash provided by financing activities	305,589	483,193
Net increase in cash, cash equivalents and restricted cash	198,230	316,148
Cash, cash equivalents and restricted cash – beginning of period	93,035	100,853
Cash, cash equivalents and restricted cash – end of period	$ 291,265	$ 417,001
Supplemental disclosure of non-cash investing and financing activities:		
Changes in Accounts payable and accrued liabilities associated with construction in progress and property, plant and equipment additions	$ 13,359	$ (32,946)

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization

New Fortress Energy LLC ("NFE," together with its subsidiaries, the "Company") is a Delaware limited liability company formed by New Fortress Energy Holdings LLC ("New Fortress Energy Holdings") on August 6, 2018. The Company is a global integrated gas-to-power infrastructure company that seeks to use natural gas to satisfy the world's large and growing power needs and is engaged in providing energy and logistical services to end-users worldwide seeking to convert their operating assets from diesel or heavy fuel oil to LNG. The Company currently sources LNG from a combination of its own liquefaction facility in Miami, Florida and purchases on the open market. The Company has liquefaction, regasification, and power generation operations in the United States and Jamaica.

The Company manages, analyzes and reports on its business and results of operations on the basis of one operating segment. The chief operating decision maker makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis.

2. Significant accounting policies

The principle accounting policies adopted are set out below.

(a) Basis of presentation and principles of consolidation

The accompanying unaudited interim condensed consolidated financial statements contained herein were prepared in accordance with GAAP and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to provide a fair statement of the financial position, results of operations and cash flows of the Company for the interim periods presented. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned consolidated subsidiaries. The ownership interest of other investors in consolidated subsidiaries is recorded as a non-controlling interest. All significant intercompany transactions and balances have been eliminated on consolidation. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2019.

On February 4, 2019, the Company completed an initial public offering ("IPO") and a series of other transactions, in which the Company issued and sold 20,000,000 Class A shares at an IPO price of $14.00 per share. The Company's Class A shares began trading on NASDAQ Global Select Market ("NASDAQ") under the symbol "NFE" on January 31, 2019. Net proceeds from the IPO were $257.0 million, after deducting underwriting discounts and commissions and transaction costs. These proceeds were contributed to New Fortress Intermediate LLC ("NFI"), an entity formed in conjunction with the IPO, in exchange for 20,000,000 limited liability company units in NFI ("NFI LLC Units"). In addition, New Fortress Energy Holdings contributed all of its interests in consolidated subsidiaries that comprised substantially all of its historical operations to NFI in exchange for NFI LLC Units. In connection with the IPO, New Fortress Energy Holdings also received 147,058,824 Class B shares of the Company, which is equal to the number of NFI LLC Units held by New Fortress Energy Holdings immediately following the IPO. New Fortress Energy Holdings retained a significant interest in NFE through its ownership of 147,058,824 Class B shares, representing a 88.0% voting and non-economic interest. New Fortress Energy Holdings also had an 88.0% economic interest in NFI through its ownership of 147,058,824 of NFI LLC Units. New Fortress Energy Holdings has been determined to be NFE's predecessor for accounting purposes.

On March 1, 2019, the underwriters of the IPO exercised their option to purchase an additional 837,272 Class A shares at the IPO price of $14.00 per share, less underwriting discounts, which resulted in $11.0 million in additional net proceeds after deducting $0.7 million of underwriting discounts and commissions, such that there were 20,837,272 outstanding Class A shares. In connection with the exercise of the underwriters' option to purchase an additional 837,272 Class A shares, NFE contributed such additional net proceeds to NFI in exchange for 837,272 NFI LLC Units.

As of March 31, 2020, NFE has 24,236,495 Class A shares outstanding, and New Fortress Energy Holdings has an 85.6% economic interest in NFI through ownership of 144,342,572 NFI LLC Units, and New Fortress Energy Holdings holds an 85.6% voting interest in NFE.

NFE is a holding company whose sole material asset is a controlling equity interest in NFI. As the sole managing member of NFI, NFE operates and controls all of the business and affairs of NFI, and through NFI and its subsidiaries, conducts the Company's historical business. The contribution of the assets of New Fortress Energy Holdings and net proceeds from the IPO to NFI was treated as a reorganization of entities under common control. As a result, NFE presented the condensed consolidated balances sheets and statements of operations and comprehensive loss of New Fortress Energy Holdings for all periods prior to the IPO. The Company's financial statements also include a non-controlling interest related to the portion of NFI LLC Units not owned by NFE. Prior to the IPO, NFE had no operations and had no assets or liabilities.

(b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include relative fair value allocation between revenue and lease components of contracts with customers, total consideration and fair value of identifiable net assets related to acquisitions, and the fair value of equity awards granted to both employees and non-employees. Management evaluates its estimates and related assumptions regularly. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates.

(c) Legal and contingencies

The Company may be involved in legal actions in the ordinary course of business, including governmental and administrative investigations, inquiries and proceedings concerning employment, labor, environmental and other claims. The Company will recognize a loss contingency in the condensed consolidated financial statements when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. The Company will disclose any loss contingencies that do not meet both conditions if there is a reasonable possibility that a loss may have been incurred. Gain contingencies are not recorded until they are realized.

(d) Revenue recognition

The Company's contracts with customers may contain one or several performance obligations usually consisting of the sale of LNG, natural gas, and beginning in the three months ended March 31, 2020, power and steam which are outputs from the Company's natural gas-fueled infrastructure. The transaction price for each of these contracts is structured using similar inputs and factors regardless of the output delivered to the customer. The customers consume the benefit of the natural gas, power, and steam when they are delivered by the Company to the customer's power generation facilities or interconnection facility. Natural gas, power, and steam qualify as a series with revenue being recognized over time using an output method, based on the quantity of natural gas, power, or steam that the customer has consumed. LNG is typically delivered in containers transported by truck to customer sites. Revenue from sales of LNG delivered by truck is recognized at the point in time at which physical possession and the risks and rewards of ownership transfer to the customer, either when the containers are shipped or delivered to the customers' storage facilities, depending on the terms of the contract. Because the nature, timing, and uncertainty of revenue and cash flows are substantially the same for LNG, natural gas, power and steam, the Company has presented Operating revenue on an aggregated basis.

The Company has concluded that variable consideration included in its agreements meets the exception for allocating variable consideration. As such, the variable consideration for these contracts is allocated to each distinct unit of LNG, natural gas, power or steam delivered and recognized when that distinct unit is delivered to the customer.

The Company's contracts with customers to supply natural gas or LNG may contain a lease of equipment. The Company allocates consideration received from customers between lease and non-lease components based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone selling price of the same or similar equipment leased to the customer. The Company estimates the fair value of the non-lease component by forecasting volumes and pricing of gas to be delivered to the customer over the lease term.

The leases of certain facilities and equipment to customers are accounted for as financing or operating leases. The current and non-current portion of financing leases are recorded within Prepaid expenses and other current assets and Finance leases, net on the condensed consolidated balance sheets, respectively. The lease payments for finance leases are segregated into principal and interest components similar to a loan. Interest income is recognized on an effective interest method over the lease term and included in Other revenue in the condensed consolidated statements of operations and comprehensive loss. The principal component of the lease payment is reflected as a reduction to the net investment in the lease. For the Company's operating leases, the amount allocated to the leasing component is recognized over the lease term as Other revenue in the condensed consolidated statements of operations and comprehensive loss.

In addition to the revenue recognized from the leasing components of agreements with customers, Other revenue includes revenue recognized from the construction and installation of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our natural gas-fueled power generation facilities. Revenue from these development services is recognized over time as the Company transfers control of the asset to the customer, unless the customer is not able to obtain control over the asset under construction until such services are completed, in which case, revenue is recognized when the services are completed and the customer has control of the infrastructure. Such agreements may also include a significant financing component, and the Company recognizes revenue for the interest income component over the term of the financing as Other revenue.

Shipping and handling costs are not considered to be separate performance obligations. These costs are recognized in the period in which the costs are incurred and presented within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. All such shipping and handling activities are performed prior to the customer obtaining control of the LNG.

The Company collects sales taxes from its customers based on sales of taxable products and remits such collections to the appropriate taxing authority. The Company has elected to present sales tax collections in the condensed consolidated statements of operations and comprehensive loss on a net basis and, accordingly, such taxes are excluded from reported revenues.

The Company elected the practical expedient under which the Company does not adjust consideration for the effects of a significant financing component for those contracts where the Company expects at contract inception that the period between transferring goods to the customer and receiving payment from the customer will be one year or less.

3. Adoption of new and revised standards

As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

a) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2020:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Disclosure Framework – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires financial assets measured at amortized cost basis, including trade receivables, to be presented net of the amount expected to be collected. The measurement of all expected credit losses will be based on historical experience, current conditions, and reasonable and supportable forecasts. In October 2019, the FASB voted to approve a proposal to defer the effective date of ASC 2016-13 for certain entities, including emerging growth companies that take advantage of the extended transition period, to fiscal years beginning after December 15, 2022, and early adoption is permitted. This proposal would be applicable to the Company. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and timing of adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes by removing certain exceptions related to the general principles in ASC 740, *Income Taxes*. It also clarifies and simplifies other aspects of the accounting for income taxes. The new standard is effective for interim and annual periods beginning after December 15, 2021, and early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and timing of adoption.

b) New and amended standards adopted by the Company:

On February 25, 2016, the FASB issued ASU No. 2016-2, *Leases* ("ASC 842"), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet and making targeted changes to lessor accounting. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend primarily on the lease's classification as a finance or operating lease. However, unlike ASC 840, which required only capital leases to be recognized on the balance sheet, ASC 842 requires most leases to be recognized on the balance sheet as a right-of-use ("ROU") asset and a lease liability.

The Company has entered into lease agreements for the use of LNG vessels, marine port space, office space, land and equipment, all of which are operating leases. ROU assets recognized for these leases represent the Company's right to use an underlying asset for the lease term and the lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease term. The incremental borrowing rate used to calculate the present value of lease payments is determined using existing credit rates of unsecured borrowings adjusted for collateral, which are then adjusted for the appropriate lease term and currency.

The Company adopted the standard effective January 1, 2020 and elected to apply the modified retrospective transition method at the beginning of the period of adoption, which allowed the Company to begin recognizing and measuring leases under ASC 842 at January 1, 2020, without modifying the comparative period financial statements. Upon adoption of ASC 842, the Company recorded ROU assets and corresponding lease liabilities of $124,774 and $103,874, respectively.

The Company did not elect the package of practical expedients and therefore, as part of transition, the Company reassessed the previous conclusions made under ASC 840 related to the identification of leases, classification of leases, and initial direct costs based on the standards of ASC 842. In connection with the reassessment of previous conclusions, the Company determined that the direct financing lease recognized related to the Montego Bay Terminal is no longer a lease under ASC 842. The Company recognized a transition adjustment that removed the unamortized net investment in the direct financing lease and recognized the underlying assets as Property, plant and equipment, net of depreciation that would have been recognized since the commissioning of the Montego Bay Terminal, with the difference of approximately $9,085, net of taxes of $2,945, recorded as an adjustment to retained earnings. Beginning in 2020, the Company will recognize payments previously allocated to the leasing component of the gas sales agreement with this customer within Operating revenue in the condensed consolidated statements of operations and comprehensive loss. Under ASC 840, amounts allocated to the leasing component had been recognized on an effective interest method over the lease term with only the portion representing interest income recognized as Other revenue.

The Company made an accounting policy election to exclude leases with terms of 12 months or less from ROU assets and lease liabilities on the balance sheet, and short-term lease payments are recognized on a straight-line basis over the lease term. Variable payments under short-term leases are recognized in the period in which the obligation that triggers the variable payment becomes probable. The Company, as lessee, has also elected the practical expedient not to separate lease and non-lease components for marine port, office space, land and equipment leases. The Company will separate the lease and non-lease components for LNG vessel leases. The allocation of lease payments between lease and non-lease components have been determined based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone price to lease a bareboat LNG vessel. The fair value of the non-lease component is estimated based on the estimated standalone price of operating the respective vessel, inclusive of the costs of the crew and other operating costs.

The Company, as lessor, will continue to separate lease and non-lease components for the equipment leases provided in connection with agreements for the sale of LNG or natural gas to customers.

The Company has elected the land easement practical expedient, which allows the Company to continue to account for pre-existing land easements as intangible assets under the accounting policy that existed before adoption of ASC 842.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), which provides additional guidance to improve the effectiveness of disclosure requirements on fair value measurement. The Company has adopted ASU 2018-13 for the year beginning January 1, 2020. As this guidance is only related to qualitative financial disclosures, it did not have a material impact on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets. A customer's accounting for the costs of the hosting component of the arrangement is not affected by the new guidance. The Company has early adopted ASU 2018-15 for the year beginning January 1, 2020, using the prospective transition approach. This approach did not require any adjustment to comparative financial statements. The Company did not capitalize a material amount of implementation costs as a result of adopting this guidance in the first quarter of 2020, and the adoption did not result in material impact on the Company's condensed consolidated financial statements.

4. Revenue from contracts with customers

Under most customer contracts, invoicing occurs once the Company's performance obligations have been satisfied, at which point payment is unconditional. As of March 31, 2020 and December 31, 2019, receivables related to revenue from contracts with customers totaled $28,195 and $30,563, respectively, and were included in "Receivables, net" on the condensed consolidated balance sheets, net of the allowance for doubtful accounts. Other items included in Receivables, net not related to revenue from contracts with customers represent receivables associated with reimbursable costs and leases which are accounted for outside the scope of ASC 606.

The Company has recognized a contract liability, comprised of unconditional payments due under the contract with a customer prior to the Company's satisfaction of the related performance obligations. The performance obligations are expected to be satisfied during the next 12 months, and the contract liability is classified within Other current liabilities on the condensed consolidated balance sheets. Contract assets are comprised of the transaction price allocated to completed performance obligations that will be billed to customers in subsequent periods. The contract liability and contract assets balances as of March 31, 2020 and December 31, 2019 are detailed below:

	March 31, 2020	December 31, 2019
Contract assets - current	$ 4,570	$ 3,787
Contract assets - non-current	21,582	19,474
Total contract assets	$ 26,152	$ 23,261
Contract liability	$ 3,546	$ 6,542
Revenue recognized in the period from:		
Amounts included in contract liability at the beginning of the period	$ 3,136	$ -

As of March 31, 2020, the Company has unbilled receivables of $7,088, of which $356 is presented within Other current assets and $6,732 is presented within Other non-current assets on the condensed consolidated balance sheet. These unbilled receivables represent unconditional right to payment subject only to the passage of time.

Operating revenue which includes revenue from sales of LNG and natural gas as well as outputs from the Company's natural gas-fired power generation facilities, including power and steam, was $63,502 and $26,138 for the three months ended March 31, 2020 and 2019, respectively. During March 2020, the Company began to deliver power and steam for the first time recognizing $1,731 in operating revenue for the three months ended March 31, 2020. Other revenue includes revenue for development services revenue as well as lease and other revenue. The table below summarizes the balances in Other revenue:

	Three Months Ended March 31,	
	2020	2019
Development services revenue	$ 10,071	$ -
Lease and other revenue	957	3,813
Total other revenue	$ 11,028	$ 3,813

Transaction price allocated to remaining performance obligations

Some of the Company's contracts are short-term in nature with a contract term of less than a year. The Company applied the optional exemption not to report any unfulfilled performance obligations related to these contracts.

The Company has arrangements in which LNG, natural gas or outputs from the Company's natural gas-fired power generation facilities are sold on a "take-or-pay" basis whereby the customer is obligated to pay for the minimum guaranteed volumes even if it does not take delivery of them. The price under these agreements is typically based on a market index plus a fixed margin. The fixed transaction price allocated to the remaining performance obligations under these arrangements was $4,151,764 as of March 31, 2020, representing the fixed margin multiplied by the outstanding minimum guaranteed volumes. The Company expects to recognize this revenue over the following time periods. The pattern of recognition reflects the minimum guaranteed volumes in each period:

Period		Revenue
Remainder of 2020	$	180,354
2021		228,237
2022		226,728
2023		226,000
2024		225,283
Thereafter		3,065,162
Total	$	4,151,764

For all other sales contracts that have a term exceeding one year, the Company has elected the practical expedient in ASC 606 under which the Company does not disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. For these excluded contracts, the sources of variability are (a) the fluctuating market index prices of natural gas used to price the contracts, and (b) the variation in volumes that may be delivered to the customer. Both sources of variability are expected to be resolved at or shortly before delivery of each unit of LNG, natural gas, power or steam. As each unit of LNG, natural gas, power or steam represents a separate performance obligation, future volumes are wholly unsatisfied.

The Company has recognized costs to fulfill a contract with a significant customer, which primarily consist of expenses required to enhance resources to deliver under the agreement with the customer. As of March 31, 2020, the Company has capitalized $9,072, of which $442 of these costs is presented within Other current assets and $8,630 is presented within other non-current assets on the condensed consolidated balance sheets. As of December 31, 2019, the Company has capitalized $8,839, of which $331 of these costs is presented within Other current assets and $8,508 is presented within Other non-current assets on the condensed consolidated balance sheets. In the three months ended March 31, 2020, the Company began delivery under the agreement and started recognizing these costs on a straight-line basis over the expected term of the agreement.

5. Leases

Lessee

The Company has operating leases primarily for the use of LNG vessels, marine port space, office space, land, and equipment under non-cancellable lease agreements. The Company's leases may include multiple optional renewal periods that are exercisable solely at the Company's discretion. Renewal periods are included in the lease term when the Company is reasonably certain that the renewal options would be exercised and the associated lease payments for such periods are reflected in the ROU asset and lease liability.

The Company's leases include fixed lease payments which may include escalation terms based on a fixed percentage or may vary based on an inflation index or other market adjustments. Escalations based on changes in inflation indexes and market adjustments and other lease costs that vary based on the use of the underlying asset are not included as lease payments in the calculation of the lease liability or ROU asset and are included in variable lease cost when the obligation that triggers the variable payment becomes probable. Variable lease cost includes contingent rent payments for office space based on the percentage occupied by the Company in addition to common area charges and other charges that are variable in nature. The Company also has a component of lease payments that are variable related to the LNG vessels, in which the Company may receive credits based on the performance of the LNG vessels during the period.

For the three months ended March 31, 2020, the Company's operating lease cost recorded within the condensed consolidated statements of operations and comprehensive loss were as follows:

		Three Months Ended March 31, 2020
Fixed lease cost	$	10,267
Variable lease cost		639
Short-term lease cost		286
Lease cost - Cost of Sales	$	9,351
Lease cost - Operations and maintenance		388
Lease cost - Selling, general and administrative		1,453

Lease cost of $539 has been capitalized as part of Construction in progress.

Cash paid for operating leases is reported in operating activities in the condensed consolidated statements of cash flows. Supplemental cash flow information related to leases was as follows for the three months ended March 31, 2020:

		Three Months Ended March 31, 2020
Operating cash outflows for operating lease liabilities	$	10,096
Right-of-use assets obtained in exchange for new operating lease liabilities		127,994

The future payments due under operating leases as of March 31, 2020 is as follows:

		Operating Leases
Due remainder of 2020	$	27,296
2021		35,382
2022		18,291
2023		6,986
2024		7,098
Thereafter		33,454
Total lease payments		128,507
Less: effects of discounting		33,803
Present value of lease liabilities	$	94,704
Current lease liabilities	$	29,944
Non-current lease liabilities		64,760

As of March 31, 2020, the weighted-average remaining lease term for all operating leases was 5.7 years. Because the Company generally does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate. The weighted average discount rate associated with operating leases as of March 31, 2020 was 8.4%.

The Company has entered into an LNG vessel lease that has not commenced as of March 31, 2020 with a noncancelable term of 5 years and includes fixed payments for lease and non-lease components of $73,454.

Future annual minimum lease payments for operating leases as of December 31, 2019, prepared in accordance with accounting standards prior to the adoption of ASC 842, were as follows:

	Operating Leases
2020	$ 37,776
2021	35,478
2022	18,387
2023	7,083
2024	7,151
Thereafter	26,458
Total	$ 132,333

During the three months ended March 31, 2019, the Company recognized rental expense for all operating leases of $8,437, related primarily to LNG vessel time charters, office space, a land site lease and marine port berth leases.

Lessor

In the Company's agreements to sell LNG or natural gas to customers, the Company may also lease certain equipment to customers which are accounted for either as a finance or an operating lease. Property, plant and equipment subject to operating leases is included within ISO containers and other equipment within Note 12. Property, plant and equipment, net.

	March 31, 2020
Property, plant and equipment	$ 8,872
Accumulated depreciation	(501)
Property, plant and equipment, net	$ 8,371

The following table shows the expected future lease payments as of March 31, 2020, for the remainder of 2020 through 2024 and thereafter:

	Future cash receipts	
	Financing leases	Operating leases
Remainder of 2020	$ 226	$ 234
2021	303	262
2022	298	222
2023	304	225
2024	304	227
Thereafter	837	916
Total	$ 2,272	$ 2,086
Less: Imputed interest	1,064	
Present value of total lease receipts	$ 1,208	
Current finance leases, net	$ 206	
Non-current finance leases, net	1,002	

6. Fair value

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 – observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3 - unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach – uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach – uses valuation techniques, such as discounted cash flow technique, to convert future amounts to a single present amount based on current market expectations about those future amounts.
- Cost approach – based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following table presents the Company's financial assets and financial liabilities that are measured at fair value as of March 31, 2020 and December 31, 2019:

	March 31, 2020				
	Level 1	**Level 2**	**Level 3**	**Total**	**Valuation technique**
Assets					
Cash and cash equivalents	$ 232,698	$ -	$ -	$ 232,698	Market approach
Restricted cash	58,567	-	-	58,567	Market approach
Investment in equity securities	140	-	-	140	Market approach
Total	$ 291,405	$ -	$ -	$ 291,405	
Liabilities					
Derivative liability[1]	$ -	$ -	$ 8,583	$ 8,583	Income approach
Equity agreement[2]	-	-	15,863	15,863	Income approach
Total	$ -	$ -	$ 24,446	$ 24,446	

	December 31, 2019				
	Level 1	**Level 2**	**Level 3**	**Total**	**Valuation technique**
Assets					
Cash and cash equivalents	$ 27,098	$ -	$ -	$ 27,098	Market approach
Restricted cash	65,937	-	-	65,937	Market approach
Investment in equity securities	2,540	-	-	2,540	Market approach
Total	$ 95,575	$ -	$ -	$ 95,575	
Liabilities					
Derivative liability[1]	$ -	$ -	$ 9,800	$ 9,800	Income approach
Equity agreement[2]	-	-	16,800	16,800	Income approach
Total	$ -	$ -	$ 26,600	$ 26,600	

(1) Consideration due to the sellers of Shannon LNG once first gas is supplied from the terminal to be built.
(2) To be paid in shares at the earlier of agreed-upon date or the commencement of significant construction activities specified in the Shannon LNG Agreement.

The Company estimates fair value of the derivative liability and equity agreement using a discounted cash flows method with discount rates based on the average yield curve for bonds with similar credit ratings and matching terms to the discount periods as well as a probability of the contingent event occurring. The Company recorded a gain from fair value adjustments on the derivative liability and equity agreement of $1,617 and $633 within Other expense (income), net in the condensed consolidated statements of operations and $537 and $0 within unrealized gain on currency translation adjustment in the Other comprehensive loss for the three months ended March 31, 2020 and 2019, respectively. During the three months ended March 31, 2020 and 2019, the Company had no settlements of the equity agreement or derivative liability or any transfers in or out of Level 3 in the fair value hierarchy.

The liability associated with the equity agreement of $15,863 and $16,800 as of March 31, 2020 and December 31, 2019, respectively, is recorded within Other current liabilities on the condensed consolidated balance sheets. The liability associated with the derivative liability of $8,583 and $9,800 as of March 31, 2020 and December 31, 2019, respectively, is recorded within Other long-term liabilities on the condensed consolidated balance sheets.

The Company estimates fair value of outstanding debt using a discounted cash flow method based on current market interest rates for debt issuances with similar remaining years to maturity and adjusted for credit risk. The Company has estimated that the carrying value for each of the Credit Agreement, Senior Secured Bonds, and Senior Unsecured Bonds (all defined below in “Note 16. Debt”) approximate fair value. The fair value estimate is classified as Level 3 in the fair value hierarchy.

7. Restricted cash

As of March 31, 2020 and December 31, 2019, restricted cash consisted of the following:

	March 31, 2020	December 31, 2019
Collateral for performance under customer agreements	$ 15,000	$ 15,000
Collateral for LNG purchases	29,168	35,000
Collateral for letters of credit and performance bonds	6,018	7,388
Debt service reserve account	8,131	8,299
Other restricted cash	250	250
Total restricted cash	$ 58,567	$ 65,937
Current restricted cash	$ 32,512	$ 30,966
Non-current restricted cash	26,055	34,971

8. Inventory

As of March 31, 2020 and December 31, 2019, inventory consisted of the following:

	March 31, 2020	December 31, 2019
LNG and natural gas inventory	$ 15,949	$ 57,436
Automotive diesel oil inventory	9,498	4,746
Materials, supplies and other	3,155	1,250
Total inventory	$ 28,602	$ 63,432

Inventory is adjusted to the lower of cost or net realizable value each quarter. Changes in the value of inventory are recorded within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. No adjustments were recorded during the three months ended March 31, 2020 and 2019, respectively.

9. Prepaid expenses and other current assets

As of March 31, 2020 and December 31, 2019, prepaid expenses and other current assets consisted of the following:

	March 31, 2020	December 31, 2019
Prepaid LNG	$ 46,989	$ 7,097
Prepaid expenses	5,251	7,458
Due from affiliates (Note 21)	1,468	1,577
Other current assets	21,118	23,602
Total prepaid expenses and other current assets	$ 74,826	$ 39,734

Other current assets as of March 31, 2020 and December 31, 2019 primarily consists of capitalized costs associated with delivering development services to a customer and receivables for recoverable taxes. The increase in prepaid LNG is primarily due to the timing of payments in relation to LNG delivery.

10. Investment in equity securities

The Company has invested in equity securities of an international oil and gas drilling contractor. The cost of the investment was $3,667. As of March 31, 2020 and December 31, 2019, the Company owned 295,256 shares of that contractor and the fair value of the investment was $140 and $2,540, respectively.

The unrealized (loss) gain of $(2,400) and $896 for the three months ended March 31, 2020 and 2019, respectively, is included within Other expense (income), net in the condensed consolidated statements of operations and comprehensive loss.

