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 September 30, 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 Inc.

(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, New York**	**10011**
(Address of principal executive offices)	(Zip Code)

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

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 ☒

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 common stock	**"NFE"**	**NASDAQ Global Select Market**

As of October 26, 2020, the registrant had 168,738,423 Class A common stock outstanding.

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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 facilities, 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 facilities, 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;
- impacts of the novel coronavirus ("COVID-19") pandemic on our or our customers' demand or 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;
- cyclical or other changes in the demand for and price of LNG and natural gas and alternative fuels, including oil-based fuels;
- 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 indebtedness outstanding from time to time 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 any of our securities;
- 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;
- risks related to the jurisdictions in which we do, or seek to do, business, particularly Florida, Puerto Rico, Jamaica, Mexico, Nicaragua and other jurisdictions in the Caribbean;
- our inability to achieve the anticipated benefits of converting from a limited liability company to a corporation; and
- other risks described in the "Risk Factors" section of this Quarterly Report.

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.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

New Fortress Energy Inc.
Condensed Consolidated Balance Sheets
As of September 30, 2020 and December 31, 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 112,723	$ 27,098
Restricted cash	25,714	30,966
Receivables, net of allowances of $183 and $0, respectively	93,000	49,890
Inventory	19,399	63,432
Prepaid expenses and other current assets, net	29,689	39,734
Total current assets	280,525	211,120
Restricted cash	15,000	34,971
Construction in progress	206,110	466,587
Property, plant and equipment, net	622,475	192,222
Right-of-use assets	140,143	-
Intangible assets, net	44,381	43,540
Finance leases, net	4,872	91,174
Investment in equity securities	164	2,540
Deferred tax assets, net	2,532	34
Other non-current assets, net	83,611	81,626
Total assets	$ 1,399,813	$ 1,123,814
Liabilities		
Current liabilities		
Accounts payable	$ 92,774	$ 11,593
Accrued liabilities	52,606	54,943
Current lease liabilities	36,380	-
Due to affiliates	9,219	10,252
Other current liabilities	31,272	25,475
Total current liabilities	222,251	102,263
Long-term debt	980,183	619,057
Non-current lease liabilities	83,843	-
Deferred tax liabilities, net	182	241
Other long-term liabilities	14,617	14,929
Total liabilities	1,301,076	736,490
Commitments and contingencies (Note 18)		
Stockholders' equity		
Class A common stock, $0.01 par value, 750.0 million shares authorized, 169.3 million issued and 168.7 million outstanding as of September 30, 2020	1,687	-
Treasury stock, 0.6 million shares as of September 30, 2020, at cost; 0 shares at December 31, 2019, at cost	(6,411)	-
Class A shares, 0 shares issued and outstanding as of September 30, 2020; 23.6 million shares issued and outstanding as of December 31, 2019	-	130,658
Class B shares, 0 shares issued and outstanding as of September 30, 2020; 144.3 million shares, issued and outstanding as of December 31, 2019	-	-
Additional paid-in capital	325,053	
Accumulated deficit	(229,673)	(45,823)
Accumulated other comprehensive income (loss)	85	(30)
Total stockholders' equity attributable to NFE	90,741	84,805
Non-controlling interest	7,996	302,519
Total stockholders' equity	98,737	387,324
Total liabilities and stockholders' equity	$ 1,399,813	$ 1,123,814

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

New Fortress Energy Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the three and nine months ended September 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues				
Operating revenue	$ 83,863	$ 35,345	$ 223,542	$ 93,221
Other revenue	52,995	14,311	82,412	26,152
Total revenues	136,858	49,656	305,954	119,373
Operating expenses				
Cost of sales	71,665	45,832	209,780	123,224
Operations and maintenance	13,802	8,707	31,785	18,609
Selling, general and administrative	30,849	40,913	91,301	122,831
Contract termination charges and loss on mitigation sales	-	-	124,114	-
Depreciation and amortization	9,489	1,930	22,363	5,731
Total operating expenses	125,805	97,382	479,343	270,395
Operating income (loss)	11,053	(47,726)	(173,389)	(151,022)
Interest expense	19,813	4,974	50,901	14,457
Other expense, net	2,569	1,788	4,179	133
Loss on extinguishment of debt, net	23,505	-	33,062	-
Loss before taxes	(34,834)	(54,488)	(261,531)	(165,612)
Tax expense (benefit)	1,836	(64)	1,949	337
Net loss	(36,670)	(54,424)	(263,480)	(165,949)
Net loss attributable to non-controlling interest	312	47,701	81,163	139,483
Net loss attributable to stockholders	$ (36,358)	$ (6,723)	$ (182,317)	$ (26,466)
Net loss per share – basic and diluted	$ (0.21)	$ (0.30)	$ (2.14)	$ (1.34)
Weighted average number of shares outstanding – basic and diluted	170,074,532	22,692,104	85,009,385	19,689,568
Other comprehensive loss:				
Net loss	$ (36,670)	$ (54,424)	$ (263,480)	$ (165,949)
Unrealized (gain) loss on currency translation adjustment	(971)	143	(1,122)	143
Comprehensive loss	(35,699)	(54,567)	(262,358)	(166,092)
Comprehensive (income) loss attributable to non-controlling interest	(926)	47,825	80,156	139,607
Comprehensive loss attributable to stockholders	$ (36,625)	$ (6,742)	$ (182,202)	$ (26,485)

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

New Fortress Energy Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three and nine months ended September 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	Class A shares		Class B shares		Class A common stock			Treasury shares					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	Shares	Amount	Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling interest	Total stockholders' 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 changes	-	-	-	-	-	-	-	-	-	(1,533)	-	(7,780)	(9,313)
Net loss	-	-	-	-	-	-	-	-	-	(8,466)	-	(51,757)	(60,223)
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)	$ (55,822)	$ (83)	$ 242,666	$ 313,795
Net loss	-	-	-	-	-	-	-	-	-	(137,493)	-	(29,094)	(166,587)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	435	85	520
Share-based compensation expense	-	1,922	-	-	-	-	-	-	-	-	-	-	1,922
Issuance of shares for vested RSUs	11,529	-	-	-	-	-	-	-	-	-	-	-	-
Shares withheld from employees related to share-based compensation, at cost	-	-	-	-	-	-	-	(3,250)	(40)	-	-	-	(40)
Exchange of NFI units	144,342,572	206,587	(144,342,572)	-	-	-	-	-	-	-	-	(206,587)	-
Balance as of June 30, 2020	169,174,104	$ 341,675	-	$ -	-	$ -	$ -	(586,758)	$ (6,172)	$ (193,315)	$ 352	$ 7,070	$ 149,610
Conversion from LLC to Corporation	(169,174,104)	(341,675)	-	-	169,174,104	1,687	339,988	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	(36,358)	-	(312)	(36,670)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	(267)	1,238	971
Share-based compensation expense	-	-	-	-	-	-	2,071	-	-	-	-	-	2,071
Issuance of shares for vested RSUs	-	-	-	-	157,148	-	-	-	-	-	-	-	-
Shares withheld from employees related to share-based compensation, at cost	-	-	-	-	-	-	-	(6,071)	(239)	-	-	-	(239)
Dividends	-	-	-	-	-	-	(17,006)	-	-	-	-	-	(17,006)
Balance as of September 30, 2020	-	$ -	-	$ -	169,331,252	$ 1,687	$ 325,053	(592,829)	$ (6,411)	$ (229,673)	$ 85	$ 7,996	$ 98,737

	Members' Capital		Class A shares		Class B shares					
	Units	Amounts	Shares	Amount	Shares	Amount	Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling Interest	Total stockholders' 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
Net loss	-	-	-	-	-	-	(6,186)	-	(45,047)	(51,233)
Share-based compensation expense	-	-	-	8,971	-	-	-	-	-	8,971
Balance as of June 30, 2019	-	$ -	20,837,272	$ 111,236	147,058,824	$ -	$ (31,757)	$ -	$ 387,661	$ 467,140
Net loss	-	-	-	-	-	-	(6,723)	-	(47,701)	(54,424)
Other comprehensive loss	-	-	-	-	-	-	-	(19)	(124)	(143)
Share-based compensation expense	-	-	-	7,825	-	-	-	-	-	7,825
Exchange of NFI units	-	-	2,001,449	4,699	(2,001,449)	-	-	-	(4,699)	-
Issuance of shares for vested RSUs	-	-	53,572	-	-	-	-	-	-	-
Balance as of September 30, 2019	-	$ -	22,892,293	$ 123,760	145,057,375	$ -	$ (38,480)	$ (19)	$ 335,137	$ 420,398