11. Construction in progress

The Company's construction in progress activity during the three months ended March 31, 2020 is detailed below:

	March 31, 2020
Balance at beginning of period	$ 466,587
Additions	64,300
Transferred to property, plant and equipment, net (Note 12)	(197,241)
Balance at end of period	$ 333,646

Interest expense of $9,606 and $3,669 was capitalized for the three months ended March 31, 2020 and 2019, respectively, inclusive of amortized debt issuance costs disclosed in "Note 16. Debt."

12. Property, plant and equipment, net

As of March 31, 2020 and December 31, 2019 the Company's property, plant and equipment, net consisted of the following:

	March 31, 2020	December 31, 2019
CHP facilities	$ 117,296	$ -
Terminal and power plant equipment	105,643	14,981
LNG liquefaction facilities	65,992	66,273
Gas terminals	71,673	52,781
Gas pipelines	58,898	11,692
ISO containers and other equipment	71,610	39,951
Land	15,618	15,401
Leasehold improvements	8,295	8,054
Accumulated depreciation	(35,936)	(16,911)
Total property, plant and equipment, net	$ 479,089	$ 192,222

In connection with the adoption of ASC 842, the Company determined that the direct financing lease recognized related to the Montego Bay Terminal is no longer a lease under ASC 842. As of January 1, 2020, the Company recognized a transition adjustment that removed the unamortized net investment in the direct financing lease of $91,005 and recognized the underlying assets as Property, plant and equipment of $92,207 net of accumulated depreciation of $13,932 that would have been recognized since the commissioning of the Montego Bay Terminal, with the difference of approximately $9,085, net of taxes of $2,945, recorded as an adjustment to retained earnings.

Depreciation for the three months ended March 31, 2020 and 2019 totaled $5,211 and $1,580, respectively, of which $227 and $158 is respectively included within Cost of sales in the condensed consolidated statements of operations and comprehensive loss.

13. Intangible assets

The following table summarizes the composition of intangible assets as of March 31, 2020 and December 31, 2019:

	March 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Definite-lived intangible assets				
Shannon LNG permits	$ 41,140	1,414	$ 39,726	40
Easements	1,559	152	1,407	30
Indefinite-lived intangible assets				
Easements	1,143	-	1,143	n/a
Total intangible assets	$ 43,842	$ 1,566	$ 42,276	

	December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Definite-lived intangible assets				
Shannon LNG leases and permits	$ 42,157	$ 1,198	$ 40,959	40
Easements	1,559	139	1,420	30
Indefinite-lived intangible assets				
Easements	1,161	-	1,161	n/a
Total intangible assets	$ 44,877	$ 1,337	$ 43,540	

As of March 31, 2020 and December 31, 2019, the weighted-average remaining amortization periods for the intangible assets was 38.2 years and 38.8 years, respectively. As of January 1, 2020, intangible assets associated with favorable lease terms in acquired leases have been reclassified as a ROU assets as a result of adoption of ASC 842.

Amortization for the three months ended March 31, 2020 and 2019 totaled $270 and $278, respectively.

14. Other non-current assets

As of March 31, 2020 and December 31, 2019, Other non-current assets consisted of the following:

	March 31, 2020	December 31, 2019
Nonrefundable deposit	$ 24,439	$ 22,262
Contract asset (Note 4)	21,582	19,474
Cost to fulfill (Note 4)	8,630	8,508
Unbilled receivables (Note 4)	6,732	-
Upfront payments to customers	5,819	5,904
Port access rights and initial lease costs	-	17,762
Other	6,825	7,716
Total other non-current assets	$ 74,027	$ 81,626

Nonrefundable deposits are primarily related to deposits for planned land purchases in Pennsylvania and Ireland. Upfront payments to customers consist of amounts the Company has paid in relation to two natural gas sales contracts with customers to construct fuel-delivery infrastructure that the customers will own.

As of January 1, 2020, port access rights related to the Company’s port lease in Baja California Sur, Mexico, and payments to incumbent tenants to secure the Company’s port lease in San Juan, Puerto Rico were reclassified as ROU assets in connection with the adoption of ASC 842.

15. Accrued liabilities

As of March 31, 2020 and December 31, 2019 accrued liabilities consisted of the following:

	March 31, 2020	December 31, 2019
Accrued construction costs	$ 21,777	$ 25,037
Accrued interest	13,828	-
Accrued bonuses	3,462	14,991
Other accrued expenses	29,462	14,915
Total accrued liabilities	$ 68,529	$ 54,943

16. Debt

As of March 31, 2020 and December 31, 2019, debt consisted of the following:

	March 31, 2020	December 31, 2019
Credit Agreement, due January 15, 2023	$ 768,940	$ -
Term Loan Facility, due January 21, 2020	-	495,000
Senior Secured Bonds, due September 2034	71,005	70,960
Senior Secured Bonds, due December 2034	62,966	10,823
Senior Unsecured Bonds, due September 2036	42,298	42,274
Total debt	$ 945,209	$ 619,057
Current portion of debt	$ -	$ -
Non-current portion of debt	945,209	619,057

The Credit Agreement

On January 10, 2020, the Company entered into a credit agreement to borrow $800,000 in term loans (the “Credit Agreement”). The Credit Agreement will mature in January 2023 with the full principal balance due upon maturity. Interest is payable quarterly and is based on a LIBOR rate divided by one minus the applicable reserve requirement, subject to a floor of 1.50%, plus a margin of 6.25%. The interest rate margin increases each year of the term by 1.50%. A portion of the proceeds received were utilized to extinguish the Term Loan Facility (defined below), including outstanding principal of $495,000.

The Credit Agreement is secured by mortgages on certain properties owned by the Company’s subsidiaries, in addition to other collateral. The Company is required to comply with certain financial covenants and other restricted covenants customary for credit agreement of this type, including restrictions on indebtedness, liens, acquisitions and investments, restricted payments, and dispositions. The Credit Agreement also provides for customary events of default, prepayment and cure provisions.

In connection with obtaining the Credit Agreement and the extinguishment of the Term Loan Facility, the Company incurred $35,614 in origination, structuring, and other fees which were recognized as a reduction of the principal balance of the Credit Agreement on the condensed consolidated balance sheets. As of March 31, 2020, the remaining unamortized deferred financing costs were $31,060.

Term Loan Facility

On August 16, 2018, the Company entered into a credit agreement with a syndicate of two lenders to borrow up to an aggregate principal amount of $240,000, and proceeds received from this credit agreement were utilized to repay prior debt facilities. On December 31, 2018, the Company amended this credit agreement to increase the available borrowing principal amount to $500,000 (as amended, the “Term Loan Facility”), and as of December 31, 2018, the Company had an outstanding principal balance of $280,000 under the Term Loan Facility. On March 21, 2019, the Company drew an additional $220,000, bringing the Company’s total outstanding borrowings to $500,000 under the Term Loan Facility.

All borrowings under the Term Loan Facility bore interest at a rate selected by the Company of either (i) LIBOR divided by one minus the applicable reserve requirement plus a spread of 4% or (ii) subject to a floor of 1%, a Base Rate equal to the higher of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% or (c) the 1-month LIBOR rate plus 1.00% plus a spread of 3.0%. The Term Loan Facility was repayable in quarterly installments of $1,250, with a balloon payment due at maturity.

The Term Loan Facility was secured by mortgages on certain properties owned by the Company’s subsidiaries, in addition to other collateral. The Term Loan Facility was amended in the third quarter of 2019 to allow certain properties of a consolidated subsidiary to secure the Senior Secured Bonds (defined below).

The Company incurred costs in connection with obtaining the Term Loan Facility, the extinguishment of the Company’s prior debt facilities, and the amendment of the Term Loan Facility. Some of the costs incurred were capitalized as a reduction to the Term Loan Facility on the consolidated balance sheets, and all deferred financing costs associated with the Term Loan Facility were amortized over the term of the Term Loan Facility, through December 31, 2019. As such, there were no unamortized deferred financing costs as of December 31, 2019.

The Term Loan Facility had a maturity date of December 31, 2019, with an option to extend the maturity date for two additional six-month periods. Upon the exercise of each extension option, the Company would pay a fee equal to 1.0% of the outstanding principal balance at the time of the exercise and the spread on LIBOR and Base Rate would increase by 0.5%. On December 30, 2019, the Company entered into an amendment with the lenders to extend the maturity to January 21, 2020; no fees were due to lenders from the execution of this amendment. On January 15, 2020, the Company repaid the full amount outstanding including fees due to the lenders using proceeds from the Credit Agreement to extinguish the Term Loan Facility. In conjunction with the extinguishment of the Term Loan Facility, the Company recognized a Loss on extinguishment of debt of $9,557 in the condensed consolidated statements of operations and comprehensive loss.

South Power Bonds

On September 2, 2019, NFE South Power Holdings Limited (“South Power”), a consolidated subsidiary of the Company, entered into a facility for the issuance of secured and unsecured bonds (the “Senior Secured Bonds” and “Senior Unsecured Bonds”, respectively) and subsequently issued $73,317 and $43,683 in Senior Secured Bonds and Senior Unsecured Bonds, respectively. The Senior Secured Bonds are secured by the dual-fired combined heat and power facility in Clarendon, Jamaica (the “CHP Plant”) and related receivables and assets, and the proceeds were used to fund the completion of the CHP Plant and to reimburse shareholder advances. Upon completion of construction of the CHP Plant in the fourth quarter of 2019, South Power issued an additional $63,000 in Senior Secured Bonds. The Company received $10,856 of the proceeds in 2019 and received the remaining proceeds of $52,144 in January 2020.

The Senior Secured Bonds bear interest at an annual fixed rate of 8.25% and will mature 15 years from the closing date of each issuance. No principal payments will be due for the first seven years. After seven years, quarterly principal payments of approximately 1.6% of the original principal amount will be due, with a 50% balloon payment due upon maturity. Interest payments on outstanding principal balances will be due quarterly.

The Senior Unsecured Bonds bear interest at an annual fixed rate of 11.00% and will mature in September 2036. No principal payments will be due for the first nine years. Beginning in 2028, principal payments will be due quarterly on an escalating schedule. Interest payments on outstanding principal balances will be due quarterly.

South Power will be required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provides for customary events of default, prepayment and cure provisions.

The Company paid approximately $3,892 of fees in connection with the issuance of Senior Secured Bonds and Senior Unsecured Bonds. These fees were capitalized on a pro-rata basis as a reduction of the Senior Secured Bonds and Senior Unsecured Bonds on the condensed consolidated balance sheets. The total unamortized deferred financing costs as of March 31, 2020 and December 31, 2019 was $3,731 and $3,799, respectively.

Under the terms of the facility, South Power is required to maintain a Debt Service Reserve Account (as defined in the facility) in the amount of $8,131. Such amount is included as a component of Restricted cash on the Company's condensed consolidated balance sheets (see Note 7).

Interest Expense

Interest and related amortization of debt issuance costs recognized during major development and construction projects are capitalized and included in the cost of the project. Interest expense, net of amounts capitalized, recognized for the three months ended March 31, 2020 and 2019 consisted of the following:

	Three months ended	
	March 31, 2020	March 31, 2019
Interest costs:		
Interest per contractual rates	$ 18,874	$ 4,889
Amortization of debt issuance costs	4,622	2,064
Total interest costs	23,496	6,953
Capitalized interest	9,606	3,669
Total interest expense	$ 13,890	$ 3,284

17. Income taxes

In connection with the IPO, NFE contributed the net proceeds from the IPO to NFI in exchange for NFI LLC Units, and NFE became the managing member of NFI. NFI is a limited liability company that is treated as a partnership for U.S. federal income tax purposes and for most applicable state and local income tax purposes. As a partnership, NFI is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by NFI is passed through to and included in the taxable income or loss of its members, including NFE, on a pro rata basis, subject to applicable tax regulations. NFE is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its allocable share of any taxable income or loss of NFI. Additionally, NFI and its subsidiaries are subject to income taxes in the various non-U.S. jurisdictions in which they operate.

In connection with the IPO, NFE recorded a deferred tax asset of $42,783 related to the difference between its tax basis in its investment in NFI and NFE's share of the financial statement carrying amount of the net assets of NFI. The deferred tax asset was recorded to equity and is fully offset by a valuation allowance also recorded to equity. The effective tax rate for the three months ended March 31, 2020 was 0.01%, compared to (0.41)% for the three months ended March 31, 2019. The total tax expense / (benefit) for the three months ended March 31, 2020 was $(4), compared to $246 for the three months ended March 31, 2019.

The primary items which decreased the Company's effective tax rate for the quarter ended March 31, 2020 and March 31, 2019 from the U.S. federal statutory rate of 21% were valuation allowances recorded against the Company's current period losses and earnings generated in non-U.S. tax jurisdictions with preferential tax rates.

The Company has not recorded a liability for uncertain tax positions as of March 31, 2020. The Company remains subject to periodic audits and reviews by the taxing authorities, and NFE's tax returns since its formation remain open for examination.

18. Commitments and contingencies

Contingencies

During 2017, the Company paid $1,204 of tangible personal property tax levied in the State of Florida with respect to the Company's LNG Plant in Hialeah, Florida and subsequently initiated legal proceedings to challenge the tax amount for a full or partial rebate. The Company successfully challenged the tax amount and received a full rebate. The State of Florida appealed the determination, and the Company repaid the rebate amount to avoid penalties and charges while the appeal was under consideration. Additionally, in 2018, the Company paid $1,033 of tangible personal property taxes to the State of Florida with respect to the same LNG plant. The Company initiated legal proceedings to challenge the tax amount for a partial rebate and received a rebate of approximately $140. The State of Florida appealed the determination, and the Company repaid the rebate amount to avoid penalties and charges while the appeal is under consideration.

The Company settled both cases with the State of Florida during 2019 and received a total refund of $651 in March 2020. The cash received, net of legal fees, was recognized within Operations and maintenance in the condensed consolidated statements of operations and comprehensive loss during the three months ended March 31, 2020.

19. Earnings per share

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Numerator:		
Net loss	$ (60,055)	$ (60,292)
Less: net loss attributable to non-controlling interests	51,757	46,735
Net loss attributable to Class A shares	$ (8,298)	$ (13,557)
Denominator:		
Weighted-average shares-basic and diluted	26,029,492	14,094,534
Net loss per share - basic and diluted	$ (0.32)	$ (0.96)

In connection with the IPO, New Fortress Energy Holdings, the Company's predecessor, effected a one-for-2.16 stock split of its issued and outstanding common shares, resulting in 147,058,824 common shares. Upon the reorganization, New Fortress Energy Holdings obtained the same number of Class B shares in NFE. As of March 31, 2020, there were 144,342,572 Class B shares outstanding. Class B shares do not share in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted net loss per share for Class B shares under the two-class method has not been presented.

The weighted-average Class A shares for the three months ended March 31, 2019 was 14,094,534, which was lower than the outstanding Class A shares at March 31, 2019. This was primarily due to the timing of the issuance of the 20,000,000 Class A shares in connection with the IPO and a series of other transactions on February 4, 2019.

The following table presents potentially dilutive securities excluded from the computation of diluted net loss per share for the periods presented because its effects would have been anti-dilutive.

	March 31, 2020	March 31, 2019
Unvested RSUs[1]	1,890,125	4,184,183
Class B shares[2]	144,342,572	147,058,824
Shannon Equity Agreement shares[3]	1,635,462	1,416,554
Total	147,868,159	152,659,561

1 Represents the number of instruments outstanding at the end of the period.
2 Class B shares at the end of the period are considered potentially dilutive Class A shares.
3 Class A shares that would be issued in relation to the Shannon LNG Equity Agreement.

20. Share-based compensation

In connection with the IPO, the Company adopted the New Fortress Energy LLC 2019 Omnibus Incentive Plan (the "Incentive Plan"), effective as of February 4, 2019. Under the Incentive Plan, the Company may issue options, share appreciation rights, restricted shares, restricted share units ("RSUs"), share bonuses or other share-based awards to selected officers, employees, non-employee directors and select non-employees of NFE or its affiliates.

The Company has granted RSUs to select officers, employees, non-employee members of the board of directors, and select non-employees under the Incentive Plan. The grant date fair market value of RSUs is estimated based on the closing price of the underlying shares on the grant date and other fair value adjustments to account for a post-vesting holding period. These fair value adjustments were estimated based on the Finnerty model.

The following table summarizes the RSU activity for the three months ended March 31, 2020:

	Restricted Share Units	Weighted-average grant date fair value per share
Non-vested RSUs as of December 31, 2019	3,137,415	$ 13.44
Granted	109,409	14.47
Vested	(1,341,094)	13.51
Forfeited	(15,605)	13.51
Non-vested RSUs as of March 31, 2020	1,890,125	$ 13.45

During the three months ended March 31, 2020, the Company recognized a compensation expense of $2,508, of which $2,271 and $237 was recorded in Selling, general and administrative and Operations and maintenance, respectively. During the three months ended March 31, 2019, the Company recognized a compensation expense of $19,037, of which $18,968 and $69 was recorded in Selling, general and administrative and Operations and maintenance, respectively. The Company recognizes the income tax benefits resulting from vesting of RSUs in the period of vesting, to the extent the compensation expense has been recognized.

For the three months ended March 31, 2020 and 2019, cumulative compensation expense recognized for forfeited RSU awards of $61 and $0, respectively, was reversed.

As of March 31, 2020, the Company had 1,890,125 non-vested RSUs subject to service conditions and had unrecognized compensation costs of approximately $16,945. The non-vested RSUs will vest over a period from ten months to three years following the grant date. The weighted-average remaining vesting period of non-vested RSUs totaled 1.87 years as of March 31, 2020.

During the three months ended March 31, 2020, the Company granted 1,109,777 performance share units ("PSUs") to certain employees and non-employees. The PSUs contain a performance condition, and vesting will be determined based on achievement of an adjusted operating margin for the year ended December 31, 2021. The number of shares that will vest can range from zero to 2,219,554. As of March 31, 2020, the Company determined that it was not probable that the performance condition required for any of the PSUs to vest would be achieved, and as such, no compensation expense has been recognized in the condensed consolidated statements of operations and comprehensive loss. Unrecognized compensation costs if 2,219,554 shares were to vest based on the achievement of the performance condition was $32,117.

21. Related party transactions

Management services

The Company is majority owned by a private equity fund managed by an affiliate of Fortress Investment Group LLC ("Fortress"). In the ordinary course of business, Fortress, through affiliated entities, has historically charged the Company for administrative and general expenses incurred pursuant to its Management Services Agreement ("Management Agreement"). Upon completion of the IPO, the Management Agreement was terminated and replaced by an Administrative Services Agreement ("Administrative Agreement") to charge the Company for similar administrative and general expenses. The charges under the Management Agreement and Administrative Agreement that are attributable to the Company totaled $2,231 and $2,779 for the three months ended March 31, 2020 and 2019 respectively. Costs associated with the Management Agreement and Administrative Agreement are included within Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss. As of March 31, 2020 and December 31, 2019, $2,254 and $5,083 were due to Fortress, respectively.

In addition to management and administrative services, an affiliate of Fortress owns and leases an aircraft chartered by the Company for business purposes in the course of operations. The Company incurred, at aircraft operator market rates, charter costs of $1,239 for the three months ended March 31, 2020. As of March 31, 2020 and December, 31, 2019, $3,958 and $4,286 was due to this affiliate, respectively. In prior years, such charges were incurred under the Management Agreement and amounts incurred of $976 for the three months ended March 31, 2019 were included in the activity and balance disclosed above.

Land and office lease

The Company has leased land and office space from Florida East Coast Industries, LLC ("FECI"), an affiliate of the Company. In April 2019, FECI sold the office building to a non-affiliate, and as such, the lease of the office space is no longer held with a related party. The Company recognized expense related to the land lease still held by a related party during the three months ended March 31, 2020 of $103, which was included within Operations and maintenance in the condensed consolidated statements of operations and comprehensive loss. The Company recognized expense during the three months ended March 31, 2019 for both the land and building of $647, of which $386 was capitalized to Construction in progress, $76 related to the land lease was included in Operations and maintenance, and $185 related to the office lease and ancillary services was included in Selling, general and administrative, respectively in the condensed consolidated statements of operations and comprehensive loss. As of March 31, 2020 and December 31, 2019, there was no amount due to FECI.

DevTech Investment

In August 2018, the Company entered into a consulting arrangement with DevTech Environment Limited ("DevTech") to provide business development services to increase the customer base of the Company. DevTech also contributed cash consideration in exchange for a 10% interest in a consolidated subsidiary. The 10% interest is reflected as non-controlling interest in the Company's condensed consolidated financial statements. DevTech purchased 10% of a note payable due to an affiliate of the Company. As of March 31, 2020 and December 31, 2019, $715 and $815 was owed to DevTech on the note payable, respectively. The outstanding note payable due to DevTech is included in Other long-term liabilities on the condensed consolidated balance sheets. For the three months ended March 31, 2020 and 2019, interest expense on the note payable due to DevTech was $19 and $22, respectively; no interest has been paid and accrued interest has been recognized within Accrued liabilities on the condensed consolidated balance sheets. As of March 31, 2020 and December 31, 2019, $343 and $443 was due from DevTech, respectively.

Fortress affiliated entities

Since 2017, the Company has provided certain administrative services to related parties including Fortress affiliated entities. As of March 31, 2020 and December 31, 2019, $1,125 and $1,134 were due from affiliates, respectively. There are no costs incurred by the Company as the Company is fully reimbursed for all costs incurred. Additionally, Fortress affiliated entities provide certain administrative services to the Company. As of March 31, 2020 and December 31, 2019, $1,165 and $883 were due to Fortress affiliates, respectively.

Due to/from Affiliates

The table below summarizes the balances outstanding with affiliates at March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Amounts due to affiliates	$ 7,377	$ 10,252
Amounts due from affiliates	1,468	1,577

22. Subsequent events

On May 5, 2020, the Company announced that prior to June 2, 2020 the Company expects to enter into a mutual agreement with certain members (the "Exchanging Members") of New Fortress Energy Holdings, pursuant to which the Exchanging Members will agree to deliver a block redemption notice in accordance with Section 4.6(b)(ii)(B) of the Amended and Restated Limited Liability Company Agreement of NFI (the "NFI LLCA") with respect to all of the NFI LLC Units, together with an equal number of Class B shares that they indirectly own as members of New Fortress Energy Holdings. NFE has agreed to exercise the Call Right (as defined in the NFI LLCA) pursuant to which NFE will acquire such NFI LLC Units and Class B shares in exchange for Class A shares (the "Exchange Transactions"), and NFE will own all of the NFI LLC Units acquired as part of the Exchange Transactions. The Exchange Transactions are expected to be completed on or about June 9, 2020.

The Company currently recognizes the Exchanging Members' economic interest in NFI as non-controlling interest in the condensed consolidated financial statements. Subsequent to the Exchange Transactions, results of operations previously attributed to non-controlling interest based on these Exchanging Members' interest in NFI will be recognized as net income or loss attributable to stockholders, and amounts attributable to these Exchanging Members' interest in NFI previously shown as non-controlling interest on the Company's condensed consolidated balance sheets will be reclassified to Class A shares.

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

Certain information contained in the following discussion and analysis, including information with respect to our plans, strategy, projections and expected timeline for our business and related financing, includes forward-looking statements that involve risks and uncertainties. Forward-looking statements are estimates based upon current information and involve a number of risks and uncertainties. Actual events or results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors. This discussion and analysis includes information that is intended to provide investors with an understanding of our past performance and our current financial condition and is not necessarily indicative of our future performance. Please refer to "—Factors Impacting Comparability of Our Financial Results" for further discussion. The results of operations for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for a full year. Unless otherwise indicated, dollar amounts are presented in thousands.

You should read "Part II, Item 1A. Risk Factors" and "Cautionary Statement on Forward-Looking Statements" elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report") and "Part I, Item 1A. Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2019 (our "Annual Report") for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

The following information should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report. Our financial statements have been prepared in accordance with GAAP. The unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2020 included herein, reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods on a basis consistent with the annual audited financial statements. All such adjustments are of a normal recurring nature.

Unless the context otherwise requires, references to "Company," "NFE," "we," "our," "us" or like terms refer to New Fortress Energy LLC and its subsidiaries. When used in a historical context that is prior to the completion of NFE's initial public offering ("IPO"), "Company," "we," "our," "us" or like terms refer to New Fortress Energy Holdings LLC, a Delaware limited liability company ("New Fortress Energy Holdings"), our predecessor for financial reporting purposes.

Overview

We are a global integrated gas-to-power infrastructure company that seeks to use natural gas to satisfy the world's large and growing power needs. We deliver targeted energy solutions to customers around the world, thereby reducing their energy costs and diversifying their energy resources, while also reducing pollution and generating compelling margins. Our near-term mission is to provide modern infrastructure solutions to create cleaner, reliable energy while generating a positive economic impact worldwide. Our long-term mission is to become one of the world's leading carbon emission-free independent power providing companies. We discuss this important goal in more detail in "Items 1 and 2: Business and Properties" under "Toward a Carbon-Free Future" in our Annual Report.

As an integrated gas-to-power energy infrastructure company, our business model spans the entire production and delivery chain from natural gas procurement and liquefaction to logistics, shipping, terminals and conversion or development of natural gas-fired power generation. We currently source LNG from long-term supply agreements with third party suppliers and from our own liquefaction facility in Miami, Florida. We expect that control of our vertical supply chain, from procurement to delivery of LNG, will help to reduce our exposure to future LNG price variations and enable us to supply our existing and future customers with LNG at a price that reinforces our competitive standing in the LNG market. Our strategy is simple: we seek to procure LNG at attractive prices using long-term agreements and through our own production, and we seek to sell natural gas (delivered through LNG infrastructure) or gas-fired power to customers that sign long-term, take-or-pay contracts.

Our Current Operations

Our management team has successfully employed our strategy to secure long-term contracts with significant customers in Jamaica and Puerto Rico, including Jamaica Public Service Company Limited ("JPS"), the sole public utility in Jamaica, South Jamaica Power Company Limited ("JPC"), an affiliate of JPS, Jamalco, a bauxite mining and alumina production joint venture in Jamaica, and the Puerto Rico Electric Power Authority ("PREPA"), each of which is described in more detail below. Our assets built to service these significant customers have been designed with capacity to service other customers.