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

New Fortress Energy Inc.
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities		
Net loss	$ (263,480)	$ (165,949)
Adjustments for:		
Amortization of deferred financing costs	9,949	4,150
Depreciation and amortization	23,025	6,197
Non-cash contract termination charges and loss on mitigation sales	71,510	-
Loss on extinguishment of debt and financing expenses	37,090	-
Deferred taxes	388	318
Change in value of Investment in equity securities	2,376	2,127
Share-based compensation	6,501	35,833
Other	1,895	(209)
(Increase) in receivables	(43,307)	(8,403)
Decrease (Increase) in inventories	26,691	(12,666)
(Increase) in other assets	(16,526)	(44,985)
Decrease in right-of-use assets	31,910	-
Increase in accounts payable/accrued liabilities	23,982	8,807
(Decrease) Increase in amounts due to affiliates	(1,033)	3,375
(Decrease) in lease liabilities	(30,930)	-
Increase in other liabilities	4,249	16,644
Net cash used in operating activities	(115,710)	(154,761)
Cash flows from investing activities		
Capital expenditures	(115,841)	(295,635)
Principal payments received on finance lease, net	137	600
Net cash used in investing activities	(115,704)	(295,035)
Cash flows from financing activities		
Proceeds from borrowings of debt	1,832,144	337,000
Payment of deferred financing costs	(27,099)	(8,259)
Repayment of debt	(1,490,002)	(3,750)
Proceeds from IPO	-	274,948
Payments related to tax withholdings for share-based compensation	(6,356)	-
Payment of dividends	(16,871)	-
Payment of offering costs	-	(6,938)
Net cash provided by financing activities	291,816	593,001
Net increase in cash, cash equivalents and restricted cash	60,402	143,205
Cash, cash equivalents and restricted cash – beginning of period	93,035	100,853
Cash, cash equivalents and restricted cash – end of period	$ 153,437	$ 244,058
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	$ (4,682)	$ (51,586)

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

1. Organization

New Fortress Energy Inc. ("NFE," together with its subsidiaries, the "Company") is a Delaware corporation formed by New Fortress Energy Holdings LLC ("New Fortress Energy Holdings"). 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.

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 balance sheets and statements of operations and comprehensive loss of New Fortress Energy Holdings for all periods prior to the IPO.

On June 3, 2020, the Company entered into a mutual agreement (the "Mutual Agreement") with the members holding the majority voting interest in New Fortress Energy Holdings ("Exchanging Members") and NFE Sub LLC, a wholly-owned subsidiary of the Company. Pursuant to the Mutual Agreement, the Exchanging Members agreed to deliver a block redemption notice in accordance with 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 of the Company, that such Exchanging Members indirectly own as members of New Fortress Energy Holdings. Pursuant to the Mutual Agreement, the Company agreed to exercise the Call Right (as defined in the NFI LLCA), pursuant to which the Company would acquire such NFI LLC Units and such Class B shares in exchange for Class A shares of the Company (the "Exchange Transactions"). The Exchange Transactions were completed on June 10, 2020. In connection with the closing of the Exchange Transactions, the Company issued 144,342,572 Class A shares in exchange for an equal number of NFI LLC Units, together with an equal number of Class B shares of the Company. Following the completion of the Exchange Transactions, the Company owns all of the NFI LLC Units directly or indirectly and no Class B shares remain outstanding.

Prior to the Exchange Transactions, the Company recognized the Exchanging Members' economic interest in NFI as non-controlling interest in the Company's condensed consolidated financial statements. Results of operations for the period prior to the date of the Exchange Transactions, June 10, 2020, was attributed to non-controlling interest based on the Exchanging Members' interest in NFI; subsequent to the Exchange Transactions, results of operations, excluding results attributable to other investors in non-wholly owned subsidiaries, were recognized as net income or loss attributable to stockholders. Amounts that were attributable to these Exchanging Members' prior interest in NFI previously shown as non-controlling interest on the Company's consolidated balance sheets have been reclassified to Class A shares.

On August 7, 2020, the Company converted New Fortress Energy LLC ("NFE LLC") from a Delaware limited liability company to a Delaware corporation named New Fortress Energy Inc. ("the Conversion"). Since the IPO, NFE LLC has been a corporation for U.S. federal tax purposes, and converting NFE LLC from a limited liability company to a corporation has no effect on the U.S. federal tax treatment of the Company or its shareholders. Upon the Conversion, each Class A share, representing Class A limited liability company interests of NFE LLC ("Class A shares"), outstanding immediately prior to the Conversion were converted into one issued and outstanding, fully paid and nonassessable share of Class A common stock, $0.01 par value per share, of the Company ("Class A common stock"). Class A shares shown on the Company's condensed consolidated statements of changes in stockholders' equity were reclassified to Class A common stock and Additional paid-in capital with no change to Total stockholders' equity. As of September 30, 2020, NFE had 168,738,423 Class A common stock outstanding.

(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 allocations between revenue and lease components of contracts with customers, determination of current expected credit losses, 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 first quarter of 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 finance or operating leases. The current and non-current portion of finance leases are recorded within Prepaid expenses and other current assets and Finance leases, net on the condensed consolidated balance sheets, respectively. For finance leases accounted for as sales-type leases, the profit from the sale of equipment is recognized upon lease commencement in Other revenue in the condensed consolidated statements of operations and comprehensive loss. 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, installation and commissioning of equipment, inclusive of natural gas delivered for the commissioning process, 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 or based on the quantity of natural gas consumed as part of commissioning the customer's facilities until such time that the customer has declared such conversion services have been completed. If the customer is not able to obtain control over the asset under construction until such services are completed, 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 or natural gas.

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.

(e) Contract termination charges and loss on mitigation sales

The Company has long-term supply agreements to purchase LNG, and the Company may incur termination charges to the extent that the Company cancels such contractual arrangements. Further, if the Company is unable to take physical possession of a portion of the contracted quantity of LNG due to capacity limitations, the supplier will attempt to sell the undelivered quantity through a mitigation sale. The Company may incur a loss on a mitigation sale if the cargo is unable to be sold for a price greater than the contracted price. These costs are included in a separate line in the condensed consolidated statements of operations and comprehensive loss because such costs are not related to inventory delivered to the Company's customers.

During the nine months ended September 30, 2020, the Company recognized a termination charge of $105,000 associated with an agreement with one of the Company's LNG suppliers to terminate the obligation to purchase any LNG from this supplier for the remainder of 2020. Loss on mitigation sales of $19,114 were recognized in the nine months ended September 30, 2020.

(f) Credit losses

Financial assets recorded at amortized cost, which include trade and other receivables, contracts assets, and finance lease receivables, are presented net of an allowance for current expected credit losses. Amounts are written off against the allowance when management is certain that outstanding amounts will not be collected. The Company estimates expected credit losses based on relevant information about the current credit quality of our customers, past events, including historical experience, and reasonable and supportable forecasts that affect the collectability of the reported amount. Credit loss expense is recorded within Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss.

3. Adoption of new and revised standards

Following the issuance of Senior Secured Notes (defined below) on September 2, 2020, the Company ceased to qualify as an "emerging growth company" or EGC and is required to accelerate the adoption of certain new or revised accounting pronouncements. The adoption dates below reflect the changes as a result of no longer qualifying as an EGC.

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

In December 2019, the Financial Accounting Standards Board ("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, including removing certain exceptions related to the general principles in ASU 740, *Income Taxes*. ASU 2019-12 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, 2020, and early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

(b) New and amended standards adopted by the Company:

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 relevant information about the credit quality of our customers, past events, including historical experience, and reasonable and supportable forecasts that affect the collectability of the reported amount. Upon the loss of EGC status, ASU 2016-13 was adopted in the third quarter of 2020 with an effective date of January 1, 2020. The Company elected to apply the modified retrospective transition method, which allowed the Company to begin recognizing and measuring current expected credit losses at January 1, 2020, without modifying the comparative period financial statements. In connection with the adoption of ASC 2016-13, the Company recorded a transition adjustment of $228 which was recorded as an adjustment to retained earnings. The Company recorded credit loss expense of $149 and $385 for the three and nine months ended September 30, 2020, respectively.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which amends the existing accounting standards for lease accounting, including requiring most leases to be recognized on a lessee's 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 ASC 842 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 Facility 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 Facility, with the difference of approximately $9,085, net of taxes of $2,945, recorded as a reduction 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 space, 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 has 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 three or nine months ended September 30, 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 September 30, 2020 and December 31, 2019, receivables related to revenue from contracts with customers totaled $91,337 and $40,731, respectively, and were included in Receivables, net on the condensed consolidated balance sheets, net of current expected credit losses of $183 and $0, respectively. 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 contract liabilities, comprised of unconditional payments due or paid under the contracts with customers 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 liabilities are 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 liabilities and contract assets balances as of September 30, 2020 and December 31, 2019 are detailed below:

	September 30, 2020	December 31, 2019
Contract assets, net - current	$ 110	$ 3,787
Contract assets, net - non-current	27,563	19,474
Total contract assets, net	$ 27,673	$ 23,261
Contract liabilities	$ 7,682	$ 6,542
Revenue recognized in the year from:		
Amounts included in contract liabilities at the beginning of the year	$ 5,394	$ -

Contract assets are presented net of expected credit losses of $373 and $0 as of September 30, 2020 and December 31, 2019, respectively. As of September 30, 2020, the Company has unbilled receivables, net of current expected credit losses, of $6,907, of which $356 is presented within Other current assets and $6,551 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 $83,863 and $35,345 for the three months ended September 30, 2020 and 2019, respectively. Operating revenue was $223,542 and $93,221 for the nine months ended September 30, 2020 and 2019, respectively. During March 2020, the Company began to deliver power and steam recognizing $7,280 and $15,957 in operating revenue for the three and nine months ended September 30, 2020, respectively.

Other revenue includes revenue for development services as well as lease and other revenue. The table below summarizes the balances in Other revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Development services revenue	$ 51,974	$ 10,195	$ 79,540	$ 14,103
Lease and other revenue	1,021	4,116	2,872	12,049
Total other revenue	$ 52,995	$ 14,311	$ 82,412	$ 26,152

Development services revenue recognized in the three months and nine months ended September 30, 2020 included $51,974 and $68,458 respectively, for the customer's use of natural gas as part of commissioning their assets.

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 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 is $4,379,854 as of September 30, 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	$ 61,865
2021	254,787
2022	246,144
2023	246,235
2024	246,495
Thereafter	3,324,328
Total	$ 4,379,854

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 September 30, 2020, the Company has capitalized $10,820, of which $548 of these costs is presented within Other current assets and $10,272 is presented within Other non-current assets on the condensed consolidated balance sheets. As of December 31, 2019, the Company had capitalized $8,839, of which $331 of these costs was presented within Other current assets and $8,508 was presented within Other non-current assets on the condensed consolidated balance sheets. In the first quarter of 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 indices 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 and nine months ended September 30, 2020, the Company's operating lease cost recorded within the condensed consolidated statements of operations and comprehensive loss were as follows:

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Fixed lease cost	$ 11,160	$ 28,024
Variable lease cost	1,054	1,767
Short-term lease cost	473	1,088
Lease cost - Cost of sales	$ 10,690	$ 26,150
Lease cost - Operations and maintenance	619	1,447
Lease cost - Selling, general and administrative	1,378	3,282

For the three and nine months ended September 30, 2020, the Company has capitalized $1,348 and $9,361 of lease costs, respectively, for vessels and port space used during the commissioning of development projects. Short-term lease costs for vessels chartered by the Company to bring inventory from a supplier's facilities to the Company's storage locations are capitalized to inventory.

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 nine months ended September 30, 2020:

	Nine Months Ended September 30, 2020
Operating cash outflows for operating lease liabilities	$ 32,230
Right-of-use assets obtained in exchange for new operating lease liabilities	172,053

The future payments due under operating leases as of September 30, 2020 are as follows:

	Operating Leases
Due remainder of 2020	$ 10,687
2021	44,692
2022	28,989
2023	17,777
2024	16,926
Thereafter	39,534
Total lease payments	158,605
Less: effects of discounting	38,382
Present value of lease liabilities	$ 120,223
Current lease liability	$ 36,380
Non-current lease liability	83,843

As of September 30, 2020, the weighted-average remaining lease term for all operating leases was 5.5 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 September 30, 2020 was 8.2%.