We currently procure our LNG either by purchasing it under a contract from a supplier or by manufacturing it in our natural gas liquefaction and storage facility located in Miami-Dade County, Florida (the "Miami Facility"). Our long-term goal is to develop the infrastructure necessary to supply our existing and future customers with LNG produced primarily at our own facilities, including our expanded delivery logistics chain in Northern Pennsylvania (the "Pennsylvania Facility").

Montego Bay Terminal

Our storage and regasification terminal in Montego Bay, Jamaica (the "Montego Bay Terminal") serves as our supply hub for the north side of Jamaica, providing natural gas to JPS to fuel the 145MW Bogue Power Plant in Montego Bay, Jamaica. Our Montego Bay Terminal commenced commercial operations in October 2016 and is capable of processing up to 740,000 LNG gallons (61,000 MMBtu) per day and features approximately 7,000 cubic meters of onsite storage. The Montego Bay Terminal also consists of an ISO loading facility that can transport LNG to numerous on-island industrial users.

Old Harbour Terminal

Our marine LNG storage and regasification terminal in Old Harbour, Jamaica (the "Old Harbour Terminal") commenced commercial operations in June 2019 and is capable of processing approximately six million gallons of LNG (500,000 MMBtu) per day. The Old Harbour Terminal supplies natural gas to the new 190MW Old Harbour power plant (the "Old Harbour Power Plant") operated by JPC. The Old Harbour Terminal is also supplying natural gas to our dual-fired combined heat and power facility in Clarendon, Jamaica (the "CHP Plant"). The CHP Plant supplies electricity to JPS under a long-term power purchase agreement ("PPA"). The CHP Plant also provides steam to Jamalco under a long-term take-or-pay steam supply agreement ("SSA"). On March 3, 2020, the CHP Plant commenced commercial operation under both the PPA and the SSA and began supplying power and steam to JPS and Jamalco, respectively.

San Juan Facility

We are finalizing the development of the micro-fuel handling facility in the Port of San Juan, Puerto Rico (the "San Juan Facility"). The San Juan Facility is currently being developed near the San Juan Power Plant and will serve as our supply hub for the San Juan Power Plant and other industrial end-user customers in Puerto Rico. We have begun delivering natural gas under the Fuel Sale and Purchase Agreement with PREPA and expect to declare full commercial operations in the second quarter of 2020.

Miami Facility

Our Miami Facility began operations in April 2016. This facility has liquefaction capacity of approximately 100,000 gallons of LNG (8,300 MMBtu) per day and enables us to produce LNG for sales directly to industrial end-users in southern Florida, including Florida East Coast Railway via our train loading facility, and other customers throughout the Caribbean using ISO containers.

Other Development Projects

We are in the process of developing an LNG regasification terminal at the Port of Pichilingue in Baja California Sur, Mexico (the "La Paz Terminal"). Our La Paz Terminal is expected to supply approximately 455,000 gallons of LNG (37,565 MMBtu) per day, and we have received all necessary permits for onshore construction of the power plant that is expected to produce up to 135 MW.

In February 2020, we entered into a 25-year power purchase agreement with Nicaragua's electricity distribution companies, and we expect to construct a new approximately 300 MW natural gas-fired power plant that will consume approximately 700,000 gallons of LNG (60,000 MMBtus) per day. In 2019, we signed a memorandum of understanding to develop a terminal in Angola to supply natural gas for power generation, and we are in active discussions to secure a definitive agreement in 2020.

COVID-19 Pandemic

We are closely monitoring the impact of the novel coronavirus ("COVID-19") pandemic on all aspects of our operations and development projects. While we did not incur significant disruptions during the three months ended March 31, 2020 from the COVID-19 pandemic, there are important uncertainties including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures. Therefore, the effects of COVID-19 at this time are hard to predict. We do not currently expect these factors to have a significant impact on our results of operations, liquidity or financial position, or our development budgets or timelines. We primarily operate under long-term contracts with customers, many of which contain fixed minimum volumes that must be purchased on a "take-or-pay" basis, which has limited the impact of the COVID-19 pandemic on our current operations. Based on the essential nature of the services we provide to support power generation facilities, our development projects have not currently been significantly impacted by responses to the COVID-19 pandemic. However, we are actively monitoring the spread of the pandemic and the actions that governments and regulatory agencies are taking to fight the spread.

Exchange Transactions

On May 5, 2020, we announced that prior to June 2, 2020 we expect to enter into a mutual agreement (the "Mutual Agreement") with certain members (the "Exchanging Members") of New Fortress Energy Holdings, including Fortress Equity Partners (A) LP (the "Initial Shareholder," which is owned primarily by Mr. Edens, our Chief Executive Officer and a member of our Board, and Mr. Nardone, a member of our Board) and/or its members, pursuant to which the Exchanging Members will agree to deliver a block redemption notice in accordance with Section 4.6(b)(ii)(B) of the Amended and Restated Limited Liability Company Agreement of NFI (the "NFI LLCA") with respect to all of the common units ("NFI LLC Units") of New Fortress Intermediate LLC ("NFI"), together with an equal number of our Class B shares that they indirectly own as members of New Fortress Energy Holdings. We have agreed to exercise our Call Right (as defined in the NFI LLCA) pursuant to which we will acquire such NFI LLC Units and Class B shares in exchange for our Class A shares (the "Exchange Transactions"). We will own all of the NFI LLC Units acquired as part of the Exchange Transactions. We expect to acquire substantially all of the other currently outstanding NFI LLC Units in the Exchange Transactions; however, there can be no assurance that we will acquire all of the NFI LLC Units in the Exchange Transactions. The Exchange Transactions are generally expected to be tax-deferred transactions for the exchanging holders of NFI LLC Units, in which case we would generally not receive a tax basis "step-up" as a result of the Exchange Transactions. The Exchanging Members have agreed pursuant to the Mutual Agreement not to transfer any of the Class A shares they receive in the Exchange Transactions for 90 days following the date of the exchange. The Exchange Transactions are expected to be completed on or about June 9, 2020.

We expect the Exchange Transactions will confer several significant benefits to us. Most notably, the Exchange Transaction will significantly reduce our future tax distribution obligations to the members of NFI, which will enable us to instead invest those funds to develop projects that we expect will increase our returns for all stockholders, enhance our liquidity, improve our credit profile and potentially lower our cost of capital. Because the Board deemed it to be in the best interest of the Company to effect the Exchange Transactions now so that the Company could begin realizing these benefits, the Board requested that the members of NFI (who have no obligation to exchange their New Fortress Energy Holdings units) agree to exchange their interests in NFI pursuant to the Exchange Transactions described above. The Exchange Transactions are generally expected to be tax-deferred transactions for the Exchanging Members, which is the tax treatment of transactions already provided for in the NFI LLCA. Because this change could be viewed as a related party transaction involving the Exchanging Members and NFE, the Exchange Transactions were reviewed by a duly appointed committee of the Board consisting of Messrs. Catterall, Grain, Griffin and Mack and Ms. Wanner, who unanimously approved the Exchange Transactions prior to the full Board unanimously approving the Exchange Transactions. The committee's approval serves as a Special Approval as defined in our First Amended and Restated Limited Liability Company Agreement. We cannot assure you that the Exchange Transactions will be completed or that these transactions will confer the potential benefits that we currently expect from them.

Results of Operations – Three Months Ended March 31, 2020 compared to Three Months Ended March 31, 2019

	Three Months Ended March 31,		
	2020	2019	Change
Revenues			
Operating revenue	$ 63,502	$ 26,138	$ 37,364
Other revenue	11,028	3,813	7,215
Total revenues	74,530	29,951	44,579
Operating expenses			
Cost of sales	68,216	33,349	34,867
Operations and maintenance	8,483	4,499	3,984
Selling, general and administrative	28,370	49,749	(21,379)
Loss on mitigation sales	208	-	208
Depreciation and amortization	5,254	1,691	3,563
Total operating expenses	110,531	89,288	21,243
Operating loss	(36,001)	(59,337)	23,336
Interest expense	13,890	3,284	10,606
Other expense (income), net	611	(2,575)	3,186
Loss on extinguishment of debt, net	9,557	-	9,557
Loss before taxes	(60,059)	(60,046)	(13)
Tax (benefit) expense	(4)	246	(250)
Net loss	$ (60,055)	$ (60,292)	$ (237)

Revenues

Operating revenue from the sale of LNG, natural gas sales or outputs from our natural gas-fired power generation facilities for the three months ended March 31, 2020 was $63,502 which increased by $37,364 from $26,138 for the three months ended March 31, 2019. The increase was primarily driven by volumes sold from the Old Harbour Terminal and the commencement of commercial operations at the CHP Plant during the three months ended March 31, 2020. For the three months ended March 31, 2020, we recognized $35,777 of revenue from volumes sold at the Old Harbour Terminal, including $29,945 from sales to the Old Harbour Power Plant and $5,832 from natural gas utilized in the CHP Plant. For the three months ended March 31, 2020, the volume delivered to the Old Harbour Power Plant was 32.2 million gallons (2.7 TBtu) and the volume utilized in the CHP Plant was 9.8 million gallons (0.8 TBtu). We also began to deliver power and steam under our contracts with JPS and Jamalco during March 2020 adding $1,731 in revenue.

In connection with the adoption of ASC 842, we no longer identified a lease of the Montego Bay Terminal in our gas sale agreement with our customer. Accordingly, interest income associated with the direct financing lease of the Montego Bay Terminal is no longer recognized within Other revenue and all amounts recognized as revenue for activities at the Montego Bay Terminal were included in Operating revenue for the three months ended March 31, 2020, resulting in an increase of $3,900 to Operating revenue. The increase in Operating revenue was partially offset by decrease in sales at the Montego Bay Terminal of $602 due to planned maintenance at the Bogue Power Plant offset by additional industrial end user customers. The delivered volume at the Montego Bay Terminal decreased by 3.2 million gallons (0.2 TBtu) from 26.7 million gallons (2.2 TBtu) during the three months ended March 31, 2019 to 23.5 million gallons (2.0 TBtu) during the three months ended March 31, 2020.

Other revenue for the three months ended March 31, 2020 was $11,028 which increased $7,215 from $3,813 for the three months ended March 31, 2019. The increase was primarily due to the recognition of development services revenue of $10,071 for the three months ended March 31, 2020, and this increase included $9,486 for the conversion of our customer's infrastructure in Puerto Rico and $585 of revenue recognized for the completion of infrastructure projects for customers of the CHP Plant. Development services revenue is recognized from the construction and installation of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our natural gas-fired power generation facilities, and such services are included within certain long-term contracts to supply these customers with natural gas or outputs from our natural gas-fired facilities. This increase is partially offset by the decrease in interest income associated with the direct financing lease of the Montego Bay Terminal which is included in Operating revenue for the three months ended March 31, 2020.

Cost of sales

Cost of sales includes the procurement of feedgas or LNG, as well as shipping and logistics costs to deliver LNG or natural gas to our terminals or power generation facilities or our customers. Our LNG and natural gas supply are purchased from third parties or converted in our Miami Facility. Costs to convert natural gas to LNG, including labor, depreciation, and other direct costs to operate our Miami Facility are also included in Cost of sales. For natural gas utilized by the CHP Plant, we bill our customer on a pass-through basis, and as such, NFE South Power Holdings, our consolidated subsidiary and owner of the CHP Plant, recognizes no margin on gas sales to our customer.

Cost of sales for the three months ended March 31, 2020 was $68,216 which increased by $34,867 from $33,349 for the three months ended March 31, 2019. The increase was primarily attributable to the increase in volumes delivered of 139% compared to the three months ended March 31, 2019, partially offset by the decrease in LNG cost. The weighted-average cost of LNG purchased from third parties decreased from $0.83 per gallon ($10.06 per MMBtu) for the three months ended March 31, 2019 to $0.67 per gallon ($8.10 per MMBtu) for the three months ended March 31, 2020. The weighted-average cost of our inventory balance as of March 31, 2020 and December 31, 2019 was $0.68 per gallon ($8.24 per MMBtu) and $0.64 per gallon ($7.69 per MMBtu), respectively.

The increase in Cost of sales was also attributable to costs associated with development services and increased charter costs. The costs recognized associated with development services were $9,347 for the three months ended March 31, 2020; these costs included $8,815 of costs associated with the conversion of our customer’s infrastructure in Puerto Rico and $532 of costs associated with the completion of infrastructure projects for customers of the CHP Plant. No costs associated with development services revenue were recognized during the three months ended March 31, 2019.

The Company also incurred an increase in charter costs associated with our expanded charter fleet. Such charter costs increased Cost of sales by $2,920 for the three months ended March 31, 2020 as compared with the three months ended March 31, 2019.

Operations and maintenance

Operations and maintenance relates to costs of operating our Montego Bay Terminal, CHP Plant, Miami Facility and Old Harbour Terminal, exclusive of costs to convert that are reflected in Cost of sales. Operations and maintenance for the three months ended March 31, 2020 was $8,483, which increased $3,984 from $4,499 for the three months ended March 31, 2019. The increase was primarily a result of higher costs associated with the operations of charter vessels, including a storage vessel for Puerto Rico, of $2,918 in the three months ended March 31, 2020, as well as other increased operating costs, primarily payroll related expenses of $828. We also incurred operational costs for the CHP Plant for the period after commencement of commercial operations on March 3, 2020 of $344.

Selling, general and administrative

Selling, general and administrative includes compensation expenses for our corporate employees, employee travel costs, insurance, professional fees for our advisors, and costs associated with development activities for projects that are in initial stages and development is not yet probable.

Selling, general and administrative for the three months ended March 31, 2020, was $28,370 which decreased $21,379 from $49,749 for the three months ended March 31, 2019. The decrease was primarily attributable to higher share-based compensation expense of $16,697 and professional fees of $7,844 recognized for the three months ended March 31, 2019. These decreases were partially offset by costs associated with increased headcount as compared to the same period in the prior year.

Loss on mitigation sales

Loss on mitigation sales for the three months ended March 31, 2020 was $208 which was attributable to losses incurred associated with undelivered quantities of LNG under firm purchase commitments due to storage capacity constraints. In these situations, our supplier will attempt to sell the undelivered quantity through a mitigation sale, and the losses incurred under the firm purchases are partially offset by this sale of the undelivered amount to third parties for amounts lower than the contracted price, which resulted in a loss of $208. We did not have such transactions during the three months ended March 31, 2019.

Depreciation and amortization

Depreciation and amortization for the three months ended March 31, 2020 was $5,254, which increased $3,563 from $1,691 for the three months ended March 31, 2019. The increase is primarily a result of depreciation of $1,894 for our Old Harbour Terminal that was not yet in service during the three months ended March 31, 2019, as well as, depreciation expense of $673 recognized for the CHP Plant that went into service in March 2020. The increase is also due to deprecation recognized on our Montego Bay Terminal during the three months ended March 31, 2020 of $1,201. These assets were presented as direct financing leases prior to the adoption of ASC 842, and no depreciation for such assets was previously recorded.

Loss on extinguishment of debt, net

Loss on extinguishment of debt for the three months ended March 31, 2020 was $9,557 as a result of the extinguishment of the Term Loan Facility (as defined below).

Interest expense

Interest expense for the three months ended March 31, 2020 was $13,890, which increased $10,606 from $3,284 for the three months ended March 31, 2019, primarily as a result of the additional principal balances outstanding in the first quarter of 2020 under the Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds (all defined below), as compared to the Term Loan Facility which was extinguished in January 2020. Interest expense incurred under the Credit Agreement, net of capitalized interest, was $10,932, and interest expense incurred on the Secured Bonds and Senior Unsecured, net of capitalized interest, was $1,787.

Other expense (income), net

Other expense, net for the three months ended March 31, 2020 was $611, which decreased $3,186 from other income of $2,575 for the three months ended March 31, 2019, primarily as a result of the unrealized loss on our investment in equity securities, partially offset by the changes in fair value of the derivative liability and equity agreement associated with our acquisition of Shannon LNG in November 2018 and interest income.

Tax (benefit) expense

Tax (benefit) for the three months ended March 31, 2020 was $(4), as compared to tax expense of $246 for the three months ended March 31, 2019. We continue to have valuation allowances in many non-U.S. jurisdictions, and as such, our tax benefit for current period losses in such jurisdictions has been limited.

Factors Impacting Comparability of Our Financial Results

Our historical results of operations and cash flows are not indicative of results of operations and cash flows to be expected in the future, principally for the following reasons:

- ***Our historical financial results do not include significant projects that are near completion.*** Our results of operations for the first quarter of 2020 include our Montego Bay Terminal, Miami Facility, sales from our Old Harbour Terminal to JPC, and certain industrial end-users. The CHP Plant commenced commercial operations during March 2020, and our future results will include revenue and results operations from sales of gas, power and steam from the CHP Plant. We also expect that the San Juan Facility will become fully operational beginning in the second quarter of 2020. Our current results also do not include revenue and operating results from other projects under development including the La Paz Terminal, the LNG regasification terminal and power plant in Puerto Sandino, Nicaragua (the “Puerto Sandino Terminal”), the LNG terminal in Angola (the “Angola Terminal”), and the LNG terminal on the Shannon Estuary near Ballylongford, Ireland (the “Ireland Terminal”).

- ***Our historical financial results do not reflect the long term LNG supply agreement that will lower the cost of our LNG supply from 2022 to 2030.*** We currently purchase the majority of our supply of LNG from third parties. For the three months ended March 31, 2020, we sourced 95% of our LNG volumes from third parties. Our cost of sales for the three months ended March 31, 2020, reflected an average cost of LNG purchased from third parties of $0.67 per gallon ($8.10 per MMBtu), predominately purchased under a firm purchase commitment entered into in December 2018. During 2019, the market price for LNG dropped significantly, and we have executed a firm commitment to purchase 27.5 TBtus annually beginning in 2022 at prices that are expected to be significantly lower than our current inventory balance. Further, we believe that we will take advantage of the current market pricing for LNG to supply our expanding operations, resulting in an overall lower average cost of LNG in future periods.

Liquidity and Capital Resources

We believe we will have sufficient liquidity from proceeds from recent borrowings and cash flow from operations to fund our capital expenditures and working capital needs for the next 12 months. We expect to fund our current operations and continued development of additional facilities through a combination of cash on hand and additional borrowings from the Senior Secured Bonds, Senior Unsecured Bonds, and the Credit Agreement (all defined below).Our IPO was completed on February 4, 2019, and we raised net proceeds of $268,010, inclusive of additional net proceeds raised from the exercise of the underwriters’ option to purchase additional shares and after deducting underwriting discounts and commissions and transaction costs. On March 21, 2019, we drew the remaining availability on our Term Loan Facility (defined below) and had $495,000 of outstanding principal as of December 31, 2019. On September 5, 2019, we issued approximately $117,000 in Senior Secured Bonds and Senior Unsecured Bonds, and in December 2019, we issued an additional $63,000 in Senior Secured Bonds, which was fully funded by January 2020. In January 2020, we borrowed $800,000 under the Credit Agreement, and repaid the Term Loan Facility in full. No principal payments are due under the Senior Secured and Senior Unsecured Bonds for at least seven years; no principal payments are due under the Credit Agreement until maturity in January 2023.

We have assumed total expenditures for all completed and existing projects to be approximately $869 million, with approximately $690 million having already been spent through March 31, 2020. This estimate represents the expenditures necessary to complete the San Juan Facility and the La Paz Terminal, as well as expected expenditures to serve new industrial end-users. We expect to be able to fund all such committed projects with a combination of cash on hand, as well as the proceeds from the Credit Agreement, Senior Secured Bonds, and Senior Unsecured Bonds. Through March 31, 2020, we have spent approximately $169 million to develop the Pennsylvania Facility. Approximately $20 million of construction and development costs have been expensed as we have not issued a final notice to proceed to our engineering, procurement, and construction contractors. Cost for land, as well as engineering and equipment that could be deployed to other facilities of approximately $149 million, has been capitalized.

Cash Flows

The following table summarizes the changes to our cash flows for the three months ended March 31:

	Three Months Ended March 31,		
(in thousands)	**2020**	**2019**	**Change**
Cash flows from:			
Operating activities	$ (51,311)	$ (31,048)	$ (20,263)
Investing activities	(56,048)	(135,997)	79,949
Financing activities	305,589	483,193	(177,604)
Net increase in cash, cash equivalents, and restricted cash	$ 198,230	$ 316,148	$ (117,918)

Cash (used in) operating activities

Our cash flow used in operating activities was $51,311 for the three months ended March 31, 2020, which increased by $20,263 from $31,048 for the three months ended March 31, 2019. For both the three-month periods ended March 31, 2020 and 2019, we had losses that comprised a significant portion of cash used in operating activities due to the continued expansion of our business activities.

Cash flows used in operating activities for the three months ended March 31, 2020 was also significantly impacted by prepayments for two LNG cargos that were yet to be received. The significant increase in prepaid expenses was partially offset by a decrease in non-cash share-based compensation expense.

Cash (used in) investing activities

Our cash flow used in investing activities was $56,048 for the three months ended March 31, 2020, which decreased by $79,949 from $135,997 for the three months ended March 31, 2019. Cash outflows for investing activities during the three months ended March 31, 2020 were primarily used to complete the CHP Plant and the San Juan Facility, as well as construction of the La Paz Terminal.

Cash flow used in investing activities during the three months ended March 31, 2019 included significant capital expenditures for development of our Old Harbour Terminal and Pennsylvania Facility, as well as payments for significant outstanding amounts to our suppliers that were accrued as of December 31, 2018. We did not have these activities during the three months ended March 31, 2020, resulting in a decrease in cash outflows for investing activities.

Cash provided by financing activities

Our cash flow provided by financing activities was $305,589 for the three months ended March 31, 2020, which decreased by $177,604 from $483,193 for the three months ended March 31, 2019. Cash provided by financing activities during the three months ended March 31, 2020 was due to borrowings under the Credit Agreement of $800,000, partially offset by an original issue discount of $20,000 and transaction costs and other fees to obtain the Credit Agreement of $14,069. A portion of these proceeds was used to fund the repayment of the Term Loan Facility of $506,402. Additionally, the remaining proceeds from the Senior Secured Bonds of $52,144 were received during the first quarter of 2020.

Cash flow provided by financing activities during the three months ended March 31, 2019 primarily consisted of IPO proceeds of $274,948 and additional borrowing under the Term Loan Facility of $220,000. These cash inflows were partially offset by payment of offering costs for our IPO and principal payments on debt.

Long-Term Debt

The Credit Agreement

On January 10, 2020, the Company entered into a credit agreement to borrow $800,000 in term loans (the “Credit Agreement”). The Credit Agreement will mature in January 2023 with the full principal balance due upon maturity. Interest is payable quarterly and is based on a LIBOR rate divided by one minus the applicable reserve requirement, subject to a floor of 1.50%, plus a margin of 6.25%. The interest rate margin increases each year of the term by 1.50%. Loans may be prepaid, at the option of the Company, at any time without premium. We have used a portion of the proceeds received to extinguish the Term Loan Facility (defined below).

We are required to comply with certain financial covenants as well as usual and customary affirmative and negative covenants, including limitations on liens and incurring additional indebtedness. The facility also provides for customary events of default and cure provisions.

In connection with obtaining the Credit Agreement and the extinguishment of the Term Loan Facility, the Company incurred $35,614 in origination, structuring, and other fees which were recognized as a reduction of the principal balance of the Credit Agreement on the condensed consolidated balance sheets. As of March 31, 2020, the remaining unamortized deferred financing costs were $31,060.

Term Loan Facility

On August 16, 2018, the Company entered into a credit agreement with a syndicate of two lenders to borrow up to an aggregate principal amount of $240,000. On December 31, 2018, the Company amended this credit agreement (as amended, the “Term Loan Facility”) to, among other things, (i) increase the amount available for borrowing thereunder from $240,000 to $500,000, (ii) extend the initial maturity date to December 31, 2019, (iii) modify certain provisions relating to restrictive covenants and existing financial covenants, and (iv) remove the mandatory prepayment required with the net proceeds received in connection with an IPO. As of December 31, 2018, the outstanding principal balance under the Term Loan Facility was $280,000.

On March 21, 2019, the Company drew an additional $220,000, bringing our total outstanding borrowings to $500,000 under the Term Loan Facility, and as of December 31, 2019, the total principal amount outstanding under the Term Loan Facility was $495,000.

All borrowings under the Term Loan Facility bore interest at a rate selected by us of either (i) LIBOR divided by one minus the applicable reserve requirement plus a spread of 4% or (ii) subject to a floor of 1%, a Base Rate equal to the higher of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% or (c) the 1-month LIBOR rate plus 1.00% plus a spread of 3.0%. The Term Loan Facility was repayable in quarterly installments of $1,250 with a balloon payment due at maturity.

The Term Loan Facility was secured by mortgages on certain properties owned by our subsidiaries, in addition to other collateral. The Term Loan Facility was amended in the third quarter of 2019 to allow certain properties of a consolidated subsidiary to secure the Senior Secured Bonds (defined below). We were also required to comply with certain financial covenants and other restrictive covenants customary for facilities of this type, including restrictions on indebtedness, liens, acquisitions and investments, restricted payments, and dispositions.

We incurred costs in connection with obtaining the Term Loan Facility, the extinguishment of our prior debt facilities, and the amendment of the Term Loan Facility. Some of the costs incurred were capitalized as a reduction to the Term Loan Facility on the consolidated balance sheets, and all deferred financing costs associated with the Term Loan Facility were amortized over the term of the Term Loan Facility, through December 31, 2019. As such, there were no unamortized deferred financing costs as of December 31, 2019.

The Term Loan Facility had a maturity date of December 31, 2019 with an option to extend the maturity date for two additional six-month periods. Upon the exercise of each extension option, we would pay a fee equal to 1.0% of the outstanding principal balance at the time of the exercise, and the spread on LIBOR and Base Rate would increase by 0.5%. On December 30, 2019, the Company entered into an amendment with the lenders to extend the maturity to January 21, 2020. Prior to this new maturity date, we repaid the full amount outstanding, using proceeds from the Credit Agreement to extinguish the Term Loan Facility.

South Power Bonds

On September 2, 2019, NFE South Power Holdings Limited ("South Power"), a consolidated subsidiary of the Company, entered into a facility for the issuance of secured and unsecured bonds (the "Senior Secured Bonds" and "Senior Unsecured Bonds", respectively) and subsequently issued $73,317 and $43,683 in Senior Secured Bonds and Senior Unsecured Bonds, respectively. The Senior Secured Bonds are secured by the CHP Plant and related receivables and assets, and the proceeds were used to fund the completion of the CHP Plant and to reimburse shareholder advances. In the fourth quarter of 2019, South Power issued an additional $63,000 in Senior Secured Bonds. We received $10,856 of the proceeds in 2019 and received the remaining proceeds of $52,144 in January 2020.

The Senior Secured Bonds bear interest at an annual fixed rate of 8.25% and will mature 15 years from the closing date of each issuance. No principal payments will be due for the first seven years. After seven years, quarterly principal payments of approximately 1.6% of the original principal amount will be due, with a 50% balloon payment due upon maturity. Interest payments on outstanding principal balances will be due quarterly.

The Senior Unsecured Bonds bear interest at an annual fixed rate of 11.00% and will mature in September 2036. No principal payments will be due for the first nine years. Beginning in 2028, principal payments will be due quarterly on an escalating schedule. Interest payments on outstanding principal balances will be due quarterly.

South Power will be required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provides for customary events of default, prepayment, and cure provisions.

The Company paid approximately $3,892 of fees in connection with the issuance of Senior Secured Bonds and Senior Unsecured Bonds. These fees were capitalized on a pro-rata basis as a reduction of the Senior Secured Bonds and Senior Unsecured Bonds on the consolidated balance sheets. The total unamortized deferred financing costs as of March 31, 2020 and December 31, 2019 was $3,731 and $3,799, respectively.

Off Balance Sheet Arrangements

As of March 31, 2020, we had no off-balance sheet arrangements that may have a current or future material effect on our consolidated financial position or operating results.

Contractual Obligations

We are committed to make cash payments in the future pursuant to certain of our contracts. The following table summarizes certain contractual obligations in place as of March 31, 2020:

(in thousands)	Total	Less than 1 year[1]	Years 2 to 3	Year 4 to 5	More than 5 years
Long-term debt obligations	$ 1,383,025	$ 50,137	$ 164,791	$ 851,234	$ 316,863
Purchase obligations	1,669,942	208,464	376,360	306,242	778,876
Operating Lease obligations	128,506	27,296	53,672	14,084	33,454
Total	$ 3,181,473	$ 285,897	$ 594,823	$ 1,171,560	$ 1,129,193

[1] Includes contractual obligations from April 1, 2020 through December 31, 2020

Long-Term debt obligations

For information on our long-term debt obligations, see "—Liquidity and Capital Resources—Long-Term Debt." The amounts included in the table above are based on the total debt balance, scheduled maturities, and interest rates in effect as of March 31, 2020.

Purchase obligations

The Company is party to contractual purchase commitments. These contracts are principally take-or-pay contracts, which require the purchase of minimum quantities of LNG and natural gas, and these commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. On February 7, 2020, the Company entered into a long-term natural gas supply agreement with an established international gas supplier for the purchase of 27.5 TBtu per year of LNG at a price indexed to Henry Hub from January 2022 to January 2030.

In December 2018, the Company entered into a contract with Centrica LNG Company Limited for the purchase of 29 firm cargoes of 1.1 billion gallons of LNG (86.7 million MMBtu) scheduled for delivery between June 2019 and December 2021. Payment for each cargo is due in advance of each shipment. As of March 31, 2020, the Company is committed to purchase 24 remaining cargoes with 12 scheduled for delivery in 2020 and the remaining 12 cargoes scheduled for delivery in 2021.

The Company currently has two contracts in place for the purchase of feedgas under take-or-pay minimum volume obligations. These commitments are structured to assure the Miami Facility has uninterrupted supply and the minimum volumes are not expected to be in excess of normal requirements. Deliveries under these contracts are scheduled between March 2019 and November 2025.

In 2018, the Company entered into a 15-year agreement with an affiliate of Chesapeake Energy Corporation for gas supply to our Pennsylvania Facility. The terms of the agreement are subject to certain conditions precedent under our control before the agreement is effective. These conditions have not yet been met, and as such, this commitment is excluded from the table above.

Operating Lease obligations

Future fixed lease payments under non-cancellable operating leases are noted in the above table. The Company's lease obligations are primarily related to LNG vessel time charters, marine port leases, office space, and a land lease.

The Company currently has four vessels under time charter leases with non-cancellable terms ranging from two to seven years. The lease commitments in the table above include only the lease component of these arrangements due over the non-cancellable term and do not include any operating services.

We have leases for port space and a land site for the development of our facilities. Terms for leases of port space range from 20 to 25 years. The land site lease is held with an affiliate of the Company and has a remaining term of approximately five years.

Office space includes a space shared with affiliated companies in New York with a month to month lease, and an office space in downtown Miami with a lease term of 84 months.

Summary of Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates. Management evaluates its estimates and related assumptions regularly and will continue to do so as we further grow our business. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue recognition

Our contracts with customers may contain one or several performance obligations usually consisting of the sale of LNG, natural gas, and beginning in the three months ended March 31, 2020, power and steam which are outputs from our natural gas-fueled infrastructure. The transaction price for each of these contracts is structured using similar inputs and factors regardless of the output delivered to the customer. The customers consume the benefit of the natural gas, power, and steam when they are delivered by the Company to the customer's power generation facilities or interconnection facility. Natural gas, power, and steam qualify as a series with revenue being recognized over time using an output method, based on the quantity of natural gas, power, or steam that the customer has consumed. LNG is typically delivered in containers transported by truck to customer sites. Revenue from sales of LNG delivered by truck is recognized at the point in time at which physical possession and the risks and rewards of ownership transfer to the customer, either when the containers are shipped or delivered to the customers' storage facilities, depending on the terms of the contract. Because the nature, timing, and uncertainty of revenue and cash flows are substantially the same for LNG, natural gas, power and steam, we have presented Operating revenue on an aggregated basis.

We have concluded that variable consideration included in these agreements meets the exception for allocating variable consideration to each unit sold under the contract. As such, the variable consideration for these contracts is allocated to each distinct unit of LNG, natural gas, power or steam delivered and recognized when that distinct unit of LNG or natural gas is delivered to the customer.

Our contracts with customers to supply LNG or natural gas may contain a lease of equipment. We allocate consideration received from customers between lease and non-lease components based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone selling price of the same or similar equipment leased to the customer. We estimate the fair value of the non-lease component by forecasting volumes and pricing of gas to be delivered to the customer over the lease term. The estimated fair value of the leased equipment, as a percentage of the estimated total revenue from LNG or natural gas and leased equipment at inception, will establish the allocation percentage to determine the fixed lease payments and the amount to be accounted for under the revenue recognition guidance.

The leases of certain facilities and equipment to customers are accounted for as financing or operating leases. The current and non-current portion of financing leases are recorded within Prepaid expenses and other current assets and Finance leases, net, on the condensed consolidated balance sheets, respectively. The lease payments for finance leases are segregated into principal and interest components similar to a loan. Interest income is recognized on an effective interest method over the lease term and is included in Other revenue in the condensed consolidated statements of operations and comprehensive loss. The principal components of the lease payment are reflected as a reduction to the net investment in the finance lease. For the Company's operating leases, the amount allocated to the leasing component is recognized over the lease term as Other revenue in the condensed consolidated statements of operations and comprehensive loss.

In addition to the revenue recognized from the leasing components of agreements with customers, Other revenue includes development services revenue recognized from the construction and installation of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our natural gas-fired power generation facilities. Revenue from these development services is recognized over time as we transfer control of the asset to the customer, unless the customer is not able to obtain control over the asset under development until such services are completed, in which case, revenue is recognized when the services are completed and the customer has control of the infrastructure. Such agreements may also include a significant financing component, and we recognize revenue for the interest income component over the term of the financing as Other revenue.

Development services are typically included in arrangements that include other distinct performance obligations, and the Company allocates the transaction price to each performance obligation based on its standalone selling price ("SSP") in relation to the aggregate value of the SSP of all performance obligations in the arrangement. Some of our performance obligations have observable inputs that are used to determine the SSP of those distinct performance obligations. Where SSP is not directly observable, we primarily determine the SSP using the cost-plus approach. In the circumstances when available information to determine SSP is highly variable or uncertain, we use the residual approach.

Impairment of long-lived assets

We perform a recoverability assessment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indicators may include, but are not limited to, adverse changes in the regulatory environment in a jurisdiction where we operate, unfavorable events impacting the supply chain for LNG to our operations, a decision to discontinue the development of a long-lived asset, early termination of a significant customer contract, or the introduction of newer technology. We exercise judgment in determining if any of these events represent an impairment indicator requiring a recoverability assessment.

Our business model requires investments in infrastructure often concurrently with our customer's investments in power generation or other assets to utilize LNG. Our costs to transport and store LNG are based upon our customer's contractual commitments once their assets are fully operational. We expect revenue under these contracts to exceed construction and operational costs, based on the expected term and revenue of these contracts. Additionally, our infrastructure assets are strategically located to provide critical inputs to our committed customer's operations and our locations allow us to expand to additional opportunities within existing markets.

We have considered that the market price of LNG can vary widely, including recent decreases throughout 2019 and the first quarter of 2020. Due to the decline in LNG prices, we executed a firm commitment to purchase 27.5 TBtus annually beginning in 2022 at prices that are expected to be significantly lower than inventory purchased in the prior year. Further, we believe that we will take advantage of the current market pricing for LNG to supply our expanding operations, resulting in an overall lower average cost of LNG in future periods. Our long-term, take-or-pay contracts to deliver natural gas or LNG to our customers also limit our exposure to fluctuations in natural gas and LNG as our pricing is based on the Henry Hub index plus a contractual spread. Based on the nature of our contracts and the market value of the underlying assets, we do not believe that changes in the price of LNG indicate that a recoverability assessment of our assets is necessary. Further, we plan to utilize our own liquefaction facilities to manufacture our own LNG at attractive prices, and secure LNG to supply our expanding operations and reduce our exposure to future LNG price variations in the long term.

We have also considered the impacts of the ongoing COVID-19 pandemic, including the restrictions that governments may put in place and the resulting direct and indirect economic impacts, on our current operations and expected development budgets and timelines. We primarily operate under long-term contracts with customers, many of which contain fixed minimum volumes that must be purchased on a "take-or-pay" basis, which has limited the impact of the COVID-19 pandemic on our current operations. Based on the essential nature of the services we provide to support power generation facilities, our development projects have not currently been significantly impacted by responses to the COVID-19 pandemic. We will continue to monitor this uncertain situation and local responses in jurisdictions where we do business to determine if there are any indicators that a recoverability assessment for our assets should be performed.

The COVID-19 pandemic has also significantly impacted energy markets, and the price of oil has recently traded at historic low prices. Future expansion of our business is dependent upon LNG being a competitive source of energy and available at a lower cost than the cost to deliver other alternative energy sources, such as diesel or other distillate fuels. In addition, oil prices have been impacted recently by OPEC actions related to the supply of oil. We do not believe that oil prices will remain at their historic low levels as evidenced by recent volatility and OPEC actions to stabilize the supply of oil into the market, and we believe that LNG and natural gas will remain a competitive fuel source for customers.

When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its carrying value. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge. Management develops the assumptions used in the recoverability assessment based on active contracts, current and future expectations of the global demand for LNG and natural gas, as well as information received from third party industry sources.

Share-based compensation

The Company estimates the fair value of RSUs and performance stock units granted to employees and non-employees on the grant date based on the closing price of the underlying shares on the grant date and other fair value adjustments to account for a post-vesting holding period. These fair value adjustments were estimated based on the Finnerty model.

JOBS Act

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company,” or EGC, can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have taken advantage of the exemptions discussed above. Accordingly, the information contained herein may be different than the information you receive from other public companies.

Subject to certain conditions, as an EGC, we have elected to rely on certain of these exemptions, including without limitation, (1) providing an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board, or PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an EGC until the earlier of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of our IPO, December 31, 2024; (iii) the date on which we have issued more than $1.00 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission or SEC.

Recent Accounting Standards

For descriptions of recently issued accounting standards, see “Note 3. Adoption of new and revised standards” to our notes to condensed consolidated financial statements included elsewhere in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

In the normal course of business, the Company encounters several significant types of market risks including commodity and interest rate risks.

Commodity Price Risk

Commodity price risk is the risk of loss arising from adverse changes in market rates and prices. We are able to limit our exposure to fluctuations in natural gas prices as our pricing in contracts with customers is based on the Henry Hub index price plus a contractual spread. Our exposure to market risk associated with LNG price changes may adversely impact our business. We do not currently have any derivative arrangements to protect against fluctuations in commodity prices, but to mitigate the effect of fluctuations in LNG prices on our operations, we may enter into various derivative instruments.

Interest Rate Risk

Debt that we incurred under the Credit Agreement bears interest based on a LIBOR rate plus a fixed margin and exposes us to interest rate risk. As of March 31, 2020, the impact on interest expense of a 1% increase or decrease in the interest rate of the Credit Agreement would be approximately $8,000 per year.

The Senior Secured Bonds and Senior Unsecured Bonds were issued with a fixed rate of interest, and as such, a change in interest rates would impact the fair value of the Senior Secured Bonds and Senior Unsecured Bonds but such a change would have no impact on our results of operations or cash flows.

We do not currently have any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Foreign Currency Exchange Risk

We primarily conduct our operations in U.S. dollars, and as such, our results of operations and cash flows have not materially been impacted by fluctuations due to changes in foreign currency exchange rates. We currently incur a limited amount of costs in foreign jurisdictions that are paid in local currencies, but we expect our international operations to continue to grow in the near term. We do not currently have any derivative arrangements to protect against fluctuations in foreign exchange rates, but to mitigate the effect of fluctuations in exchange rates on our operations, we may enter into various derivative instruments.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2020. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2020 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2020 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.

We are not currently a party to any material legal proceedings. In the ordinary course of business, various legal and regulatory claims and proceedings may be pending or threatened against us. If we become a party to proceedings in the future, we may be unable to predict with certainty the ultimate outcome of such claims and proceedings.

Item 1A. Risk Factors.

You should carefully consider the following risk factors together with all of the other information included in this Quarterly Report, including the information under "Cautionary Statement on Forward-Looking Statements." If any of the following risks were to occur, our business, financial condition and results of operations could be materially adversely affected. Additional risks not presently known to us or that we currently deem immaterial could also materially affect our business. This Quarterly Report includes forward-looking statements regarding, among other things, our plans, strategies, prospects and projections, both business and financial. As a result, you should not place undue reliance on any such statements included in this Quarterly Report.

Risks Related to Our Business

We have not yet completed contracting, construction and commissioning of all of our Terminals and Liquefaction Facilities. There can be no assurance that our Terminals and Liquefaction Facilities will operate as expected, or at all.

We have not yet entered into binding construction contracts, issued "final notice to proceed" or obtained all necessary environmental, regulatory, construction and zoning permissions for all of our Terminals and Liquefaction Facilities. There can be no assurance that we will be able to enter into the contracts required for the development of our Terminals and Liquefaction Facilities on commercially favorable terms, if at all, or that we will be able to obtain all of the environmental, regulatory, construction and zoning permissions we need. In particular, we will require agreements with ports proximate to our Liquefaction Facilities capable of handling the transload of LNG directly from our transportation assets to our occupying vessel. If we are unable to enter into favorable contracts or to obtain the necessary regulatory and land use approvals on favorable terms, we may not be able to construct and operate these assets as expected, or at all. Additionally, the construction of these kinds of facilities is inherently subject to the risks of cost overruns and delays. There can be no assurance that we will not need to make adjustments to our Terminals and Liquefaction Facilities as a result of the required testing or commissioning of each development, which could cause delays and be costly. Furthermore, if we do enter into the necessary contracts and obtain regulatory approvals for the construction and operation of the Liquefaction Facilities, there can be no assurance that such operations will allow us to successfully export LNG to our facilities, or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations. If we are unable to construct, commission and operate all of our Terminals and Liquefaction Facilities as expected, or, when and if constructed, they do not accomplish the goals described in this Quarterly Report or our other Quarterly or Annual Reports, or if we experience delays or cost overruns in construction, our business, operating results, cash flows and liquidity could be materially and adversely affected. Expenses related to our pursuit of contracts and regulatory approvals related to our Terminals and Liquefaction Facilities still under development may be significant and will be incurred by us regardless of whether these assets are ultimately constructed and operational.

We may experience time delays, unforeseen expenses and other complications while developing our projects. These complications can delay the commencement of revenue-generating activities, reduce the amount of revenue we earn and increase our development costs.

Development projects, including our Terminals, Liquefaction Facilities, power plants, and related infrastructure are often developed in multiple stages involving commercial and governmental negotiations, site planning, due diligence, permit requests, environmental impact studies, permit applications and review, marine logistics planning and transportation and end-user delivery logistics. Projects of this type are subject to a number of risks that may lead to delay, increased costs and decreased economic attractiveness. These risks are often increased in foreign jurisdictions, where legal processes, language differences, cultural expectations, currency exchange requirements, political relations with the U.S. government, regulatory reviews, employment laws and diligence requirements can make it more difficult, time-consuming and expensive to develop a project.

A primary focus of our business is the development of projects in foreign jurisdictions, including in locations where we have no prior development experience, and we expect to continue expanding into new jurisdictions in the future. Our inexperience in these jurisdictions creates a meaningful risk that we may experience delays, unforeseen expenses or other obstacles that will cause the projects we are developing to take longer and be more expensive than our initial estimates.

While we plan our projects carefully and attempt to complete them according to timelines and budgets that we believe are feasible, we have experienced time delays and cost overruns in some projects that we have developed previously and may experience similar issues with future projects given the inherent complexity and unpredictability of developing infrastructure projects. For example, we previously expected to commence operations of our San Juan Facility and the converted Units 5 and 6 of the Combined Cycle San Juan Power Plant in San Juan, Puerto Rico in the third quarter of 2019. However, due to construction complexity, the earthquakes which occurred near Puerto Rico in January 2020, and third party delays which impacted each project, we currently expect to commence commercial operations in the second quarter of 2020. Delays in the development beyond our estimated timelines, or amendments or change orders to the construction contracts we have entered into and will enter into in the future, could increase the cost of completion beyond the amounts that we estimate. Increased costs could require us to obtain additional sources of financing to continue development on our estimated development timeline or to fund our operations during such development. Any delay in completion of a facility could cause a delay in the receipt of revenues estimated therefrom or cause a loss of one or more customers in the event of significant delays. As a result of any one of these factors, any significant development delay, whatever the cause, could have a material adverse effect on our business, operating results, cash flows and liquidity.

Our ability to implement our business strategy may be materially and adversely affected by many known and unknown factors.

Our business strategy relies upon our future ability to successfully market natural gas to end-users, develop and maintain cost-effective logistics in our supply chain and construct, develop and operate energy-related infrastructure in the U.S., Jamaica, Mexico, Puerto Rico, Ireland, Angola, Nicaragua and other countries where we do not currently operate. Our strategy assumes that we will be able to expand our operations into other countries, including countries in the Caribbean, enter into long-term GSAs and/or PPAs with end-users, acquire and transport LNG at attractive prices, develop infrastructure, including the Pennsylvania Facility and the CHP Plant, as well as other future projects, into efficient and profitable operations in a timely and cost-effective way, obtain approvals from all relevant federal, state and local authorities, as needed, for the construction and operation of these projects and other relevant approvals and obtain long-term capital appreciation and liquidity with respect to such investments. We cannot assure you if or when we will enter into contracts for the sale of LNG and/or natural gas, the price at which we will be able to sell such LNG and/or natural gas or our costs for such LNG and/or natural gas. Thus, there can be no assurance that we will achieve our target pricing, costs or margins. Our strategy may also be affected by future governmental laws and regulations. Our strategy also assumes that we will be able to enter into strategic relationships with energy end-users, power utilities, LNG providers, shipping companies, infrastructure developers, financing counterparties and other partners. These assumptions are subject to significant economic, competitive, regulatory and operational uncertainties, contingencies and risks, many of which are beyond our control. Additionally, in furtherance of our business strategy, we may acquire operating businesses or other assets in the future. Any such acquisitions would be subject to significant risks and contingencies, including the risk of integration, and we may not be able to realize the benefits of any such acquisitions.

Additionally, our strategy may evolve over time. Our future ability to execute our business strategy is uncertain, and it can be expected that one or more of our assumptions will prove to be incorrect and that we will face unanticipated events and circumstances that may adversely affect our business. Any one or more of the following factors may have a material adverse effect on our ability to implement our strategy and achieve our targets:

- inability to achieve our target costs for the purchase, liquefaction and export of natural gas and/or LNG and our target pricing for long-term contracts;
- failure to develop cost-effective logistics solutions;
- failure to manage expanding operations in the projected time frame;
- inability to structure innovative and profitable energy-related transactions as part of our sales and trading operations and to optimally price and manage position, performance and counterparty risks;
- inability, or failure, of any customer or contract counterparty to perform their contractual obligations to us (for further discussion of counterparty risk, see "—Our current ability to generate cash is substantially dependent upon the entry into and performance by customers under long-term contracts that we have entered into or will enter into in the near future, and we could be materially and adversely affected if any customer fails to perform its contractual obligations for any reason, including nonpayment and nonperformance, or if we fail to enter into such contracts at all.");
- inability to develop infrastructure, including our Terminals and Liquefaction Facilities, as well as other future projects, in a timely and cost-effective manner;
- inability to attract and retain personnel in a timely and cost-effective manner;
- failure of investments in technology and machinery, such as liquefaction technology or LNG tank truck technology, to perform as expected;
- increases in competition which could increase our costs and undermine our profits;
- inability to source LNG and/or natural gas in sufficient quantities and/or at economically attractive prices;

- failure to anticipate and adapt to new trends in the energy sector in the U.S., Jamaica, the Caribbean, Mexico, Ireland, Nicaragua, Angola and elsewhere;
- increases in operating costs, including the need for capital improvements, insurance premiums, general taxes, real estate taxes and utilities, affecting our profit margins;
- inability to raise significant additional debt and equity capital in the future to implement our strategy as well as to operate and expand our business;
- general economic, political and business conditions in the U.S., Jamaica, the Caribbean, Mexico, Ireland, Nicaragua, Angola and in the other geographic areas in which we intend to operate;
- the severity and duration of world health events, including the recent COVID-19 pandemic and related economic and political impacts on our or our customers' or suppliers' operations and financial status;
- inflation, depreciation of the currencies of the countries in which we operate and fluctuations in interest rates;
- failure to win new bids or contracts on the terms, size and within the time frame we need to execute our business strategy;
- failure to obtain approvals from governmental regulators and relevant local authorities for the construction and operation of potential future projects and other relevant approvals;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States, the other jurisdictions in which we operate and elsewhere, which in turn will likely affect demand for crude oil and natural gas; or
- existing and future governmental laws and regulations.

If we experience any of these failures, such failure may adversely affect our financial condition, results of operations and ability to execute our business strategy.

When we invest significant capital to develop a project, we are subject to the risk that the project is not successfully developed and that our customers do not fulfill their payment obligations to us following our capital investment in a project.

A key part of our business strategy is to attract new customers by agreeing to finance and develop new terminals, power plants, liquefaction facilities and related infrastructure in order to win new customer contracts for the supply of natural gas, LNG or power. This strategy requires us to invest capital and time to develop a project in exchange for the ability to sell natural gas, LNG or power and generate fees from customers in the future. When we develop large projects such as terminals, power plants and large liquefaction facilities, our required capital expenditure may be significant, and we typically do not generate meaningful fees from customers until the project has commenced commercial operations, which may take a year or more to achieve. If the project is not successfully developed for any reason, we face the risk of not recovering some or all of our invested capital, which may be significant. If the project is successfully developed, we face the risks that our customers may not fulfill their payment obligations or may not fulfill other performance obligations that impact our ability to collect payment. Our customer contracts and development agreements do not fully protect us against this risk, and in some instances, may not provide any meaningful protection from this risk. This risk is heightened in foreign jurisdictions, particularly if our counterparty is a government or government-related entity because any attempt to enforce our contractual or other rights may involve long and costly litigation where the ultimate outcome is uncertain.

If we invest capital in a project where we do not receive the payments we expect, we will have less capital to invest in other projects, our liquidity, results of operations and financial condition could be materially and adversely affected, and we could face the inability to comply with the terms of our existing debt or other agreements, which would exacerbate these adverse effects.

We have a limited operating history, which may not be sufficient to evaluate our business and prospects.

We have a limited operating history and track record. As a result, our prior operating history and historical financial statements may not be a reliable basis for evaluating our business prospects or the future value of our Class A shares. We commenced operations on February 25, 2014, and we had net losses of approximately $31.7 million in 2017, $78.2 million in 2018, and $204.3 million in 2019. Our strategy may not be successful, and if unsuccessful, we may be unable to modify it in a timely and successful manner. We cannot give you any assurance that we will be able to implement our strategy on a timely basis, if at all, or achieve our internal model or that our assumptions will be accurate. Our limited operating history also means that we continue to develop and implement various policies and procedures including those related to project development planning, operational supply chain planning, data privacy and other matters. We will need to continue to build our team to develop and implement our strategies.

We will continue to incur significant capital and operating expenditures while we develop infrastructure for our supply chain, including for the completion of our Terminals and Liquefaction Facilities under construction, as well as other future projects. We will need to invest significant amounts of additional capital to implement our strategy. We have not yet completed constructing all of our Terminals and Liquefaction Facilities and our strategy includes the construction of additional facilities. Any delays beyond the expected development period for these assets would prolong, and could increase the level of, operating losses and negative operating cash flows. Our future liquidity may also be affected by the timing of construction financing availability in relation to the incurrence of construction costs and other outflows and by the timing of receipt of cash flows under our customer contracts in relation to the incurrence of project and operating expenses. Our ability to generate any positive operating cash flow and achieve profitability in the future is dependent on, among other things, our ability to develop an efficient supply chain (which may be impacted by the COVID-19 pandemic) and successfully and timely complete necessary infrastructure, including our Terminals and Liquefaction Facilities under construction, and fulfill our gas delivery obligations under our customer contracts.

Our business is dependent upon obtaining substantial additional funding from various sources, which may not be available or may only be available on unfavorable terms.