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:

Year ending December 31:	
2020	$ 37,776
2021	35,478
2022	18,387
2023	7,083
2024	7,151
Thereafter	26,458
Total	$ 132,333

During the three and nine months ended September 30, 2019, the Company recognized rental expense for all operating leases of $10,947 and $28,323, respectively, 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.

	September 30, 2020
Property, plant and equipment	$ 15,974
Accumulated depreciation	(808)
Property, plant and equipment, net	$ 15,166

The following table shows the expected future lease payments as of September 30, 2020, for the remainder of 2020 through 2024 and thereafter:

	Future cash receipts	
	Financing leases	**Operating leases**
Remainder of 2020	$ 96	$ 60
2021	1,021	228
2022	1,115	216
2023	1,121	218
2024	1,121	220
Thereafter	5,894	733
Total	$ 10,368	$ 1,675
Less: Imputed interest	4,974	
Present value of total lease receipts	$ 5,394	
Current finance leases, net	$ 522	
Non-current finance leases, net	4,872	

6. Fair value

Fair value measurements and disclosures require the use of valuation techniques 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 September 30, 2020 and December 31, 2019:

	September 30, 2020				
	Level 1	Level 2	Level 3	Total	Valuation technique
Assets					
Cash and cash equivalents	$ 112,723	$ -	$ -	$ 112,723	Market approach
Restricted cash	40,714	-	-	40,714	Market approach
Investment in equity securities	164	-	-	164	Market approach
Total	$ 153,601	$ -	$ -	$ 153,601	
Liabilities					
Derivative liability[1]	$ -	$ -	$ 9,778	$ 9,778	Income approach
Equity agreement[2]	-	-	20,592	20,592	Income approach
Total	$ -	$ -	$ 30,370	$ 30,370	

	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 at the earlier of agreed-upon date or the date on which the valid planning permission is received as specified in the amended 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 table below summarizes the fair value adjustment, recorded within Other expense, net in the condensed consolidated statements of operations and comprehensive loss, and currency translation adjustment, recorded within the Other comprehensive loss, for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Fair value adjustment - Loss	$ 2,892	$ 1,144	$ 2,598	$ 988
Currency translation adjustment - Loss/(gain)	1,114	(1,115)	1,172	(1,114)

During the three and nine months ended September 30, 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 $20,592 and $16,800 as of September 30, 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 $9,778 and $9,800 as of September 30, 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 quoted prices in markets. The fair value for the Senior Secured Notes (defined below in "Note 16. Debt") was approximately $1,050,000 as of September 30, 2020. The fair value estimate is classified as Level 2 in the fair value hierarchy.

7. Restricted cash

As of September 30, 2020 and December 31, 2019, restricted cash consisted of the following:

	September 30, 2020	December 31, 2019
Collateral for performance under customer agreements	$ 15,000	$ 15,000
Collateral for LNG purchases	19,070	35,000
Collateral for letters of credit and performance bonds	6,394	7,388
Debt service reserve account	-	8,299
Other restricted cash	250	250
Total restricted cash	$ 40,714	$ 65,937
Current restricted cash	$ 25,714	$ 30,966
Non-current restricted cash	15,000	34,971

8. Inventory

As of September 30, 2020 and December 31, 2019, inventory consisted of the following:

	September 30, 2020	December 31, 2019
LNG and natural gas inventory	$ 9,986	$ 57,436
Automotive diesel oil inventory	4,966	4,746
Bunker fuel, materials, supplies and other	4,447	1,250
Total inventory	$ 19,399	$ 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 and nine months ended September 30, 2020 and 2019.

9. Prepaid expenses and other current assets, net

As of September 30, 2020 and December 31, 2019, prepaid expenses and other current assets, net consisted of the following:

	September 30, 2020	December 31, 2019
Prepaid LNG	$ 5,904	$ 7,097
Prepaid expenses	5,138	7,458
Due from affiliates (Note 21)	1,558	1,577
Other current assets	17,089	23,602
Total prepaid expenses and other current assets, net	$ 29,689	$ 39,734

Other current assets as of September 30, 2020 and December 31, 2019 primarily consists of receivables for recoverable taxes.