We believe we will have sufficient liquidity, cash flow from operations and access to additional capital sources to fund our capital expenditures and working capital needs for the next 12 months. In the future, we expect to incur additional indebtedness to assist us in developing our operations and we are considering alternative financing options, including in specific markets, or the opportunistic sale of one of our non-core assets. See “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report for more information on our Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds. If we are unable to obtain additional funding, approvals or amendments to our existing financings, or if additional funding is only available on terms that we determine are not acceptable to us, we may be unable to fully execute our business plan and our business, financial condition or results of operations may be materially adversely affected. Additionally, we may need to adjust the timing of our planned capital expenditures and facilities development depending on the requirements of our existing financing and availability of such additional funding. Our ability to raise additional capital will depend on financial, economic and market conditions, which have been negatively impacted by the COVID-19 pandemic, our progress in executing our business strategy and other factors, many of which are beyond our control. We cannot assure you that such additional funding will be available on acceptable terms, or at all. To the extent that we raise additional equity capital by issuing additional securities at any point in the future, our then-existing shareholders may experience dilution. Debt financing, if available, may subject us to restrictive covenants that could limit our flexibility in conducting future business activities and could result in us expending significant resources to service our obligations. If we are unable to comply with our existing covenants or any additional covenants and service our debt, we may lose control of our business and be forced to reduce or delay planned investments or capital expenditures, sell assets, restructure our operations or submit to foreclosure proceedings, all of which could result in a material adverse effect upon our business.

A variety of factors beyond our control could impact the availability or cost of capital, including domestic or international economic conditions, increases in key benchmark interest rates and/or credit spreads, the adoption of new or amended banking or capital market laws or regulations, the re-pricing of market risks and volatility in capital and financial markets, risks relating to the credit risk of our customers and the jurisdictions in which we operate, as well as general risks applicable to the energy sector. Our financing costs could increase or future borrowings or equity offerings may be unavailable to us or unsuccessful, which could cause us to be unable to pay or refinance our indebtedness or to fund our other liquidity needs. We also rely on borrowings under our debt instruments to fund our capital expenditures. If any of the lenders in the syndicates backing these debt instruments were unable to perform on its commitments, we may need to seek replacement financing, which may not be available as needed, or may be available in more limited amounts or on more expensive or otherwise unfavorable terms.

We may not be profitable for an indeterminate period of time.

We have a limited operating history and did not commence revenue-generating activities until 2016, and did not achieve profitability as of March 31, 2020. We will need to make a significant initial investment to complete construction and begin operations of each of our Terminals, power plants and Liquefaction Facilities, and we will need to make significant additional investments to develop, improve and operate them, as well as all related infrastructure. We also expect to make significant expenditures and investments in identifying, acquiring and/or developing other future projects. We also expect to incur significant expenses in connection with the launch and growth of our business, including costs for LNG purchases, rail and truck transportation, shipping and logistics and personnel. We will need to raise significant additional debt capital to achieve our goals.

We may not be able to achieve profitability, and if we do, we cannot assure you that we would be able to sustain such profitability in the future. Our failure to achieve or sustain profitability would have a material adverse effect on our business.

Our business is heavily dependent upon our international operations, particularly in Jamaica, and any disruption to those operations would adversely affect us.

Our operations in Jamaica began in October 2016, when our Montego Bay Terminal commenced commercial operations, and continue to grow. Jamaica is subject to political instability, acts of terrorism, natural disasters, in particular hurricanes, extreme weather conditions, crime and similar other risks which may negatively impact our operations in the region. We may also be affected by trade restrictions, such as tariffs or other trade controls. Additionally, tourism is a significant driver of economic activity in the Caribbean. As a result, tourism directly and indirectly affects local demand for our LNG and therefore our results of operations. Trends in tourism in the Caribbean are primarily driven by the economic condition of the tourists' home country or territory, the condition of their destination, and the availability, affordability and desirability of air travel and cruises. Additionally, unexpected factors could reduce tourism at any time, including, local or global economic recessions, terrorism, travel restrictions, pandemics, severe weather or natural disasters. If we are unable to continue to leverage on the skills and experience of our international workforce and members of management with experience in the jurisdictions in which we operate to manage such risks, we may be unable to provide LNG at an attractive price and our business could be materially affected.

Because we are currently dependent upon a limited number of customers, the loss of a significant customer could adversely affect our operating results.

A limited number of customers currently represent a substantial majority of our income. Our operating results are currently contingent on our ability to maintain LNG, natural gas, steam and power sales to these customers. At least in the short term, we expect that a substantial majority of our sales will continue to arise from a concentrated number of customers, such as power utilities, railroad companies and industrial end-users. We expect the substantial majority of our revenue for the near future to be from customers in the Caribbean, and as a result, are subject to any risks specific to those customers and the jurisdictions and markets in which they operate. We may be unable to accomplish our business plan to diversify and expand our customer base by attracting a broad array of customers, which could negatively affect our business, results of operations and financial condition.

Our current ability to generate cash is substantially dependent upon the entry into and performance by customers under long-term contracts that we have entered into or will enter into in the near future, and we could be materially and adversely affected if any customer fails to perform its contractual obligations for any reason, including nonpayment and nonperformance, or if we fail to enter into such contracts at all.

Our current results of operations and liquidity are, and will continue to be in the near future, substantially dependent upon performance by JPS, JPC and PREPA, which have each entered into long-term GSAs and, in the case of JPS, a PPA in relation to the power produced at the CHP Plant, with us, and Jamalco, which has entered into a long-term SSA with us. While certain of our long-term contracts contain minimum volume commitments, our expected sales to customers under existing contracts are substantially in excess of such minimum volume commitments. Our near term ability to generate cash is dependent on these customers' continued willingness and ability to continue purchasing our products and services and to perform their obligations under their respective contracts. Their obligations may include certain nomination or operational responsibilities, construction or maintenance of their own facilities which are necessary to enable us to deliver and sell natural gas or LNG, and compliance with certain contractual representations and warranties.

Our credit procedures and policies may be inadequate to sufficiently eliminate risks of nonpayment and nonperformance. In assessing customer credit risk, we use various procedures including background checks which we perform on our potential customers before we enter into a long-term contract with them. As part of the background check, we assess a potential customer's credit profile and financial position, which can include their operating results, liquidity and outstanding debt, and certain macroeconomic factors regarding the region(s) in which they operate. These procedures help us to appropriately assess customer credit risk on a case-by-case basis, but these procedures may not be effective in assessing credit risk in all instances. As part of our business strategy, we intend to target customers who have not been traditional purchasers of natural gas, including customers in developing countries, and these customers may have greater credit risk than typical natural gas purchasers. Therefore, we may be exposed to greater customer credit risk than other companies in the industry. Additionally, we may face difficulties in enforcing our contractual rights against contractual counterparties that have not submitted to the jurisdiction of U.S. courts. Further, adverse economic conditions in our industry increase the risk of nonpayment and nonperformance by customers, particularly customers that have sub-investment grade credit ratings. The COVID-19 pandemic could adversely impact our customers through decreased demand for power due to decreased economic activity and tourism, or through the adverse economic impact of the pandemic on their power customers. The impact of the COVID-19 pandemic, including governmental and other third party responses thereto, on our customers could enhance the risk of nonpayment by such customers under our contracts, which would negatively affect our business, results of operations and financial condition.

In particular, JPS and JPC, which are public utility companies in Jamaica, could be subject to austerity measures imposed on Jamaica by the International Monetary Fund (the "IMF") and other international lending organizations. Jamaica is currently subject to certain public spending limitations imposed by agreements with the IMF, and any changes under these agreements could limit JPS's and JPC's ability to make payments under their long-term GSAs and, in the case of JPS, its ability to make payments under its PPA, with us. In addition, our ability to operate the CHP Plant is dependent on our ability to enforce the related lease. General Alumina Jamaica Limited ("GAJ"), one of the lessors, is a subsidiary of Noble Group, which completed a financial restructuring in 2018. If GAJ is involved in a bankruptcy or similar proceeding, such proceeding could negatively impact our ability to enforce the lease. If we are unable to enforce the lease due to the bankruptcy of GAJ or for any other reason, we could be unable to operate the CHP Plant or to execute on our contracts related thereto, which could negatively affect our business, results of operations and financial condition. In addition, PREPA is currently subject to bankruptcy proceedings pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA's ability to meet its payment obligations under its contracts will be largely dependent upon funding from the Federal Emergency Management Agency or other sources. PREPA's contracting practices in connection with restoration and repair of PREPA's electrical grid in Puerto Rico, and the terms of certain of those contracts, have been subject to comment and are the subject of review and hearings by U.S. federal and Puerto Rican governmental entities. In the event that PREPA does not have or does not obtain the funds necessary to satisfy obligations to us under our agreement with PREPA or terminates our agreement prior to the end of the agreed term, our financial condition, results of operations and cash flows could be materially and adversely affected.

If any of these customers fails to perform its obligations under its contract for the reasons listed above or for any other reason, our ability to provide products or services and our ability to collect payment could be negatively impacted, which could materially adversely affect our operating results, cash flow and liquidity, even if we were ultimately successful in seeking damages from such customer for a breach of contract.

Our contracts with our customers are subject to termination under certain circumstances.

Our contracts with our customers contain various termination rights. For example, each of our long-term customer contracts, including the contracts with JPS, JPC, Jamalco and PREPA, contain various termination rights allowing our customers to terminate the contract, including, without limitation:

- upon the occurrence of certain events of force majeure;
- if we fail to make available specified scheduled cargo quantities;
- the occurrence of certain uncured payment defaults;
- the occurrence of an insolvency event;
- the occurrence of certain uncured, material breaches; and
- if we fail to commence commercial operations or achieve financial close within the agreed timeframes.

We may not be able to replace these contracts on desirable terms, or at all, if they are terminated. Contracts that we enter into in the future may contain similar provisions. If any of our current or future contracts are terminated, such termination could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Cyclical or other changes in the demand for and price of LNG and natural gas may adversely affect our business and the performance of our customers and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Our business and the development of energy-related infrastructure and projects generally is based on assumptions about the future availability and price of natural gas and LNG and the prospects for international natural gas and LNG markets. Natural gas and LNG prices have at various times been and may become volatile due to one or more of the following factors:

- additions to competitive regasification capacity in North America, Europe, Asia and other markets, which could divert LNG or natural gas from our business;
- imposition of tariffs by China or any other jurisdiction on imports of LNG from the United States;
- insufficient or oversupply of natural gas liquefaction or export capacity worldwide;
- insufficient LNG tanker capacity;
- weather conditions and natural disasters;
- reduced demand and lower prices for natural gas;

- increased natural gas production deliverable by pipelines, which could suppress demand for LNG;
- decreased oil and natural gas exploration activities, including shut-ins and possible proration, which have begun and may continue to decrease the production of natural gas;
- cost improvements that allow competitors to offer LNG regasification services at reduced prices;
- changes in supplies of, and prices for, alternative energy sources such as coal, oil, nuclear, hydroelectric, wind and solar energy, which may reduce the demand for natural gas;
- changes in regulatory, tax or other governmental policies regarding imported or exported LNG, natural gas or alternative energy sources, which may reduce the demand for imported or exported LNG and/or natural gas;
- political conditions in natural gas producing regions;
- adverse relative demand for LNG compared to other markets, which may decrease LNG imports into or exports from North America; and
- cyclical trends in general business and economic conditions that cause changes in the demand for natural gas.

Adverse trends or developments affecting any of these factors, including the timing of the impact of these factors in relation to our purchases and sales of natural gas and LNG – in particular prior to our Pennsylvania Facility becoming operational - could result in increases in the prices we have to pay for natural gas or LNG, which could materially and adversely affect the performance of our customers, and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects. The COVID-19 pandemic and certain actions by OPEC related to the supply of oil in the market have caused significant volatility and disruption in the price of oil which may negatively impact our potential customers' willingness or ability to enter into new contracts for the purchase of natural gas. Additionally, in situations where our supply chain has capacity constraints and as a result we are unable to receive all volumes under firm purchase commitments, our supplier may sell volumes of LNG in a mitigation sale to third parties. In these cases, the factors above may impact the price and amount we receive under mitigation sales and we may incur losses that would have an adverse impact on our financial condition, results of operations and cash flows. There can be no assurance we will achieve our target cost or pricing goals. In particular, because we have not currently procured fixed-price, long-term LNG supply to meet all future customer demand, increases in LNG prices and/or shortages of LNG supply could adversely affect our profitability. Additionally, we intend to rely on long-term, largely fixed-price contracts for the feedgas that we need in order to manufacture and sell our LNG. Our actual costs and any profit realized on the sale of our LNG may vary from the estimated amounts on which our contracts for feedgas were originally based. There is inherent risk in the estimation process, including significant changes in the demand for and price of LNG as a result of the factors listed above, many of which are outside of our control.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our existing or future debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to fund our day-to-day operations or to pay the principal, premium, if any, and interest on our indebtedness. As of December 31, 2018, we had $280.0 million of total indebtedness outstanding, excluding deferred financing costs. On January 10, 2020, the Company entered into a Credit Agreement to borrow $800 million in term loans (the "Credit Agreement"). On January 15, 2020, all outstanding principal and interest under the Term Loan Facility was paid in full, and the remainder of the proceeds of the Credit Agreement increased the Company's cash on hand available to invest in our development projects. See "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report for more information on our Term Loan Facility, Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds.

If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash requirements, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional capital or restructure or refinance our indebtedness or operations. We may not be able to implement any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. The agreements that govern our indebtedness restrict our ability to dispose of assets and use the proceeds from any such dispositions and our ability to raise debt capital to be used to repay our indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations.

If we cannot make scheduled payments on our debt, we will be in default and, as a result, lenders under any of our existing and future indebtedness could declare all outstanding principal and interest to be due and payable, the lenders under our debt instruments could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational and financing flexibility and creating default risks.

The agreements governing our indebtedness, including, but not limited to, the Credit Agreement, entered into on January 10, 2020, contain covenants that place restrictions on us and our subsidiaries. The terms governing the Credit Agreement restrict among other things, our and certain of our subsidiaries' ability to:

- merge, consolidate or transfer all, or substantially all, of our assets;
- incur additional debt or issue preferred shares;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries' assets;
- sell assets;
- make distributions on or repurchase our shares;
- enter into transactions with affiliates; and
- create dividend restrictions and other payment restrictions that affect our subsidiaries.

In addition, our failure to satisfy certain covenants and tests can result in an event of default. These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. In addition, these covenants could restrict our ability to optimize our capital structure with asset-level debt or equity financings. A breach of any of these covenants could result in an event of default. Cross-default provisions in certain of our agreements mean that an event of default under certain of our commercial agreements could trigger an event of default under one of our other agreements, including our debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders or holders thereof could elect to declare all outstanding debt under such agreements to be immediately due and payable, the lenders under our debt instruments could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation.

Failure to maintain sufficient working capital could limit our growth and harm our business, financial condition and results of operations.

We have significant working capital requirements, primarily driven by the delay between the purchase of and payment for natural gas and the extended payment terms that we offer our customers. Differences between the date when we pay our suppliers and the date when we receive payments from our customers may adversely affect our liquidity and our cash flows. We expect our working capital needs to increase as our total business increases. If we do not have sufficient working capital, we may not be able to pursue our growth strategy, respond to competitive pressures or fund key strategic initiatives, such as the development of our facilities, which may harm our business, financial condition and results of operations.

Operation of our LNG infrastructure and other facilities that we may construct involves significant risks.

As more fully discussed in our Annual Report and elsewhere in this Quarterly Report, our existing facilities and expected future facilities face operational risks, including, but not limited to, the following: performing below expected levels of efficiency, breakdowns or failures of equipment, operational errors by trucks, including trucking accidents while transporting natural gas, tankers or tug operators, operational errors by us or any contracted facility operator, labor disputes and weather-related or natural disaster interruptions of operations.

Any of these risks could disrupt our operations and increase our costs, which would adversely affect our business, operating results, cash flows and liquidity.

The operation of the CHP Plant and other power plants will involve particular, significant risks.

The operation of the CHP Plant and other power plants that we operate in the future will involve particular, significant risks, including, among others: failure to maintain the required power generation license(s) or other permits required to operate the power plants; pollution or environmental contamination affecting operation of the power plants; the inability, or failure, of any counterparty to any plant-related agreements to perform their contractual obligations to us including, but not limited to, the lessor's obligations to us under the CHP Plant lease; decreased demand for power produced, including as a result of the COVID-19 pandemic; and planned and unplanned power outages due to maintenance, expansion and refurbishment. We cannot assure you that future occurrences of any of the events listed above or any other events of a similar or dissimilar nature would not significantly decrease or eliminate the revenues from, or significantly increase the costs of operating, the CHP Plant or other power plants. If the CHP Plant or other power plants are unable to generate or deliver power or steam, as applicable, to our customers, such customers may not be required to make payments under their respective agreements so long as the event continues. Certain customers may have the right to terminate those agreements for certain failures to generate or deliver power or steam, as applicable, and we may not be able to enter into a replacement agreement on terms as favorable as the terminated agreement. In addition, such termination may give rise to termination or other rights under related agreements including related leases. As a consequence, there may be reduced or no revenues from one or more of our power plants, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Global climate change may in the future increase the frequency and severity of weather events and the losses resulting therefrom, which could have a material adverse effect on the economies in the markets in which we operate or plan to operate in the future and therefore on our business.

Over the past several years, changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which we operate and intend to operate, and have created additional uncertainty as to future trends. There is a growing consensus today that climate change increases the frequency and severity of extreme weather events and, in recent years, the frequency of major weather events appears to have increased. We cannot predict whether or to what extent damage that may be caused by natural events, such as severe tropical storms and hurricanes, will affect our operations or the economies in our current or future market areas, but the increased frequency and severity of such weather events could increase the negative impacts to economic conditions in these regions and result in a decline in the value or the destruction of our liquefiers and downstream facilities or affect our ability to transmit LNG. In particular, if one of the regions in which our Terminals are operating or under development is impacted by such a natural catastrophe in the future, it could have a material adverse effect on our business. Further, the economies of such impacted areas may require significant time to recover and there is no assurance that a full recovery will occur. Even the threat of a severe weather event could impact our business, financial condition or the price of our Class A shares.

Hurricanes or other natural or manmade disasters could result in an interruption of our operations, a delay in the completion of our infrastructure projects, higher construction costs or the deferral of the dates on which payments are due under our customer contracts, all of which could adversely affect us.

Storms and related storm activity and collateral effects, or other disasters such as explosions, fires, seismic events, floods or accidents, could result in damage to, or interruption of operations in our supply chain, including at our facilities or related infrastructure, as well as delays or cost increases in the construction and the development of our proposed facilities or other infrastructure. Changes in the global climate may have significant physical effects, such as increased frequency and severity of storms, floods and rising sea levels; if any such effects were to occur, they could have an adverse effect on our marine and coastal operations. Due to the concentration of our current and anticipated operations in Southern Florida and the Caribbean, we are particularly exposed to the risks posed by hurricanes, tropical storms and their collateral effects. For example, the 2017 Atlantic hurricane season caused extensive and costly damage across Florida and the Caribbean, including Puerto Rico. In addition, earthquakes which occurred near Puerto Rico in January 2020 resulted in a temporary delay of development of our Puerto Rico projects. We are unable to predict with certainty the impact of future storms on our customers, our infrastructure or our operations.

If one or more tankers, terminals, pipelines, facilities, equipment or electronic systems that we own, lease or operate or that deliver products to us or that supply our facilities and customers' facilities are damaged by severe weather or any other disaster, accident, catastrophe, terrorist or cyber-attack or event, our operations and construction projects could be delayed and our operations could be significantly interrupted. These delays and interruptions could involve significant damage to people, property or the environment, and repairs could take a week or less for a minor incident to six months or more for a major interruption. Any event that interrupts the revenues generated by our operations or that causes us to make significant expenditures not covered by insurance could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We do not, nor do we intend to, maintain insurance against all of these risks and losses. We may not be able to maintain desired or required insurance in the future at rates that we consider reasonable. The occurrence of a significant event not fully insured or indemnified against could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Information technology failures and cyberattacks could affect us significantly.

We rely on electronic systems and networks to communicate, control and manage our operations and prepare our financial management and reporting information. If we record inaccurate data or experience infrastructure outages, our ability to communicate and control and manage our business could be adversely affected.

We face various security threats, including cybersecurity threats from third parties and unauthorized users to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such as processing plants and pipelines, and threats from terrorist acts. Our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If security breaches were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations. If we were to experience an attack and our security measures failed, the potential consequences to our business and the communities in which we operate could be significant and could harm our reputation and lead to financial losses from remedial actions, loss of business or potential liability.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.

Our current operations and future projects are subject to the inherent risks associated with LNG, natural gas and power operations, including explosions, pollution, release of toxic substances, fires, seismic events, hurricanes and other adverse weather conditions, and other hazards, each of which could result in significant delays in commencement or interruptions of operations and/or result in damage to or destruction of the our facilities and assets or damage to persons and property. In addition, such operations and the vessels of third parties on which our current operations and future projects may be dependent face possible risks associated with acts of aggression or terrorism. Some of the regions in which we operate are affected by hurricanes or tropical storms. We do not, nor do we intend to, maintain insurance against all of these risks and losses. In particular, we do not carry business interruption insurance for hurricanes and other natural disasters. Therefore, the occurrence of one or more significant events not fully insured or indemnified against could create significant liabilities and losses which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic release of natural gas, marine disaster or natural disasters could result in losses that exceed our insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions.

We intend to operate in jurisdictions that have experienced and may in the future experience significant political volatility. Our projects and developments could be negatively impacted by political disruption including risks of delays to our development timelines and delays related to regime change in the jurisdictions in which we intend to operate. We do not carry political risk insurance today. If we choose to carry political risk insurance in the future, it may not be adequate to protect us from loss, which may include losses as a result of project delays or losses as a result of business interruption related to a political disruption. Any attempt to recover from loss from political disruption may be time-consuming and expensive, and the outcome may be uncertain.

Changes in the insurance markets attributable to terrorist attacks or political change may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available may be significantly more expensive than our existing coverage.

We are unable to predict the extent to which the global COVID-19 pandemic will negatively affect our operations, financial performance, ability to achieve our strategic objectives. We are also unable to predict how this global pandemic may affect our customers and suppliers.

The COVID-19 pandemic has caused, and is expected to continue to cause, a global economic slowdown, disruptions in global supply chains, significant volatility and disruption of financial markets and in the price of oil. In addition, the pandemic has made travel and commercial activity significantly more cumbersome and less efficient compared to pre-pandemic conditions.

Because the severity, magnitude and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict, the pandemic's impact on our operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict. Further, the ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited, to: governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the impact of the pandemic and actions taken in response on global and regional economies, travel, and economic activity; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides.

The COVID-19 pandemic has subjected our operations, financial performance and financial condition to a number of risks, including, but not limited operations, customer and financial risks. Although the services we provide are generally deemed essential, we may face negative impacts from increased operational challenges based on the need to protect employee health and safety, workplace disruptions and restrictions on the movement of people including our employees and subcontractors, and disruptions to supply chains related to raw materials and goods both at our own facilities and at customers and suppliers. We may also experience a lower demand for natural gas at our existing customers and a decrease in interest from potential customers as a result of the pandemic's impact on the price of available fuel options, including oil-based fuels. We may experience customer requests for potential payment deferrals or other contract modifications and delays of potential or ongoing construction projects due to government guidance or customer requests. Conditions in the financial and credit markets may limit the availability of funding and pose heightened risks to future financings we may require. These and other factors we cannot anticipate could adversely affect our business, financial position and results of operations. We expect that the longer this period of economic and global supply chain and disruption continues, the greater the uncertainty will be regarding the possible adverse impact on our business operations, financial performance and results of operations.

From time to time, we may be involved in legal proceedings and may experience unfavorable outcomes.

In the future we may be subject to material legal proceedings in the course of our business, including, but not limited to, actions relating to contract disputes, business practices, intellectual property and other commercial and tax matters. Such legal proceedings may involve claims for substantial amounts of money or for other relief or might necessitate changes to our business or operations, and the defense of such actions may be both time-consuming and expensive. Further, if any such proceedings were to result in an unfavorable outcome, it could have a material adverse effect on our business, financial position and results of operations.

Our success depends on key members of our management, the loss of any of whom could disrupt our business operations.

We depend to a large extent on the services of our chief executive officer, Wesley R. Edens, and some of our other executive officers. Mr. Edens does not have an employment agreement with us. The loss of the services of Mr. Edens or one or more of our other key executives could disrupt our operations and increase our exposure to the other risks described in this "Item 1A. Risk Factors." We do not maintain key man insurance on Mr. Edens or any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

Our construction of energy-related infrastructure is subject to operational, regulatory, environmental, political, legal and economic risks, which may result in delays, increased costs or decreased cash flows.

The construction of energy-related infrastructure, including our Terminals and Liquefaction Facilities, as well as other future projects, involves numerous operational, regulatory, environmental, political, legal and economic risks beyond our control and may require the expenditure of significant amounts of capital during construction and thereafter. These potential risks include, among other things, the following:

- we may be unable to complete construction projects on schedule or at the budgeted cost due to the unavailability of required construction personnel or materials, accidents or weather conditions;

- we may issue change orders under existing or future engineering, procurement and construction ("EPC") contracts resulting from the occurrence of certain specified events that may give our customers the right to cause us to enter into change orders or resulting from changes with which we otherwise agree;

- we will not receive any material increase in operating cash flows until a project is completed, even though we may have expended considerable funds during the construction phase, which may be prolonged;

- we may construct facilities to capture anticipated future energy consumption growth in a region in which such growth does not materialize;
- the completion or success of our construction projects may depend on the completion of a third-party construction project (e.g., additional public utility infrastructure projects) that we do not control and that may be subject to numerous additional potential risks, delays and complexities;
- the purchase of the project company holding the rights to develop and operate the Ireland Terminal is subject to a number of contingencies, many of which are beyond our control and could cause us not to acquire the remaining interests of the project company or cause a delay in the construction of our Ireland Terminal;
- we may not be able to obtain key permits or land use approvals including those required under environmental laws on terms that are satisfactory for our operations and on a timeline that meets our commercial obligations, and there may be delays, perhaps substantial in length, such as in the event of challenges by citizens groups or non-governmental organizations, including those opposed to fossil fuel energy sources;
- we may be (and have been in select circumstances) subject to local opposition, including the efforts by environmental groups, which may attract negative publicity or have an adverse impact on our reputation; and
- we may be unable to obtain rights-of-way to construct additional energy-related infrastructure or the cost to do so may be uneconomical.

A materialization of any of these risks could adversely affect our ability to achieve growth in the level of our cash flows or realize benefits from future projects, which could have a material adverse effect on our business, financial condition and results of operations.

We expect to be dependent on our primary building contractor and other contractors for the successful completion of our energy-related infrastructure.

Timely and cost-effective completion of our energy-related infrastructure, including our Terminals and Liquefaction Facilities, as well as future projects, in compliance with agreed specifications is central to our business strategy and is highly dependent on the performance of our primary building contractor and our other contractors under our agreements with them. The ability of our primary building contractor and our other contractors to perform successfully under their agreements with us is dependent on a number of factors, including their ability to:

- design and engineer each of our facilities to operate in accordance with specifications;
- engage and retain third-party subcontractors and procure equipment and supplies;
- respond to difficulties such as equipment failure, delivery delays, schedule changes and failures to perform by subcontractors, some of which are beyond their control;
- attract, develop and retain skilled personnel, including engineers;
- post required construction bonds and comply with the terms thereof;
- manage the construction process generally, including coordinating with other contractors and regulatory agencies; and
- maintain their own financial condition, including adequate working capital.

Until and unless we have entered into an EPC contract for a particular project, in which the EPC contractor agrees to meet our planned schedule and projected total costs for a project, we are subject to potential fluctuations in construction costs and other related project costs. Although some agreements may provide for liquidated damages if the contractor fails to perform in the manner required with respect to certain of its obligations, the events that trigger a requirement to pay liquidated damages may delay or impair the operation of the applicable facility, and any liquidated damages that we receive may be delayed or insufficient to cover the damages that we suffer as a result of any such delay or impairment. The obligations of our primary building contractor and our other contractors to pay liquidated damages under their agreements with us are subject to caps on liability, as set forth therein. Furthermore, we may have disagreements with our contractors about different elements of the construction process, which could lead to the assertion of rights and remedies under their contracts and increase the cost of the applicable facility or result in a contractor's unwillingness to perform further work. We may hire contractors to perform work in jurisdictions where they do not have previous experience, or contractors we have not previously hired to perform work in jurisdictions we are beginning to develop, which may lead to such contractors being unable to perform according to its respective agreement. If any contractor is unable or unwilling to perform according to the negotiated terms and timetable of its respective agreement for any reason or terminates its agreement for any reason, we would be required to engage a substitute contractor, which could be particularly difficult in certain of the markets in which we plan to operate. This would likely result in significant project delays and increased costs, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

In addition, if our contractors are unable or unwilling to perform according to their respective agreements with us, our projects may be delayed and we may face contractual consequences in our agreements with our customers, including for development services, the supply of natural gas, LNG or steam and the supply of power. We may be required to pay liquidated damages, face increased expenses or reduced revenue, and may face issues complying with certain covenants in such customer agreements or in our financings. We may not have full protection to seek payment from our contractors to compensate us for such payments and other consequences.

We are relying on third-party engineers to estimate the future rated capacity and performance capabilities of our existing and future facilities, and these estimates may prove to be inaccurate.

We are relying on third parties for the design and engineering services underlying our estimates of the future rated capacity and performance capabilities of our Terminals and Liquefaction Facilities, as well as other future projects. If any of these facilities, when actually constructed, fails to have the rated capacity and performance capabilities that we intend, our estimates may not be accurate. Failure of any of our existing or future facilities to achieve our intended future capacity and performance capabilities could prevent us from achieving the commercial start dates under our customer contracts and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We perform development or construction services from time to time, which are subject to a variety of risks unique to these activities.

From time to time, we may agree to provide development or construction services as part of our customer contracts and such services are subject to a variety of risks unique to these activities. If construction costs of a project exceed original estimates, such costs may have to be absorbed by us, thereby making the project less profitable than originally estimated, or possibly not profitable at all. In addition, a construction project may be delayed due to government or regulatory approvals, supply shortages, or other events and circumstances beyond our control, or the time required to complete a construction project may be greater than originally anticipated. For example, the conversion of Unit 5 and 6 in the Combined Cycle Power Plant in San Juan, Puerto Rico was delayed in part due to the earthquakes that occurred near Puerto Rico in January 2020 and third party delays.

We rely on third-party subcontractors and equipment manufacturers to complete many of our projects. To the extent that we cannot engage subcontractors or acquire equipment or materials in the amounts and at the costs originally estimated, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price contracts, we could experience losses in the performance of these contracts. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason including, but not limited to, the deterioration of its financial condition, we may be required to purchase the services, equipment or materials from another source at a higher price. This may reduce the profit we expect to realize or result in a loss on a project for which the services, equipment or materials were needed.

If any such excess costs or project delays were to be material, such events may adversely affect our cash flow and liquidity.

We may not be able to purchase or receive physical delivery of natural gas in sufficient quantities and/or at economically attractive prices to satisfy our delivery obligations under the GSAs, PPA and SSA, which could have a material adverse effect on us.

Under the GSAs with JPS, JPC and PREPA, we are required to deliver to JPS, JPC and PREPA specified amounts of natural gas at specified times, while under the SSA with Jamalco, we are required to deliver steam, and under the PPA with JPS, we are required to deliver power, each of which also requires us to obtain sufficient amounts of LNG. However, we may not be able to purchase or receive physical delivery of sufficient quantities of LNG to satisfy those delivery obligations, which may provide JPS or JPC or PREPA or Jamalco with the right to terminate its GSA, PPA or SSA, as applicable. In addition, price fluctuations in natural gas and LNG may make it expensive or uneconomical for us to acquire adequate supply of these items or to sell our inventory of natural gas or LNG at attractive prices.

We are dependent upon third-party LNG suppliers and shippers and other tankers and facilities to provide delivery options to and from our tankers and energy-related infrastructure. If LNG were to become unavailable for current or future volumes of natural gas due to repairs or damage to supplier facilities or tankers, lack of capacity, impediments to international shipping or any other reason, our ability to continue delivering natural gas, power or steam to end-users could be restricted, thereby reducing our revenues. Additionally, under tanker charters, we will be obligated to make payments for our chartered tankers regardless of use. We may not be able to enter into contracts with purchasers of LNG in quantities equivalent to or greater than the amount of tanker capacity we have purchased. If any third parties, such as the affiliate of Chesapeake that is party to our Chesapeake GSA, were to default on their obligations under our contracts or seek bankruptcy protection, we may not be able to replace such contacts or purchase or receive a sufficient quantity of natural gas in order to satisfy our delivery obligations under our GSAs, PPA and SSA with LNG produced at our own Liquefaction Facilities. Any permanent interruption at any key LNG supply chains that caused a material reduction in volumes transported on or to our tankers and facilities could have a material adverse effect on our business, financial condition, operating results, cash flow, liquidity and prospects.

While we have entered into contracts with a third party to purchase a substantial portion of our currently contracted and expected LNG volumes through 2030, we will need to purchase significant additional LNG volumes to meet our delivery obligations to our downstream customers. Failure to secure contracts for the purchase of a sufficient amount of natural gas could materially and adversely affect our business, operating results, cash flows and liquidity.

Recently, the LNG industry has experienced increased volatility. If market disruptions and bankruptcies of third-party LNG suppliers and shippers negatively impacts our ability to purchase a sufficient amount of LNG or significantly increases our costs for purchasing LNG, our business, operating results, cash flows and liquidity could be materially and adversely affected. There can be no assurances that we will complete the Pennsylvania Facility or be able to supply our facilities with LNG produced at our own facilities. Even if we do complete the Pennsylvania Facility, there can be no assurance that it will operate as we expect or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations.

We face competition based upon the international market price for LNG or natural gas.

Our business is subject to the risk of natural gas and LNG price competition at times when we need to replace any existing customer contract, whether due to natural expiration, default or otherwise, or enter into new customer contracts. Factors relating to competition may prevent us from entering into new or replacement customer contracts on economically comparable terms to existing customer contracts, or at all. Such an event could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects. Factors which may negatively affect potential demand for natural gas from our business are diverse and include, among others:

- increases in worldwide LNG production capacity and availability of LNG for market supply;
- increases in demand for natural gas but at levels below those required to maintain current price equilibrium with respect to supply;
- increases in the cost to supply natural gas feedstock to our liquefaction projects;
- increases in the cost to supply LNG feedstock to our facilities;
- decreases in the cost of competing sources of natural gas, LNG or alternate fuels such as coal, heavy fuel oil and ADO;
- decreases in the price of LNG; and
- displacement of LNG or fossil fuels more broadly by alternate fuels or energy sources or technologies (including but not limited to nuclear, wind, solar, biofuels and batteries) in locations where access to these energy sources is not currently available or prevalent.

In addition, we may not be able to successfully execute on our strategy to supply our existing and future customers with LNG produced primarily at our own facilities upon completion of the Pennsylvania Facility. See “—We have not yet completed contracting, construction and commissioning of all of our Terminals and Liquefaction Facilities. There can be no assurance that our Terminals and Liquefaction Facilities will operate as expected, or at all.”

Technological innovation may impair the economic attractiveness of our projects.

The success of our current operations and future projects will depend in part on our ability to create and maintain a competitive position in the natural gas liquefaction industry. In particular, although we plan to build out our delivery logistics chain in Northern Pennsylvania using proven technologies such as those currently in operation at our Miami Facility, we do not have any exclusive rights to any of these technologies. In addition, such technologies may be rendered obsolete or uneconomical by legal or regulatory requirements, technological advances, more efficient and cost-effective processes or entirely different approaches developed by one or more of our competitors or others, which could materially and adversely affect our business, ability to realize benefits from future projects, results of operations, financial condition, liquidity and prospects.

Changes in legislation and regulations could have a material adverse impact on our business, results of operations, financial condition, liquidity and prospects.

Our business is subject to numerous governmental laws, rules, regulations and requires permits that impose various restrictions and obligations that may have material effects on our results of operations. In addition, each of the applicable regulatory requirements and limitations is subject to change, either through new regulations enacted on the federal, state or local level, or by new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations and permits may be unpredictable and may have material effects on our business. Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, such as those relating to the liquefaction, storage, or regasification of LNG, or its transportation could cause additional expenditures, restrictions and delays in connection with our operations as well as other future projects, the extent of which cannot be predicted and which may require us to limit substantially, delay or cease operations in some circumstances. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating costs and restrictions could have an adverse effect on our business, the ability to expand our business, including into new markets, results of operations, financial condition, liquidity and prospects.

Increasing trucking regulations may increase our costs and negatively impact our results of operations.

We are developing a transportation system specifically dedicated to transporting LNG from our Liquefaction Facilities to a nearby port, from which our LNG can be transported to our operations in the Atlantic Basin and elsewhere. This transportation system may include trucks that we or our affiliates own and operate. Any such operations would be subject to various trucking safety regulations, including those which are enacted, reviewed and amended by the Federal Motor Carrier Safety Administration ("FMCSA"). These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, driver licensing, insurance requirements, financial reporting and review of certain mergers, consolidations and acquisitions, and transportation of hazardous materials. To a large degree, intrastate motor carrier operations are subject to state and/or local safety regulations that mirror federal regulations but also regulate the weight and size dimensions of loads.

All federally regulated carriers' safety ratings are measured through a program implemented by the FMCSA known as the Compliance Safety Accountability ("CSA") program. The CSA program measures a carrier's safety performance based on violations observed during roadside inspections as opposed to compliance audits performed by the FMCSA. The quantity and severity of any violations are compared to a peer group of companies of comparable size and annual mileage. If a company rises above a threshold established by the FMCSA, it is subject to action from the FMCSA. There is a progressive intervention strategy that begins with a company providing the FMCSA with an acceptable plan of corrective action that the company will implement. If the issues are not corrected, the intervention escalates to on-site compliance audits and ultimately an "unsatisfactory" rating and the revocation of the company's operating authority by the FMCSA, which could result in a material adverse effect on our business and consolidated results of operations and financial position.

Any trucking operations would be subject to possible regulatory and legislative changes that may increase our costs. Some of these possible changes include changes in environmental regulations, changes in the hours of service regulations which govern the amount of time a driver may drive or work in any specific period, onboard black box recorder device requirements or limits on vehicle weight and size.

We may not be able to renew or obtain new or favorable charters or leases, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

We have obtained long-term leases and corresponding rights-of-way agreements with respect to the land on which the Jamaica Terminals, the pipeline connecting the Montego Bay Terminal to the Bogue Power Plant, the Miami Facility, the San Juan Facility and the CHP Plant are situated. However, we do not own the land. As a result, we are subject to the possibility of increased costs to retain necessary land use rights as well as local law. If we were to lose these rights or be required to relocate, our business could be materially and adversely affected. The Miami Facility is currently located on land we are leasing from an affiliate. Any payments under the existing lease or future modifications or extensions to the lease could involve transacting with an affiliate. We have also entered into LNG tanker charters in order to secure shipping capacity for our import of LNG to the Jamaica Terminals.

Our ability to renew existing charters or leases for our current projects or obtain new charters or leases for our future projects will depend on prevailing market conditions upon expiration of the contracts governing the leasing or charter of the applicable assets. Therefore, we may be exposed to increased volatility in terms of rates and contract provisions. Likewise, our counterparties may seek to terminate or renegotiate their charters or leases with us. If we are not able to renew or obtain new charters or leases in direct continuation, or if new charters or leases are entered into at rates substantially above the existing rates or on terms otherwise less favorable compared to existing contractual terms, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

We may not be able to successfully enter into contracts or renew existing contracts to charter tankers in the future, which may result in us not being able to meet our obligations.

We enter into time charters of ocean-going tankers for the transportation of LNG, which extend for varying lengths of time. We may not be able to successfully enter into contracts or renew existing contracts to charter tankers in the future, which may result in us not being able to meet our obligations. We are also exposed to changes in market rates and availability for tankers, which may affect our earnings. Fluctuations in rates result from changes in the supply of and demand for capacity and changes in the demand for seaborne carriage of commodities. Because the factors affecting the supply and demand are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

We rely on the operation of tankers under our time charters and ship-to-ship kits to transfer LNG between ships. The operation of ocean-going tankers and kits carries inherent risks. These risks include the possibility of:

- natural disasters;
- mechanical failures;
- grounding, fire, explosions and collisions;
- piracy;
- human error; and
- war and terrorism.

We do not currently maintain a redundant supply of ships, ship-to-ship kits or other equipment. As a result, if our current equipment fails, is unavailable or insufficient to service our LNG purchases, production, or delivery commitments we may need to procure new equipment, which may not be available or be expensive to obtain. Any such occurrence could delay the start of operations of facilities we intend to commission, interrupt our existing operations and increase our operating costs. Any of these results could have a material adverse effect on our business, financial condition and operating results.

The operation of LNG carriers is inherently risky, and an incident resulting in significant loss or environmental consequences involving an LNG vessel could harm our reputation and business.

Cargoes of LNG and our chartered vessels are at risk of being damaged or lost because of events such as:

- marine disasters;
- piracy;
- bad weather;
- mechanical failures;
- environmental accidents;
- grounding, fire, explosions and collisions;
- human error; and
- war and terrorism.

An accident involving our cargoes or any of our chartered vessels could result in any of the following:

- death or injury to persons, loss of property or environmental damage;
- delays in the delivery of cargo;
- loss of revenues;

- termination of charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these circumstances or events could increase our costs or lower our revenues.

If our chartered vessels suffer damage as a result of such an incident, they may need to be repaired. The loss of earnings while these vessels are being repaired would decrease our results of operations. If a vessel we charter were involved in an accident with the potential risk of environmental impacts or contamination, the resulting media coverage could have a material adverse effect on our reputation, our business, our results of operations and cash flows and weaken our financial condition.

Our chartered vessels operating in international waters, now or in the future, will be subject to various international and local laws and regulations relating to protection of the environment.

Our chartered vessels' operations in international waters and in the territorial waters of other countries are regulated by extensive and changing international, national and local environmental protection laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration, including those governing oil spills, discharges to air and water and the handling and disposal of hazardous substances and wastes. The International Maritime Organization ("IMO") International Convention for the Prevention of Pollution from Ships of 1973, as amended from time to time, and generally referred to as "MARPOL," can affect operations of our chartered vessels. In addition, our chartered LNG vessels may become subject to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (the "HNS Convention"), adopted in 1996 and subsequently amended by a Protocol to the HNS Convention in April 2010. Other regulations include, but are not limited to, the designation of Emission Control Areas under MARPOL, the IMO International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended from time to time, the International Convention on Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention for the Safety of Life at Sea of 1974, as amended from time to time, the International Safety Management Code for the Safe Operations of Ships and for Pollution Prevention, the IMO International Convention on Load Lines of 1966, as amended from time to time and the International Convention for the Control and Management of Ships' Ballast Water and Sediments in February 2004.

Moreover, the overall trends are towards more regulations and more stringent requirements which are likely to add to our costs of doing business. For example, the IMO has promulgated regulations limiting the sulfur content of fuel oil for ships to 0.5 weight percent starting January 1, 2020. Likewise, the European Union is considering extending its emissions trading scheme to maritime transport to reduce GHG emissions from vessels. We contract with leading vessel providers in the LNG market and look for them to take the lead in maintaining compliance with all such requirements, although the terms of our charter agreements may call for us to bear some or all of the associated costs. While we believe we are similarly situated with respect to other companies that charter vessels, we cannot assure you that these requirements will not have a material effect on our business.

Our chartered vessels operating in U.S. waters, now or in the future, will also be subject to various federal, state and local laws and regulations relating to protection of the environment, including the OPA, the CERCLA, the CWA and the CAA. In some cases, these laws and regulations require governmental permits and authorizations before conducting certain activities. These environmental laws and regulations may impose substantial penalties for noncompliance and substantial liabilities for pollution. Failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties. As with the industry generally, our chartered vessels' operations will entail risks in these areas, and compliance with these laws and regulations, which may be subject to frequent revisions and reinterpretation, may increase our overall cost of business.

There may be shortages of LNG tankers worldwide, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We rely on ocean-going LNG tankers and freight carriers (for ISO containers) for the movement of LNG. Consequently, our ability to provide services to our customers could be adversely impacted by shifts in tanker market dynamics, shortages in available cargo capacity, changes in policies and practices such as scheduling, pricing, routes of service and frequency of service, or increases in the cost of fuel, taxes and labor, and other factors not within our control. The construction and delivery of LNG tankers require significant capital and long construction lead times, and the availability of the tankers could be delayed to the detriment of our LNG business and our customers because of:

- an inadequate number of shipyards constructing LNG tankers and a backlog of orders at these shipyards;
- political or economic disturbances in the countries where the tankers are being constructed;
- changes in governmental regulations or maritime self-regulatory organizations;
- work stoppages or other labor disturbances at the shipyards, including as a result of the COIVD-19 pandemic;
- bankruptcy or other financial crisis of shipbuilders;
- quality or engineering problems;
- weather interference or a catastrophic event, such as a major earthquake, tsunami or fire; or
- shortages of or delays in the receipt of necessary construction materials.

Changes in ocean freight capacity, which are outside our control, could negatively impact our ability to provide natural gas if LNG shipping capacity is adversely impacted and LNG transportation costs increase because we may bear the risk of such increases and may not be able to pass these increases on to our customers. Material interruptions in service or stoppages in LNG transportation could adversely impact our business, results of operations and financial condition.

Competition in the LNG industry is intense, and some of our competitors have greater financial, technological and other resources than we currently possess.

We operate in the highly competitive area of LNG production and face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies and utilities, many of which have been in operation longer than us.

Many competing companies have secured access to, or are pursuing development or acquisition of, LNG facilities in North America. We may face competition from major energy companies and others in pursuing our proposed business strategy to provide liquefaction and export products and services. In addition, competitors have and are developing LNG terminals in other markets, which will compete with our LNG facilities. Some of these competitors have longer operating histories, more development experience, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than we currently possess. We also face competition for the contractors needed to build our facilities. The superior resources that some of these competitors have available for deployment could allow them to compete successfully against us, which could have a material adverse effect on our business, ability to realize benefits from future projects, results of operations, financial condition, liquidity and prospects.

Failure of LNG to be a competitive source of energy in the markets in which we operate, and seek to operate, could adversely affect our expansion strategy.

Our operations are, and will be, dependent upon LNG being a competitive source of energy in the markets in which we operate. In the United States, due mainly to a historic abundant supply of natural gas and discoveries of substantial quantities of unconventional, or shale, natural gas, imported LNG has not developed into a significant energy source. The success of the domestic liquefaction component of our business plan is dependent, in part, on the extent to which natural gas can, for significant periods and in significant volumes, be produced in the United States at a lower cost than the cost to produce some domestic supplies of other alternative energy sources, and that it can be transported at reasonable rates through appropriately scaled infrastructure. The COVID-19 pandemic and actions by OPEC have significantly impacted energy markets, and the price of oil has recently traded at historic low prices.

Potential expansion in the Caribbean and other parts of world where we may operate is primarily dependent upon LNG being a competitive source of energy in those geographical locations. For example, in the Caribbean, due mainly to a lack of regasification infrastructure and an underdeveloped international market for natural gas, natural gas has not yet developed into a significant energy source. The success of our operations in the Caribbean is dependent, in part, on the extent to which LNG can, for significant periods and in significant volumes, be produced internationally and delivered to Caribbean customers at a lower cost than the cost to deliver other alternative energy sources.

Political instability in foreign countries that export LNG, or strained relations between such countries and countries in the Caribbean, may also impede the willingness or ability of LNG suppliers and merchants in such countries to export LNG to the Caribbean. Furthermore, some foreign suppliers of LNG may have economic or other reasons to direct their LNG to non-Caribbean markets or from or to our competitors’ LNG facilities. Natural gas also competes with other sources of energy, including coal, oil, nuclear, hydroelectric, wind and solar energy, which may become available at a lower cost in certain markets.

As a result of these and other factors, natural gas may not be a competitive source of energy in the markets we intend to serve or elsewhere. The failure of natural gas to be a competitive supply alternative to oil and other alternative energy sources could adversely affect our ability to deliver LNG or natural gas to our customers in the Caribbean or other locations on a commercial basis.

Any use of hedging arrangements may adversely affect our future operating results or liquidity.

To reduce our exposure to fluctuations in the price, volume and timing risk associated with the purchase of natural gas, we may enter into futures, swaps and option contracts traded or cleared on the Intercontinental Exchange and the New York Mercantile Exchange or over-the-counter ("OTC") options and swaps with other natural gas merchants and financial institutions. Hedging arrangements would expose us to risk of financial loss in some circumstances, including when:

- expected supply is less than the amount hedged;
- the counterparty to the hedging contract defaults on its contractual obligations; or
- there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received.

The use of derivatives also may require the posting of cash collateral with counterparties, which can impact working capital when commodity prices change. However, we do not currently have any hedging arrangements, and failure to properly hedge our positions against changes in natural gas prices could also have a material adverse effect on our business, financial condition and operating results.

Our risk management strategies cannot eliminate all LNG price and supply risks. In addition, any non-compliance with our risk management strategies could result in significant financial losses.

Our strategy is to maintain a manageable balance between LNG purchases, on the one hand, and sales or future delivery obligations, on the other hand. Through these transactions, we seek to earn a margin for the LNG purchased by selling LNG for physical delivery to third-party users, such as public utilities, shipping/marine cargo companies, industrial users, railroads, trucking fleets and other potential end-users converting from traditional ADO or oil fuel to natural gas. These strategies cannot, however, eliminate all price risks. For example, any event that disrupts our anticipated supply chain could expose us to risk of loss resulting from price changes if we are required to obtain alternative supplies to cover these transactions. We are also exposed to basis risks when LNG is purchased against one pricing index and sold against a different index. Moreover, we are also exposed to other risks, including price risks on LNG we own, which must be maintained in order to facilitate transportation of the LNG to our customers or to our facilities. In addition, our marketing operations involve the risk of non-compliance with our risk management policies. We cannot assure you that our processes and procedures will detect and prevent all violations of our risk management strategies, particularly if deception or other intentional misconduct is involved. If we were to incur a material loss related to commodity price risks, including non-compliance with our risk management strategies, it could have a material adverse effect on our financial position, results of operations and cash flows. There can be no assurance that we will complete the Pennsylvania Facility or be able to supply our facilities and the CHP Plant with LNG produced at our own facilities. Even if we do complete the Pennsylvania Facility, there can be no assurance that it will operate as expected or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations.

We may experience increased labor costs, and the unavailability of skilled workers or our failure to attract and retain qualified personnel could adversely affect us.

We are dependent upon the available labor pool of skilled employees, including truck drivers. We compete with other energy companies and other employers to attract and retain qualified personnel with the technical skills and experience required to construct and operate our energy-related infrastructure and to provide our customers with the highest quality service. In addition, the tightening of the transportation related labor market due to the shortage of skilled truck drivers may affect our ability to hire and retain skilled truck drivers and require us to pay increased wages. Our affiliates in the United States who hire personnel on our behalf are also subject to the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions. We are also subject to applicable labor regulations in the other jurisdictions in which we operate, including Jamaica. We may face challenges and costs in hiring, retaining and managing our Jamaican and other employee base. A shortage in the labor pool of skilled workers, particularly in Jamaica or the United States, or other general inflationary pressures or changes in applicable laws and regulations, could make it more difficult for us to attract and retain qualified personnel and could require an increase in the wage and benefits packages that we offer, thereby increasing our operating costs. Any increase in our operating costs could materially and adversely affect our business, financial condition, operating results, liquidity and prospects.

Our current lack of asset and geographic diversification could have an adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The substantial majority of our anticipated revenue in 2020 will be dependent upon our assets and customers in Jamaica and Puerto Rico. Jamaica and Puerto Rico have historically experienced economic volatility and the general condition and performance of their economies, over which we have no control, may affect our business, financial condition and results of operations. Due to our current lack of asset and geographic diversification, an adverse development at the Jamaica Terminals or our San Juan Facility, in the energy industry or in the economic conditions in Jamaica or Puerto Rico, would have a significantly greater impact on our financial condition and operating results than if we maintained more diverse assets and operating areas.

We may incur impairments to long-lived assets.

We test our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant negative industry or economic trends, and decline of our market capitalization, reduced estimates of future cash flows for our business segments or disruptions to our business could lead to an impairment charge of our long-lived assets. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely heavily on projections of future operating performance. Projections of future operating results and cash flows may vary significantly from results. In addition, if our analysis results in an impairment to our long-lived assets, we may be required to record a charge to earnings in our consolidated financial statements during a period in which such impairment is determined to exist, which may negatively impact our operating results.

A major health and safety incident involving LNG or the energy industry more broadly or relating to our business may lead to more stringent regulation of LNG operations or the energy business generally, could result in greater difficulties in obtaining permits, including under environmental laws, on favorable terms, and may otherwise lead to significant liabilities and reputational damage.