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 September 30, 2020 and December 31, 2019, the Company owned 295,256 shares of that contractor and the fair value of the investment was $164 and $2,540, respectively.

The unrealized loss of $159 and $1,325 for the three months ended September 30, 2020 and 2019, respectively, and $2,376 and $2,127 for the nine months ended September 30, 2020 and 2019, respectively, is included within Other expense, net in the condensed consolidated statements of operations and comprehensive loss.

11. Construction in progress

The Company's construction in progress activity during the nine months ended September 30, 2020 is detailed below:

	September 30, 2020
Balance at beginning of period	$ 466,587
Additions	89,441
Transferred to property, plant and equipment, net (Note 12)	(349,918)
Balance at end of period	$ 206,110

Interest expense of $22,441 and $16,380, inclusive of amortized debt issuance costs, was capitalized for the nine months ended September 30, 2020 and 2019, respectively.

12. Property, plant and equipment, net

As of September 30, 2020 and December 31, 2019, the Company's property, plant and equipment, net consisted of the following:

	September 30, 2020	December 31, 2019
Terminal and power plant equipment	$ 188,038	$ 14,981
CHP facilities	119,036	-
Gas terminals	120,810	52,781
ISO containers and other equipment	98,274	39,951
LNG liquefaction facilities	65,992	66,273
Gas pipelines	58,974	11,692
Land	15,683	15,401
Leasehold improvements	8,322	8,054
Accumulated depreciation	(52,654)	(16,911)
Total property, plant and equipment, net	$ 622,475	$ 192,222

In connection with the adoption of ASC 842, the Company determined that the direct financing lease recognized related to the Montego Bay Facility 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 and accumulated depreciation of $13,932 that would have been recognized since the commissioning of the Montego Bay Facility, 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 September 30, 2020 and 2019 totaled $9,370 and $1,837, respectively, of which $212 and $161 is respectively included within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. Depreciation for the nine months ended September 30, 2020 and 2019 totaled $22,120 and $5,400, respectively, of which $662 and $466 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 September 30, 2020 and December 31, 2019:

	September 30, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Definite-lived intangible assets				
Shannon LNG permits	$ 43,838	$ 2,055	$ 41,783	40
Easements	1,558	177	1,381	30
Indefinite-lived intangible assets				
Easements	1,217	-	1,217	n/a
Total intangible assets	$ 46,613	$ 2,232	$ 44,381	

	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 September 30, 2020 and December 31, 2019, the weighted-average remaining amortization periods for the intangible assets was 37.8 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 ROU assets as a result of adoption of ASC 842.

Amortization for the three months ended September 30, 2020 and 2019 totaled $309 and $266, respectively. Amortization was $861 and $830 for the nine months ended September 30, 2020 and 2019, respectively.

14. Other non-current assets, net

As of September 30, 2020 and December 31, 2019, Other non-current assets, net consisted of the following:

	September 30, 2020	December 31, 2019
Nonrefundable deposit	$ 25,269	$ 22,262
Contract asset, net (Note 4)	27,563	19,474
Cost to fulfill (Note 4)	10,272	8,508
Unbilled receivables, net (Note 4)	6,551	-
Upfront payments to customers	5,660	5,904
Port access rights and initial lease costs	-	17,762
Other	8,296	7,716
Total other non-current assets, net	$ 83,611	$ 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 September 30, 2020 and December 31, 2019, accrued liabilities consisted of the following:

	September 30, 2020	December 31, 2019
Accrued development costs	$ 8,284	$ 25,037
Accrued interest	5,437	-
Accrued bonuses	12,842	14,991
Other accrued expenses	26,043	14,915
Total accrued liabilities	$ 52,606	$ 54,943

16. Debt

As of September 30, 2020 and December 31, 2019, debt consisted of the following:

	September 30, 2020	December 31, 2019
Senior Secured Notes, due September 15, 2025	$ 980,183	$ -
Term Loan Facility, due January 21, 2020	-	495,000
Senior Secured Bonds, due September 2034	-	70,960
Senior Secured Bonds, due December 2034	-	10,823
Senior Unsecured Bonds, due September 2036	-	42,274
Total debt	$ 980,183	$ 619,057

Senior Secured Notes

On September 2, 2020, the Company issued $1,000,000 of 6.75% senior secured notes in a private offering pursuant to Rule 144A under the Securities Act (the "Senior Secured Notes"). Interest is payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2021; no principal payments are due until maturity on September 15, 2025. The Company may redeem the Senior Secured Notes, in whole or in part, at any time prior to maturity, subject to certain make-whole premiums.