Health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance from our operations may result in an event that causes personal harm or injury to our employees, other persons, and/or the environment, as well as the imposition of injunctive relief and/or penalties for non-compliance with relevant regulatory requirements or litigation. Any such failure that results in a significant health and safety incident may be costly in terms of potential liabilities, and may result in liabilities that exceed the limits of our insurance coverage. Such a failure, or a similar failure elsewhere in the energy industry (including, in particular, LNG liquefaction, storage, transportation or regasification operations), could generate public concern, which may lead to new laws and/or regulations that would impose more stringent requirements on our operations, have a corresponding impact on our ability to obtain permits and approvals, and otherwise jeopardize our reputation or the reputation of our industry as well as our relationships with relevant regulatory agencies and local communities. Individually or collectively, these developments could adversely impact our ability to expand our business, including into new markets. Similarly, such developments could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The swaps regulatory and other provisions of the Dodd-Frank Act and the rules adopted thereunder and other regulations, including EMIR and REMIT, could adversely affect our ability to hedge risks associated with our business and our operating results and cash flows.

Title VII of the Dodd-Frank Act established federal regulation of the OTC derivatives market and made other amendments to the Commodity Exchange Act that are relevant to our business. The provisions of Title VII of the Dodd-Frank Act and the rules adopted thereunder by the CFTC, the SEC and other federal regulators may adversely affect our ability to manage certain of our risks on a cost-effective basis. Such laws and regulations may also adversely affect our ability to execute our strategies with respect to hedging our exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory and to price risk attributable to future purchases of natural gas to be utilized as fuel to operate our facilities, our CHP Plant and to secure natural gas feedstock for our Liquefaction Facilities.

The CFTC has proposed new rules setting limits on the positions in certain core futures contracts, economically equivalent futures contracts, options contracts and swaps for or linked to certain physical commodities, including natural gas, held by market participants, with limited exemptions for certain bona fide hedging and other types of transactions. The CFTC has also adopted final rules regarding aggregation of positions, under which a party that controls the trading of, or owns 10% or more of the equity interests in, another party will have to aggregate the positions of the controlled or owned party with its own positions for purposes of determining compliance with position limits unless an exemption applies. The CFTC's aggregation rules are now in effect, though CFTC staff have granted relief—until August 12, 2022—from various conditions and requirements in the final aggregation rules. With the implementation of the final aggregation rules and upon the adoption and effectiveness of final CFTC position limits rules, our ability to execute our hedging strategies described above could be limited. It is uncertain at this time whether, when and in what form the CFTC's proposed new position limits rules may become final and effective.

Under the Dodd-Frank Act and the rules adopted thereunder, we may be required to clear through a derivatives clearing organization any swaps into which we enter that fall within a class of swaps designated by the CFTC for mandatory clearing and we could have to execute trades in such swaps on certain trading platforms. The CFTC has designated six classes of interest rate swaps and credit default swaps for mandatory clearing, but has not yet proposed rules designating any other classes of swaps, including physical commodity swaps, for mandatory clearing. Although we expect to qualify for the end-user exception from the mandatory clearing and trade execution requirements for any swaps entered into to hedge our commercial risks, if we fail to qualify for that exception and have to clear such swaps through a derivatives clearing organization, we could be required to post margin with respect to such swaps, our cost of entering into and maintaining such swaps could increase and we would not enjoy the same flexibility with the cleared swaps that we enjoy with the uncleared OTC swaps we may enter. Moreover, the application of the mandatory clearing and trade execution requirements to other market participants, such as Swap Dealers, may change the cost and availability of the swaps that we may use for hedging.

As required by the Dodd-Frank Act, the CFTC and the federal banking regulators have adopted rules requiring certain market participants to collect initial and variation margin with respect to uncleared swaps from their counterparties that are financial end-users and certain registered Swap Dealers and Major Swap Participants. The requirements of those rules are subject to a phased-in compliance schedule, which commenced on September 1, 2016. Although we believe we will qualify as a non-financial end user for purposes of these rules, were we not to do so and have to post margin as to our uncleared swaps in the future, our cost of entering into and maintaining swaps would be increased. In June 2011, the Basel Committee on the Banking Supervision, an international trade body comprised of senior representatives of bank supervisory authorities and central banks from 27 countries, including the United States and the European Union, announced the final framework for a comprehensive set of capital and liquidity standards, commonly referred to as “Basel III.” Our counterparties that are subject to the Basel III capital requirements may increase the cost to us of entering into swaps with them or, although not required to collect margin from us under the margin rules, require us to post collateral with them in connection with such swaps in order to offset their increased capital costs or to reduce their capital costs to maintain those swaps on their balance sheets.

The Dodd-Frank Act also imposes regulatory requirements on swaps market participants, including Swap Dealers and other swaps entities as well as certain regulations on end-users of swaps, including regulations relating to swap documentation, reporting and recordkeeping, and certain business conduct rules applicable to Swap Dealers and other swaps entities. Together with the Basel III capital requirements on certain swaps market participants, these regulations could significantly increase the cost of derivative contracts (including through requirements to post margin or collateral), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against certain risks that we encounter, and reduce our ability to monetize or restructure derivative contracts and to execute our hedging strategies. If, as a result of the swaps regulatory regime discussed above, we were to forgo the use of swaps to hedge our risks, such as commodity price risks that we encounter in our operations, our operating results and cash flows may become more volatile and could be otherwise adversely affected.

EMIR may result in increased costs for OTC derivative counterparties and also lead to an increase in the costs of, and demand for, the liquid collateral that EMIR requires central counterparties to accept. Although we expect to qualify as a non-financial counterparty under EMIR and thus not be required to post margin under EMIR, our subsidiaries and affiliates operating in the Caribbean may still be subject to increased regulatory requirements, including recordkeeping, marking to market, timely confirmations, derivatives reporting, portfolio reconciliation and dispute resolution procedures. Regulation under EMIR could significantly increase the cost of derivatives contracts, materially alter the terms of derivatives contracts and reduce the availability of derivatives to protect against risks that we encounter. The increased trading costs and collateral costs may have an adverse impact on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Our subsidiaries and affiliates operating in the Caribbean may be subject to REMIT as wholesale energy market participants. This classification imposes increased regulatory obligations on our subsidiaries and affiliates, including a prohibition to use or disclose insider information or to engage in market manipulation in wholesale energy markets, and an obligation to report certain data. These regulatory obligations may increase the cost of compliance for our business and if we violate these laws and regulations, we could be subject to investigation and penalties.

Failure to obtain and maintain permits, approvals and authorizations from governmental and regulatory agencies on favorable terms with respect to the design, construction and operation of our facilities could impede operations and construction and could have a material adverse effect on us.

The design, construction and operation of energy-related infrastructure, including our existing and proposed facilities, the import and export of LNG and the transportation of natural gas, are highly regulated activities at the federal, state and local levels. Approvals of the DOE under Section 3 of the NGA, as well as several other material governmental and regulatory permits, approvals and authorizations, including under the CAA and the CWA and their state analogues, may be required in order to construct and operate an LNG facility and export LNG. Permits, approvals and authorizations obtained from the DOE and other federal and state regulatory agencies also contain ongoing conditions, and additional requirements may be imposed. Certain federal permitting processes may trigger the requirements of the National Environmental Policy Act (“NEPA”), which requires federal agencies to evaluate major agency actions that have the potential to significantly impact the environment. Compliance with NEPA may extend the time and/or increase the costs for obtaining necessary governmental approvals associated with our operations and create independent risk of legal challenges to the adequacy of the NEPA analysis, which could result in delays that may adversely affect our business, contracts, financial condition, operating results, cash flow, liquidity and profitability. In January 2020, the White House Council on Environmental Quality issued a proposed revision to NEPA regulations; however, the final form or impacts of any such revisions are uncertain at this time and any such regulations are likely to be challenged in court. We may also be subject to additional requirements in Jamaica, Mexico, Ireland, Nicaragua, Angola or other jurisdictions, including with respect to land use approvals needed to construct and operate our facilities.

We cannot control the outcome of any review and approval process, including whether or when any such permits, approvals and authorizations will be obtained, the terms of their issuance, or possible appeals or other potential interventions by third parties that could interfere with our ability to obtain and maintain such permits, approvals and authorizations or the terms thereof. If we are unable to obtain and maintain such permits, approvals and authorizations on favorable terms, we may not be able to recover our investment in our projects and may be subject to financial penalties under our customer and other agreements. Many of these permits, approvals and authorizations require public notice and comment before they can be issued, which can lead to delays to respond to such comments, and even potentially to revise the permit application. There is no assurance that we will obtain and maintain these governmental permits, approvals and authorizations on favorable terms, or that we will be able to obtain them on a timely basis, and failure to obtain and maintain any of these permits, approvals or authorizations could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Moreover, many of these permits, approvals and authorizations are subject to administrative and judicial challenges, which can delay and protract the process for obtaining and implementing permits and can also add significant costs and uncertainty.

Existing and future environmental, health and safety laws and regulations could result in increased compliance costs or additional operating costs or construction costs and restrictions.

Our business is now and will in the future be subject to extensive federal, state and local laws and regulations both in the United States and in other jurisdictions where we operate. These requirements regulate and restrict, among other things: the siting and design of our facilities; discharges to air, land and water, with particular respect to the protection of human health, the environment and natural resources and safety from risks associated with storing, receiving and transporting LNG; the handling, storage and disposal of hazardous materials, hazardous waste and petroleum products; and remediation associated with the release of hazardous substances. For example, PHMSA has promulgated detailed regulations governing LNG facilities under its jurisdiction to address siting, design, construction, equipment, operations, maintenance, personnel qualifications and training, fire protection and security. While the Miami Facility is subject to these regulations, none of our LNG facilities currently under development are subject to PHMSA’s jurisdiction, but state and local regulators can impose similar siting, design, construction and operational requirements. In addition, the U.S. Coast Guard regulations require certain security and response plans, protocols and trainings to mitigate and reduce the risk of intentional or accidental impacts to energy transportation and production infrastructure located in certain domestic ports.

Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. As the owner and operator of our facilities, we could be liable for the costs of cleaning up any such hazardous substances that may be released into the environment at or from our facilities and for any resulting damage to natural resources.

Many of these laws and regulations, such as the CAA and the CWA, and analogous state laws and regulations, restrict or prohibit the types, quantities and concentrations of substances that can be emitted into the environment in connection with the construction and operation of our facilities, and require us to obtain and maintain permits and provide governmental authorities with access to our facilities for inspection and reports related to our compliance. For example, the Pennsylvania Department of Environmental Protection laws and regulations will apply to the construction and operation of the Pennsylvania Facility. Relevant local authorities may also require us to obtain and maintain permits associated with the construction and operation of our facilities, including with respect to land use approvals. Failure to comply with these laws and regulations could lead to substantial liabilities, fines and penalties or capital expenditures related to pollution control equipment and restrictions or curtailment of our operations, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Other future legislation and regulations could cause additional expenditures, restrictions and delays in our business and to our proposed construction, the extent of which cannot be predicted and which may require us to limit substantially, delay or cease operations in some circumstances. In October 2017, the U.S. Government Accountability Office issued a legal determination that a 2013 interagency guidance document was a “rule” subject to the Congressional Review Act (“CRA”). This legal determination could open a broader set of agency guidance documents to potential disapproval and invalidation under the CRA, potentially increasing the likelihood that laws and regulations applicable to our business will become subject to revised interpretations in the future that we cannot predict. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating or construction costs and restrictions could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Greenhouse Gases/Climate Change. The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state government levels to monitor and limit existing and future GHG emissions. As a result, our operations are subject to a series of risks associated with the processing, transportation, and use of fossil fuels and emission of GHGs.

In the United States to date, no comprehensive climate change legislation has been implemented at the federal level, although various individual states and state coalitions have adopted or are considering adopting legislation, regulations or other regulatory initiatives, including GHG cap and trade programs, carbon taxes, reporting and tracking programs, and emission restrictions, pollution reduction incentives, or renewable energy or low-carbon replacement fuel quotas. At the international level, the United Nations-sponsored “Paris Agreement” was signed by 195 countries who agreed to limit their GHG emissions through non-binding, individually-determined reduction goals every five years after 2020. Although the United States has announced its withdrawal from such agreement, effective November 4, 2020, other countries where we operate or plan to operate, including Angola, Jamaica, Ireland, Mexico, and Nicaragua, have signed or acceded to this agreement. However, the scope of future domestic climate and GHG emissions-focused regulatory requirements, if any, remain uncertain.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political uncertainty in the United States, including climate change related pledges made by certain candidates seeking the office of the President of the United States in 2020. Two critical declarations made by one or more candidates running for the Democratic nomination for President include proposals to take actions banning hydraulic fracturing of oil and natural gas wells and banning new leases for production of minerals on federal properties, including onshore lands and offshore waters. A change in administration as a result of the domestic 2020 Presidential election may lead to legislation, rulemaking, or executive orders that ban or restrict the exploration and production of fossil fuels. Other actions that could be pursued by presidential candidates may include more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as the reversal of the United States’ withdrawal from the Paris Agreement.

Climate-related litigation and permitting risks are also increasing, as a number of cities, local governments and private organizations have sought to either bring suit against oil and natural gas companies in state or federal court, alleging various public nuisance claims, or seek to challenge permits required for infrastructure development. Fossil fuel producers are also facing general risks of shifting capital availability due to shareholder concern over climate change and potentially stranded assets in the event of future, comprehensive climate and GHG-related regulation. While several of these cases have been dismissed, there is no guarantee how future lawsuits might be resolved.

The adoption and implementation of new or more comprehensive international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent restrictions on GHG emissions could result in increased compliance costs, and thereby reduce demand for or erode value for, the natural gas that we process and market. Additionally, political, litigation, and financial risks may result in reduced natural gas production activities, increased liability for infrastructure damages as a result of climatic changes, or an impaired ability to continue to operate in an economic manner. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation.

The adoption and implementation of any U.S. federal, state or local regulations or foreign regulations imposing obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur significant costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for natural gas and natural gas products. The potential increase in our operating costs could include new costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our GHG emissions, pay taxes related to our GHG emissions, and administer and manage a GHG emissions program. We may not be able to recover such increased costs through increases in customer prices or rates. In addition, changes in regulatory policies that result in a reduction in the demand for hydrocarbon products that are deemed to contribute to GHGs, or restrict their use, may reduce volumes available to us for processing, transportation, marketing and storage. These developments could have a material adverse effect on our financial position, results of operations and cash flows.

Fossil Fuels. Our business activities depend upon a sufficient and reliable supply of natural gas feedstock, and are therefore subject to concerns in certain sectors of the public about the exploration, production and transportation of natural gas and other fossil fuels and the consumption of fossil fuels more generally. Legislative and regulatory action, and possible litigation, in response to such public concerns may also adversely affect our operations. We may be subject to future laws, regulations, or actions to address such public concern with fossil fuel generation, distribution and combustion, greenhouse gases and the effects of global climate change.

Our customers may also move away from using fossil fuels such as LNG for their power generation needs for reputational or perceived risk-related reasons. These matters represent uncertainties in the operation and management of our business, and could have a material adverse effect on our financial position, results of operations and cash flows.

Hydraulic Fracturing. Certain of our suppliers of natural gas and LNG employ hydraulic fracturing techniques to stimulate natural gas production from unconventional geological formations (including shale formations), which currently entails the injection of pressurized fracturing fluids (consisting of water, sand and certain chemicals) into a well bore. Moreover, hydraulically fractured natural gas wells account for a significant percentage of the natural gas production in the U.S.; the U.S. Energy Information Administration reported in 2016 that hydraulically fractured wells provided two-thirds of U.S. marketed gas production in 2015. The requirements for permits or authorizations to conduct these activities vary depending on the location where such drilling and completion activities will be conducted. Several states have adopted or are considering adopting regulations to impose more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing operations, or to ban hydraulic fracturing altogether. As with most permitting and authorization processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit or approval to be issued and any conditions which may be imposed in connection with the granting of the permit. Certain regulatory authorities have delayed or suspended the issuance of permits or authorizations while the potential environmental impacts associated with issuing such permits can be studied and appropriate mitigation measures evaluated. In addition to state laws, some local municipalities have adopted or are considering adopting land use restrictions, such as city ordinances, that may restrict the performance of or prohibit the well drilling in general and/or hydraulic fracturing in particular.

Hydraulic fracturing activities are typically regulated at the state level, but federal agencies have asserted regulatory authority over certain hydraulic fracturing activities and equipment used in the production, transmission and distribution of oil and natural gas, including such oil and natural gas produced via hydraulic fracturing. Federal and state legislatures and agencies may seek to further regulate or even ban such activities. For example, the Delaware River Basin Commission ("DRBC"), a regional body created via interstate compact responsible for, among other things, water quality protection, water supply allocation, regulatory review, water conservation initiatives, and watershed planning in the Delaware River Basin, has implemented a de facto ban on hydraulic fracturing activities in that basin since 2010 pending the approval of new regulations governing natural gas production activity in the basin. More recently, the DRBC has stated that it will consider new regulations that would ban natural gas production activity, including hydraulic fracturing, in the basin. If additional levels of regulation or permitting requirements were imposed on hydraulic fracturing operations, natural gas prices in North America could rise, which in turn could materially adversely affect the relative pricing advantage that has existed in recent years in favor of domestic natural gas prices (based on Henry Hub pricing). Increased regulation or difficulty in permitting of hydraulic fracturing, and any corresponding increase in domestic natural gas prices, could materially adversely affect demand for LNG and our ability to develop commercially viable LNG facilities.

We are subject to numerous governmental export laws and trade and economic sanctions laws and regulations. Our failure to comply with such laws and regulations could subject us to liability and have a material adverse impact on our business, results of operations or financial condition.

We conduct business throughout the world, and our business activities and services are subject to various applicable import and export control laws and regulations of the United States and other countries, particularly countries in the Caribbean, Ireland, Mexico, Angola, Nicaragua and the other countries in which we seek to do business. We must also comply with U.S. trade and economic sanctions laws, including the U.S. Commerce Department's Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control. Although we take precautions to comply with all such laws and regulations, violations of governmental export control and economic sanctions laws and regulations could result in negative consequences to us, including government investigations, sanctions, criminal or civil fines or penalties, more onerous compliance requirements, loss of authorizations needed to conduct aspects of our international business, reputational harm and other adverse consequences. Moreover, it is possible that we could invest both time and capital into a project involving a counterparty who may become subject to sanctions. If any of our counterparties becomes subject to sanctions as a result of these laws and regulations or otherwise, we may face an array of issues, including, but not limited to: having to abandon the related project, being unable to recuperate prior invested time and capital or being subject to law suits, investigations or regulatory proceedings that could be time-consuming and expensive to respond to and which could lead to criminal or civil fines or penalties.

We are also subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA"), which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Some of the jurisdictions in which we currently, or may in the future, operate may present heightened risks for FCPA issues, such as Angola, Nicaragua, Jamaica, Mexico and Puerto Rico. Although we have adopted policies and procedures that are designed to ensure that we, our employees and other intermediaries comply with the FCPA, it is highly challenging to adopt policies and procedures that ensure compliance in all respects with the FCPA, particularly in high-risk jurisdictions. Developing and implementing policies and procedures is a complex endeavor. There is no assurance that these policies and procedures will work effectively all of the time or protect us against liability under anti-corruption laws and regulations, including the FCPA, for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire.

If we are not in compliance with anti-corruption laws and regulations, including the FCPA, we may be subject to costly and intrusive criminal and civil investigations as well significant potential criminal and civil penalties and other remedial measures, including changes or enhancements to our procedures, policies and control, as well as potential personnel change and disciplinary actions. In addition, non-compliance with anti-corruption laws could constitute a breach of certain covenants in operational or debt agreements, and cross-default provisions in certain of our agreements could mean that an event of default under certain of our commercial agreements could trigger an event of default under our other agreements, including our debt agreements. Any adverse finding against us could also negatively affect our relationship and reputation with current and potential customers. The occurrence of any of these events could have a material adverse impact on our business, results of operations, financial condition, liquidity and future business prospects.

In addition, in certain countries we serve or expect to serve our customers through third-party agents and other intermediaries, such as customs agents. Violations of applicable import, export, trade and economic sanctions laws and regulations by these third-party agents or intermediaries may also result in adverse consequences and repercussions to us. There can be no assurance that we and our agents and other intermediaries will be in compliance with export control and economic sanctions laws and regulations in the future. In such event of non-compliance, our business and results of operations could be adversely impacted.

Risks Relating to the Jurisdictions in Which We Operate

We are currently highly dependent upon economic, political and other conditions and developments in the Caribbean, particularly Jamaica, Puerto Rico and the other jurisdictions in which we operate.

We currently conduct a meaningful portion of our business in Jamaica. As a result, our current business, results of operations, financial condition and prospects are materially dependent upon economic, political and other conditions and developments in Jamaica.

We currently have interests and operations in Jamaica and the United States and currently intend to expand into additional markets in the Caribbean (including Puerto Rico), Mexico, Ireland, Angola, Nicaragua and other geographies, and such interests are subject to governmental regulation in each market. The governments in these markets differ widely with respect to structure, constitution and stability and some countries lack mature legal and regulatory systems. To the extent that our operations depend on governmental approval and regulatory decisions, the operations may be adversely affected by changes in the political structure or government representatives in each of the markets in which we operate. Recent political, security and economic changes have resulted in political and regulatory uncertainty in certain countries in which we operate or may pursue operations. Some of these markets have experienced political, security and economic instability in the recent past and may experience instability in the future. In 2019, public demonstrations in Puerto Rico led to the governor’s resignation and the political change interrupted the bidding process for the privatization of PREPA’s transmission and distribution systems. While our operations have not, to date, been impacted by the demonstrations or changes in Puerto Rico’s administration, any cancellation related to or substantial disruption in the development of our San Juan Facility or in our ability to perform our obligations under the Fuel Sale and Purchase Agreement with PREPA could have a material adverse effect on our financial condition, results of operations and cash flows. Furthermore, we cannot predict how our relationship with PREPA could change if PREPA selects a winner in its bidding process for its transmission and distribution system and the system were to become privatized. If such an event were to occur, PREPA may seek to find alternative power sources or purchase substantially less natural gas from us than what we currently expect to sell to PREPA.

Any slowdown or contraction affecting the local economy in a jurisdiction in which we operate could negatively affect the ability of our customers to purchase LNG, natural gas, steam or power from us or to fulfill their obligations under their contracts with us. If the economy in Jamaica or other jurisdictions in which we operate worsens because of, for example:

- lower economic activity, including as a result of the COVID-19 pandemic which has significantly affected Jamaica’s and other jurisdictions’ tourism industries;
- an increase in oil, natural gas or petrochemical prices;
- devaluation of the applicable currency;
- higher inflation; or
- an increase in domestic interest rates,

then our business, results of operations, financial condition and prospects may also be significantly affected by actions taken by the government in the jurisdictions in which we operate. The COVID-19 pandemic has resulted in lower economic activity and a decrease in oil prices worldwide. Certain of the jurisdictions in which we operate have recently restricted travel, implemented workforce pressures, and experienced reduced business development, travel, hospitality and tourism due to COVID-19. Caribbean governments traditionally have played a central role in the economy and continue to exercise significant influence over many aspects of it. They may make changes in policy, or new laws or regulations may be enacted or promulgated, relating to, for example, monetary policy, taxation, exchange controls, interest rates, regulation of banking and financial services and other industries, government budgeting and public sector financing. These and other future developments in the Jamaican economy or in the governmental policies in our Caribbean markets may reduce demand for our products and adversely affect our business, financial condition, results of operations or prospects.

For example, JPS and JPC are subject to the mandate of the OUR. The OUR regulates the amount of money that power utilities in Jamaica, including JPS and JPC, can charge their customers. Though the OUR cannot impact the fixed price we charge our customers for LNG, pricing regulations by the OUR and other similar regulators could negatively impact our customers' ability to perform their obligations under our GSAs and, in the case of JPS, the PPA, which could adversely affect our business, financial condition, results of operations or prospects.

Our development activities and future operations in Nicaragua may be materially affected by political, economic and other uncertainties.

Nicaragua has recently experienced political and economic challenges. Specifically, in 2018, U.S. legislation was approved to restrict U.S. aid to Nicaragua. In 2018, 2019 and early 2020, U.S. and European governmental authorities imposed a number of sanctions against entities and individuals in or associated with the government of Nicaragua and Venezuela. If any of our counterparties becomes subject to sanctions as a result of these laws and regulations, changes thereto or otherwise, we may face an array of issues, including, but not limited to: having to suspend our development or operations on a temporary or permanent basis, being unable to recuperate prior invested time and capital or being subject to lawsuits, investigations or regulatory proceedings that could be time-consuming and expensive to respond to and which could lead to criminal or civil fines or penalties. There is also a risk of civil unrest, strikes or political turmoil in Nicaragua, and the outcome of any such unrest cannot be predicted.

Our financial condition and operating results may be adversely affected by foreign exchange fluctuations.

Our condensed consolidated financial statements are presented in U.S. dollars. Therefore, fluctuations in exchange rates used to translate other currencies into U.S. dollars will impact our reported consolidated financial condition, results of operations and cash flows from period to period. These fluctuations in exchange rates will also impact the value of our investments and the return on our investments. Additionally, some of the jurisdictions in which we operate may limit our ability to exchange local currency for U.S. dollars.

A portion of our cash flows and expenses may in the future be incurred in currencies other than the U.S. dollar. Our material counterparties' cash flows and expenses may be incurred in currencies other than the U.S. dollar. There can be no assurance that non-U.S. currencies will not be subject to volatility and depreciation or that the current exchange rate policies affecting these currencies will remain the same. We may choose not to hedge, or we may not be effective in efforts to hedge, this foreign currency risk. Depreciation or volatility of the Jamaican dollar against the U.S. dollar or other currencies could cause counterparties to be unable to pay their contractual obligations under our agreements or to lose confidence in us and may cause our expenses to increase from time to time relative to our revenues as a result of fluctuations in exchange rates, which could affect the amount of net income that we report in future periods.

We have operations in multiple jurisdictions and may expand our operations to additional jurisdictions, including jurisdictions in which the tax laws, their interpretation or their administration may change. As a result, our tax obligations and related filings are complex and subject to change, and our after-tax profitability could be lower than anticipated.

We are subject to income, withholding and other taxes in the United States on a worldwide basis and in numerous state, local and foreign jurisdictions with respect to our income and operations related to those jurisdictions. Our after-tax profitability could be affected by numerous factors, including the availability of tax credits, exemptions and other benefits to reduce our tax liabilities, changes in the relative amount of our earnings subject to tax in the various jurisdictions in which we operate, the potential expansion of our business into or otherwise becoming subject to tax in additional jurisdictions, changes to our existing businesses and operations, the extent of our intercompany transactions and the extent to which taxing authorities in the relevant jurisdictions respect those intercompany transactions.

Our after-tax profitability may also be affected by changes in the relevant tax laws and tax rates, regulations, administrative practices and principles, judicial decisions, and interpretations, in each case, possibly with retroactive effect.

Risks Inherent in Owning Class A shares

We are a "controlled company" within the meaning of NASDAQ rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

New Fortress Energy Holdings currently holds a majority of the voting power of our shares, and following the Exchange Transactions, the members of the Initial Shareholder will hold a majority of the voting power of our shares. As a result, we are a controlled company within the meaning of NASDAQ corporate governance standards. Under NASDAQ rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a controlled company and may elect not to comply with certain NASDAQ corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors as defined under the rules of NASDAQ;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. A controlled company does not need its board of directors to have a majority of independent directors or to form independent compensation and nominating and governance committees. We intend to utilize some or all of these exemptions. Accordingly, shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

New Fortress Energy Holdings currently has, and following the Exchange Transactions, the members of the Initial Shareholder are expected to have, the ability to direct the voting of a majority of our shares, and its interests may conflict with those of our other shareholders.

As of April 30, 2020, New Fortress Energy Holdings owns an aggregate of approximately 144,342,572 Class B shares representing 85.6% of our voting power. Following the Exchange Transactions, the members of the Initial Shareholder are expected to own 144,342,572 Class A shares that will result from the Exchange Transactions, representing 85.6% of our voting power. In addition, Wesley R. Edens and Randal A. Nardone, who are members of New Fortress Energy Holdings and the Initial Shareholder, own 3,278,199 Class A shares and 3,080,000 Class A shares, respectively, representing 13.5% and 12.7% voting power of the Class A shares, respectively. The beneficial ownership of greater than 50% of our voting shares means New Fortress Energy Holdings or the members of the Initial Shareholder, as applicable, will be able to control matters requiring shareholder approval, including the election of directors, changes to our organizational documents and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of our Class A shares will be able to affect the way we are managed or the direction of our business. The interests of New Fortress Energy Holdings or the members of the Initial Shareholder, as applicable, with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other shareholders.

Given this concentrated ownership, New Fortress Energy Holdings or the members of the Initial Shareholder, as applicable, would have to approve any potential acquisition of us. The existence of a significant shareholder may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in the best interests of our company. Moreover, New Fortress Energy Holdings' or the members of the Initial Shareholder, as applicable, concentration of share ownership may adversely affect the trading price of our Class A shares to the extent investors perceive a disadvantage in owning shares of a company with a significant shareholder.

Furthermore, in connection with the IPO, we entered into a shareholders' agreement (the "Shareholders' Agreement") with New Fortress Energy Holdings and its affiliates. The Shareholders' Agreement provides New Fortress Energy Holdings or its assignee with the right to designate a certain number of nominees to our board of directors so long as New Fortress Energy Holdings and its affiliates collectively beneficially own at least 5% of the outstanding Class A shares and Class B shares. In connection with the Exchange Transactions, it is expected that New Fortress Energy Holdings will assign, pursuant to the terms of the Shareholders' Agreement, to certain entities controlled by Wesley R. Edens and Randal A. Nardone (the "Consenting Entities") these rights. In addition, our operating agreement provides the Consenting Entities the right to approve certain material transactions so long as the Consenting Entities and their affiliates collectively, directly or indirectly, own at least 30% of the outstanding Class A shares and Class B shares.

Our operating agreement, as well as Delaware law, contains provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A shares and could deprive our investors of the opportunity to receive a premium for their shares.

Our operating agreement authorizes our board of directors to issue preferred shares without shareholder approval in one or more series, designate the number of shares constituting any series, and fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. If our board of directors elects to issue preferred shares, it could be more difficult for a third party to acquire us. In addition, some provisions of our operating agreement could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our shareholders. These provisions include:

- dividing our board of directors into three classes of directors, with each class serving staggered three-year terms;
- providing that all vacancies, including newly created directorships, may, except as otherwise required by law, or, if applicable, the rights of holders of a series of preferred shares, only be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- permitting any action by shareholders to be taken only at an annual meeting or special meeting rather than by a written consent of the shareholders, subject to the rights of any series of preferred shares with respect to such rights;
- permitting special meetings of our shareholders to be called only by our board of directors pursuant to a resolution adopted by the affirmative vote of a majority of the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships;
- prohibiting cumulative voting in the election of directors;
- establishing advance notice provisions for shareholder proposals and nominations for elections to the board of directors to be acted upon at meetings of the shareholders; and
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our operating agreement.

There are certain provisions in our operating agreement regarding exculpation and indemnification of our officers and directors that differ from the Delaware General Corporation Law ("DGCL") in a manner that may be less protective of the interests of our Class A shareholders.

Our operating agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. By contrast, under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders, (ii) intentional misconduct or knowing violations of the law that are not done in good faith, (iii) improper redemption of shares or declaration of dividends, or (iv) a transaction from which the director derived an improper personal benefit. In addition, our operating agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent provided by law. By contrast, under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, our operating agreement may be less protective of the interests of our Class A shareholders, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of our officers and directors.

Our operating agreement designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our operating agreement provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders, (iii) any action asserting a claim against us or any of our directors, officers or employees arising pursuant to any provision of the Delaware Limited Liability Company Act or our operating agreement, or (iv) any action asserting a claim against us or any of our directors, officers or employees that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in our Class A shares will be deemed to have notice of, and consented to, the provisions of our operating agreement described in the preceding sentence. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it considers more likely to be favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our operating agreement inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, results of operations or prospects.

We do not currently plan to pay cash dividends on our Class A shares. Consequently, a shareholder's only opportunity to achieve a return on its investment is if the price of our Class A shares appreciates.

We do not currently plan to declare regular cash dividends on our Class A shares in the foreseeable future. Consequently, a shareholder's only opportunity to achieve a return on investment in us will be if the shareholder sells its Class A shares at a price greater than it paid for such Class A shares. There is no guarantee that the price of our Class A shares that will prevail in the market will ever exceed the price paid to purchase such Class A shares.

We may issue preferred shares, the terms of which could adversely affect the voting power or value of our Class A shares.

Our operating agreement authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred shares having such designations, preferences, limitations and relative rights, including preferences over our Class A shares respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred shares could adversely impact the voting power or value of our Class A shares. For example, we might grant holders of preferred shares the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred shares could affect the residual value of the Class A shares.

The market price of our Class A shares could be adversely affected by sales of substantial amounts of our Class A shares in the public or private markets or the perception in the public markets that these sales may occur.

As of April 30, 2020, we have 24,236,495 Class A shares outstanding and 144,342,572 Class B shares outstanding. Following the Exchange Transactions, we expect at least 144,342,572 Class A shares representing 85.6% of our voting power will be held by the members of the Initial Shareholder. Sales by the members of the Initial Shareholder or other large holders of a substantial number of our Class A shares in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our Class A shares or could impair our ability to obtain capital through an offering of equity securities. In addition, we have agreed to provide registration rights to New Fortress Energy Holdings and its permitted transferees, including members of the Initial Shareholder and other members of New Fortress Energy Holdings. Alternatively, we may be required to undertake a future public or private offering of Class A shares and use the net proceeds from such offering to purchase an equal number of NFI LLC Units from New Fortress Energy Holdings.

An active, liquid and orderly trading market for our Class A shares may not be maintained and the price of our Class A shares may fluctuate significantly.

Prior to January 2019, there was no public market for our Class A shares. An active, liquid and orderly trading market for our Class A shares may not be maintained. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A shares, you could lose a substantial part or all of your investment in our Class A shares.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure about our executive compensation.

The Jumpstart Our Business Startups Act, or "JOBS Act," contains provisions that, among other things, relax certain reporting requirements for "emerging growth companies," including certain requirements relating to auditing standards and compensation disclosure. We are classified as an emerging growth company. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things, (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iii) provide certain disclosures regarding executive compensation required of larger public companies, or (iv) hold nonbinding advisory votes on executive compensation. We currently intend to take advantage of the exemptions described above. We have also elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result, our financial statements may not be comparable to companies that comply with public company effective dates, and our shareholders and potential investors may have difficulty in analyzing our operating results if comparing us to such companies. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.07 billion of revenues in a fiscal year, have more than $700.0 million in market value of our Class A shareholders held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A shares to be less attractive as a result, there may be a less active trading market for our Class A shares and our Class A share price may be more volatile.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Class A shares.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a publicly traded company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Class A shares.

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company with shares listed on NASDAQ, we are and will be subject to an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Act, regulations of the SEC and NASDAQ requirements. Compliance with these rules and regulations increase our legal, accounting, compliance and other expenses that we did not incur prior to the IPO and has made some activities more time-consuming and costly. For example, as a result of becoming a public company, we added independent directors and created additional board committees. We entered into an administrative services agreement with FIG LLC, an affiliate of Fortress, in connection with the IPO, pursuant to which FIG LLC provides us with certain back-office services and charges us for selling, general and administrative expenses incurred to provide these services. FIG LLC will also continue to provide compliance services for the foreseeable future and any transition will take place over time. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. Because of the limitations in coverage for directors, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. It is possible that our actual incremental costs of being a publicly traded company will be higher than we currently estimate, and the incremental costs may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A shares or if our operating results do not meet their expectations, our share price could decline.

The trading market for our Class A shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose viability in the financial markets, which in turn could cause our share price or trading volume to decline.

NFE is a holding company. NFE's sole material asset is its equity interest in NFI, and accordingly, NFE is dependent upon distributions from NFI to pay taxes and cover its corporate and other overhead expenses.

NFE is a holding company and has no material assets other than its equity interest in NFI. NFE has no independent means of generating revenue. To the extent NFI has available cash and subject to the terms of NFI's credit agreements and any other debt instruments, we will cause NFI to make (i) pro rata distributions to holders of NFI LLC Units, including NFE, in an amount sufficient to allow NFE to pay its taxes, (ii) additional pro rata distributions to all holders of NFI LLC Units in an amount generally intended to allow holders of NFI LLC Units (other than NFE) to satisfy their respective income tax liabilities with respect to their allocable share of the income of NFI (based on certain assumptions and conventions and as determined by an entity controlled by Wesley R. Edens and Randal A. Nardone ("NFI Holdings")) and (iii) non pro rata distributions to NFE in an amount at least sufficient to reimburse NFE for its corporate and other overhead expenses. To the extent that NFE needs funds and NFI or its subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of their financing arrangements or are otherwise unable to provide such funds, NFE's liquidity and financial condition could be adversely affected.

In certain circumstances, NFI is required to make tax distributions to holders of NFI LLC Units.

Pursuant to the NFI LLC Agreement, NFI must make generally pro rata distributions to the holders of NFI LLC Units, including NFE, in an amount sufficient to allow NFE to satisfy its actual tax liabilities. In addition, to the extent NFI has available cash, NFI is required to make additional pro rata tax distributions to all holders of NFI LLC Units in an amount generally intended to allow the holders of NFI LLC Units (other than NFE) to satisfy their assumed tax liabilities with respect to their allocable share of the income of NFI (based on certain assumptions and conventions). For this purpose, the determination of available cash takes into account, among other factors, (i) the existing indebtedness and other obligations of NFI and its subsidiaries and their anticipated borrowing needs, (ii) the ability of NFI and its subsidiaries to take on additional indebtedness on commercially reasonable terms and (iii) any necessary or appropriate reserves.

Funds used by NFI to satisfy its obligation to make tax distributions will not be available for reinvestment in our business, except to the extent NFE or certain other holders of NFI LLC Units use any excess cash received to reinvest in NFI for additional NFI LLC Units. In addition, because cash available for additional tax distributions is determined taking into account the ability of NFI and its subsidiaries to take on additional borrowing, NFI may be required to increase its indebtedness in order to fund additional tax distributions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Formation of New Fortress Energy LLC (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-228339), filed with the SEC on November 9, 2018)
3.2	Certificate of Amendment to Certificate of Formation of New Fortress Energy LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (File No. 333-228339), filed with the SEC on November 9, 2018)
3.3	First Amended and Restated Limited Liability Company Agreement of New Fortress Energy LLC, dated February 4, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.1	Credit Agreement, dated January 10, 2020, by and among New Fortress Intermediate LLC, NFE Atlantic Holdings LLC, each person listed as a guarantor on the signature pages thereto, the lenders from time to time party thereto and Cortland Capital Market Services LLC, as collateral agent and administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on January 13, 2020)
10.3*	Letter Agreement, dated as of December 3, 2019, by and between NFE Management LLC and Yunyoung Shin
31.1*	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications by Chief Executive Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certifications by Chief Financial Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.LAB*	XBRL Label Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed as an exhibit to this Quarterly Report
** Furnished as an exhibit to this Quarterly Report
† Compensatory plan or arrangement

SIGNATURES

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.

NEW FORTRESS ENERGY LLC

Date: May 5, 2020

By: /s/ Wesley R. Edens

Name: Wesley R. Edens

Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: May 5, 2020

By: /s/ Christopher S. Guinta

Name: Christopher S. Guinta

Title: Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2020

By: /s/ Yunyoung Shin

Name: Yunyoung Shin

Title: Chief Accounting Officer
(Principal Accounting Officer)

111 W. 19th St., 8th Floor
New York, NY 10011

December 3, 2019

Yunyoung Shin
New York, NY

Dear Yunyoung:

It is with great pleasure that we extend to you an offer to join NFE Management LLC (together with its affiliates, "NFE"), as set forth below. This letter is referred to as the "Letter Agreement".

Title:	Chief Accounting Officer. You will devote your full working time to NFE.
Start Date:	Your employment will commence on or about December 3, 2019 (the "Start Date").
Location of Employment:	You will be an employee of NFE at its office in New York, NY. You understand and agree that you may be required to travel frequently in respect of your duties to NFE.
Compensation:	Your base salary will be $200,000 per annum, payable in accordance with the regular payroll practices of NFE in effect from time to time. As an exempt employee, your salary shall constitute your compensation for all hours worked each workweek, regardless of the number of hours worked. In addition, you are eligible to receive a discretionary annual bonus, as determined by NFE in its sole discretion. The discretionary bonus (if any) will be paid to you no later than March 15 of the immediately subsequent calendar year so long as you are an active employee at, and not have given or received notice of termination prior to, the time of the bonus payment.
Benefits:	You will be eligible to participate in any employee benefit plan that NFE provides for the benefit of its employees generally, as in effect from time to time and subject to the applicable terms and conditions of the plans.
Work Authorization:	Employment with NFE is contingent upon your unrestricted authorization to work in the United States and providing documentation establishing your identity and authority to work within the time period specified by law.
Set-off:	You acknowledge and agree, without limiting NFE's rights otherwise available at law or in equity, that, to the extent permitted by law, any or all amounts payable to you by NFE or any of its affiliates may be set-off against any or all amounts or other consideration payable by you to NFE or any of its affiliates; provided that any such set-off does not result in a penalty under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").
Policies and Procedures:	You agree to comply fully with all NFE policies and procedures applicable to employees, as amended and implemented from time to time, including, without limitation, tax, regulatory, and compliance procedures.

<u>Employment Relationship</u>:

This Letter Agreement is not a contract of employment for any specific period of time, and subject to the notice provisions herein, your employment is "at will" and may be terminated by you or by NFE at any time and for any reason or no reason.

You agree to provide NFE with at least thirty (30) days' advance written notice of your resignation of employment (the "Notice Period"). NFE may, in its sole discretion, direct you to cease performing your duties, refrain from entering NFE's offices, and/or restrict your access to NFE systems, trade secrets, and confidential information during all or part of the Notice Period. NFE shall have the right at any time during the Notice Period to waive any or all of the applicable notice period without any further obligations to you, including but not limited to, making any payments to you in lieu of notice.

<u>Protective Covenants</u>:

You shall not, directly or indirectly, without prior written consent of NFE, at any time during your employment hereunder (including any Notice Period), provide consultative services to, own, manage, operate, join, control, participate in, be engaged in, employed by or be connected with, any business, individual, partner, firm, corporation, or other entity that directly or indirectly competes with (any such action, individually, and in the aggregate, to "compete with"), any of NFE or its affiliates (the "NFE Group").

You hereby agree that if you resign your employment or are terminated for Cause (as hereinafter defined), for twelve (12) months thereafter (which twelve (12) month period shall be inclusive of the Notice Period (as defined above)), you shall not directly or indirectly provide consultative services to, own, manage, operate, join, control, be employed by, participate in, or be connected with, any business, individual, partner, firm, corporation, or other entity that directly or indirectly competes with the business of the NFE Group.

You further agree that you shall not, directly or indirectly, for your benefit or for the benefit of any other person (including, without limitation, an individual or entity), or knowingly assist any other person to during your employment with NFE and for twelve (12) months thereafter, in any manner, directly or indirectly:

(a) hire or solicit the employment or services of any person who provided services to NFE or any member of the NFE Group, as an employee, independent contractor or consultant at the time of the termination of your employment with NFE or within six (6) months prior thereto;

(b) solicit any person who is an employee of NFE or any member of the NFE Group to resign from NFE or any member of the NFE Group or to apply for or accept employment with any enterprise;

(c) solicit or otherwise attempt to establish any business relationship (in connection with any business in competition with NFE or any member of the NFE Group) with any limited partner, investor, person, firm, corporation or other entity that is, at the time of your termination of employment, or was a client, investor or business partner of NFE or any member of the NFE Group; or

(d) interfere with or damage (or attempt to interfere with or damage) any relationship between NFE and any member of the NFE Group and their respective clients, investors, business partners, or employees.

As a condition of employment, you must sign a confidentiality and proprietary rights agreement, in a form acceptable to NFE, and that agreement shall remain in full force and effect after it is executed and following termination of your employment for any reason with NFE or any of its affiliates. The obligations set forth in such agreement shall be considered "Protective Covenants" for purposes of this Letter Agreement and are incorporated herein by reference.

The provisions set forth above in (or incorporated into) this "Protective Covenants" section, together with the Notice Period above, are collectively referred to in this Letter Agreement as the "Protective Covenants."

"Cause" means (i) your willful misconduct or gross negligence in the performance of your duties to NFE; (ii) your failure to perform your duties to NFE or to follow the lawful directives of the Board of Directors of NFE (the "Board"); (iii) your commission of, indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude; (iv) your failure to cooperate in any audit or investigation of the business or financial practices of NFE; (v) your performance of any material act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of the property of NFE; (vi) your breach of any Protective Covenant set forth herein (or otherwise incorporated by reference herein); or (vii) your material breach of this Letter Agreement (excluding the Protective Covenants set forth herein (or otherwise incorporated by reference herein)) or any other agreement with NFE, including, without limitation, a violation of the code of conduct or other written policy of such entity; provided, however, that discharge pursuant to this clause (vii) shall not constitute discharge for "Cause" unless you have received written notice from NFE stating the nature of such breach and affording you an opportunity to correct fully the act(s) or omission(s), if such a breach is capable of correction, described in such notice within ten (10) days following your receipt of such notice.

Arbitration: The parties agree to resolve any controversy, dispute or claim arising out of or relating to your compensation, your employment or the termination thereof or the Letter Agreement or breach thereof (each, a "Dispute") through good faith negotiation. To the extent any Dispute cannot be resolved by good faith negotiation, the parties agree to submit to binding arbitration administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS") or a successor organization, located in New York, NY by a single arbitrator pursuant to its Employment Arbitration Rules & Procedures then in effect. Except as otherwise authorized by applicable law, all awards of the arbitrator shall be binding and non-appealable. The arbitrator's final award shall be made in writing and delivered to the parties within thirty (30) calendar days following the close of the hearing and shall provide a reasoned basis for the resolution of any Dispute and any relief provided. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction. The arbitrator may grant injunctions or other relief. Notwithstanding anything else set forth herein, neither party shall be precluded from applying to a proper court for injunctive relief by reason of the prior or subsequent commencement of an arbitration proceeding as herein provided. The parties waive the right to (i) join or consolidate claims by other individuals or entities against the other party (including, but not limited to, by becoming a member of a class in a class action); or (ii) bring, maintain, participate in, receive money from, or arbitrate any claim as part of a class, representative, multi-plaintiff, or collective action. If, despite the parties' express intent to proceed only in individual arbitration, a court nonetheless orders that a class, representative, multi-plaintiff, or collective action should proceed, it may proceed only in court. Any issue concerning the validity or enforceability of this waiver must be decided only by a court and an arbitrator shall have no authority to determine the validity or enforceability of this waiver. The parties agree that this "Arbitration" section shall be governed by the Federal Arbitration Act, and that the arbitrator shall apply New York law to the merits of any Dispute, without regard to conflicts of law principles.

Governing Law: This Letter Agreement will be covered by and construed in accordance with the laws of New York, without regard to the conflicts of laws provisions thereof. EXCEPT AS OTHERWISE PROVIDED ABOVE IN THE "ARBITRATION" SECTION, YOU HEREBY AGREE THAT EXCLUSIVE JURISDICTION WILL BE IN A COURT OF COMPETENT JURISDICTION IN NEW YORK, NY AND WAIVE OBJECTION TO THE JURISDICTION OR TO THE LAYING OF VENUE IN ANY SUCH COURT.

Section 409A: The intent of the parties is that payments and benefits hereunder comply with Section 409A, to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Letter Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, you shall not be considered to have terminated employment with NFE for purposes of this Letter Agreement, and no payment shall be due to you under this Letter Agreement, until you would be considered to have incurred a "separation from service" from NFE within the meaning of Section 409A. Each amount to be paid or benefit to be provided to you pursuant to this Letter Agreement that constitutes deferred compensation subject to Section 409A shall be construed as a separate identified payment for purposes of Section 409A. Notwithstanding anything to the contrary in this Letter Agreement, to the extent that any payments to be made upon your separation from service would result in the imposition of any individual penalty tax imposed under Section 409A, the payment shall instead be made on the first business day after the earlier of (i) the date that is six (6) months following such separation from service and (ii) your death.

Miscellaneous: Notwithstanding the provisions referenced above in the "Arbitration" section, if you commit or are about to commit a breach of any of the Protective Covenants, NFE shall have the right to have the provisions of this Letter Agreement specifically enforced by any court having equity jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to NFE and that money damages will not provide an adequate remedy to NFE. NFE may also take all such other actions and remedies available to it under law or in equity and shall be entitled to such damages as it can show it has sustained by reason of such breach.

The parties acknowledge that: (i) the type and periods of restriction imposed in the Protective Covenants are fair and reasonable and are reasonably required to protect and maintain the proprietary interests of NFE or other legitimate business interests and the goodwill associated with the business of NFE; (ii) the time, scope, geographic area and other provisions of the Protective Covenants have been specifically negotiated by sophisticated commercial parties; and (iii) because of the nature of the business engaged in by NFE and the fact that investors can be and are serviced and investments can be and are made by NFE wherever they are located, it is impractical and unreasonable to place a geographic limitation on the agreements made by you. You acknowledge and agree that NFE has advised you to seek legal counsel.

If any covenant contained in the Protective Covenants, or any part thereof, is held to be unenforceable by reason of it extending for too great a period of time or over too great a geographic area or by reason of it being too extensive in any other respect, the parties agree such covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographic areas as to which it may be enforceable and/or over the maximum extent in all other respects as to which it may be enforceable.

The unenforceability of any Protective Covenant shall not affect the validity or enforceability of any other Protective Covenant or any other provision or provisions of this Letter Agreement. The temporal duration of the Protective Covenants shall not expire, and shall be tolled, during any period in which you are in violation of any Protective Covenant, and all such restrictions shall automatically be extended by the period of your violation of any such restrictions.

This Letter Agreement, and all of your rights and duties hereunder, shall not be assignable or delegable by you. Any purported assignment or delegation by you in violation of the foregoing shall be null and void and of no force and effect. This Letter Agreement may be assigned by NFE Management LLC to any affiliate thereof or to a person or entity which is an affiliate or successor in interest to all or substantially all of the business operations of NFE. Upon such assignment, the rights and obligations of NFE hereunder shall become the rights and obligations of such affiliate person or entity.

You shall provide reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during your employment. This provision shall survive any termination of this Letter Agreement.
NFE may withhold from any amounts and benefits due to you under this Letter Agreement such Federal, state, and local taxes as may be required or permitted to be withheld pursuant to any applicable law or regulation.

This Letter Agreement contains the entire understanding of the parties and may be modified only in a document signed by the parties and referring explicitly to this Letter Agreement. NFE’s affiliates are intended beneficiaries under this Letter Agreement. If any provision of this Letter Agreement is determined to be unenforceable, the remainder of this Letter Agreement shall not be adversely affected thereby. Moreover, if any one or more of the provisions contained in this Letter Agreement is held to be unenforceable, any such provision will be construed by limiting and reducing it so as to be enforceable to the maximum extent compatible with applicable law. In executing this Letter Agreement, you represent that you have not relied on any representation or statement not set forth herein, and you expressly disavow any reliance upon any such representations or statements.

If you agree with the terms of this Letter Agreement and accept this offer of employment, please sign and date this Letter Agreement in the space provided below and return a copy to Human Resources within seven (7) days of the date hereof to indicate your acceptance. We look forward to you joining the NFE team.

This Letter Agreement may be signed in counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Sincerely,

NFE MANAGEMENT LLC

By:

AGREED AND ACCEPTED AS OF

Yunyoung Shin

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Wesley R. Edens, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of New Fortress Energy LLC (the "registrant");

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(s) 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(s) 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 the 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:	May 5, 2020	By:	/s/ Wesley R. Edens
			Wesley R. Edens
			Chief Executive Officer
			(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher S. Guinta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the “report”) of New Fortress Energy LLC (the “registrant”);

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(s) 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(s) 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 the 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: May 5, 2020

By: /s/ Christopher S. Guinta
Christopher S. Guinta
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER UNDER SECTION 906
OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Quarterly Report on Form 10-Q of New Fortress Energy LLC (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Wesley R. Edens, Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 5, 2020

By: /s/ Wesley R. Edens
Wesley R. Edens
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER UNDER SECTION 906
OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the Quarterly Report on Form 10-Q of New Fortress Energy LLC (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Christopher S. Guinta, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 5, 2020

By: /s/ Christopher S. Guinta
Christopher S. Guinta
Chief Financial Officer
(Principal Financial Officer)