The Senior Secured Notes are guaranteed, jointly and severally, by certain of the Company's subsidiaries, in addition to other collateral. The Senior Secured Notes may limit the Company's ability to incur additional indebtedness or issue certain preferred shares, make certain payments, and sell or transfer certain assets subject to certain financial covenants and qualifications. The Senior Secured Notes also provide for customary events of default and prepayment provisions.

The Company used a portion of the net cash proceeds received from the Senior Secured Notes to repay in full the outstanding principal and interest under the Credit Agreement (as defined below), including related costs and expenses. The Company also used the remaining net proceeds, together with cash on hand, to redeem in full the outstanding Senior Secured Bonds and Senior Unsecured Bonds (as defined below), including related premiums, costs and expenses, terminating the Senior Secured Bonds and Senior Unsecured Bonds. The Company completed the redemption of the Senior Secured Bonds and Senior Unsecured Bonds on September 21, 2020.

In connection with the issuance of the Senior Secured Notes, the Company incurred $17,666 in origination, structuring and other fees. Issuance costs of $13,638 were deferred as a reduction of the principal balance of the Senior Secured Notes on the condensed consolidated balance sheets; unamortized deferred financing costs related to lenders in the Credit Agreement that participated in the Senior Secured Notes were $6,501 and such unamortized costs were also included as a reduction of the principal balance of the Senior Secured Notes and will be amortized over the remaining term of the Senior Secured Notes. As a portion of the repayment of the Credit Agreement was a modification, the Company recorded $4,028 of third-party fees in Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss. As of September 30, 2020, the remaining unamortized deferred financing costs were $19,817.

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 was set to mature in January 2023 with the full principal balance due upon maturity. Interest was payable quarterly and was 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 was to increase 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 was secured by mortgages on certain properties owned by the Company’s subsidiaries, in addition to other collateral. The Company was required to comply with certain financial covenants and other restricted covenants customary for credit agreements of this type, including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Credit Agreement also provided 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 $37,051 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.

On September 2, 2020, the Company repaid the full amount outstanding using proceeds from the Senior Secured Notes. Certain lenders in the Credit Agreement participated in the issuance of the Senior Secured Notes, and a portion of the repayment of the Credit Agreement was treated as a debt modification. For the portion of the Credit Agreement that was considered extinguished, $16,310 of unamortized deferred debt issuance costs was recognized as a loss on extinguishment of debt in the condensed consolidated statements of operations and comprehensive loss. The remaining unamortized deferred debt issuance costs of $6,501 will be amortized over the remaining term of the Senior Secured Notes.

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.

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

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

South Power was required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provided 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. On September 21, 2020, the Company repaid the full amount outstanding including fees dues to the lenders using proceeds from the Senior Secured Notes and cash on hand. In conjunction with the repayment of the Senior Secured Bonds and Senior Unsecured Bonds, the Company recognized a loss on extinguishment of debt of $7,195 in the condensed consolidated statements of operations and comprehensive loss, including the write-off of $3,594 of unamortized deferred financing costs and prepayment premium paid to bondholders of $3,601.

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 and nine months ended September 30, 2020 and 2019 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Interest costs:				
Interest per contractual rates	$ 19,936	$ 8,731	$ 58,576	$ 22,094
Amortization of debt issuance costs	4,416	3,512	14,766	8,743
Total interest costs	24,352	12,243	73,342	30,837
Capitalized interest	4,539	7,269	22,441	16,380
Total interest expense	$ 19,813	$ 4,974	$ 50,901	$ 14,457

17. Income taxes

In connection with the IPO, NFE LLC contributed the net proceeds from the IPO to NFI in exchange for NFI LLC Units, and NFE LLC 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, 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 foreign 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.

Subsequent to the Exchange Transactions completed on June 10, 2020, 100% of NFI's operations are included in the NFE income tax provision; there is no impact on income tax expense expected due to the Exchange Transactions. Additionally, in the third quarter of 2020, the Company completed the Conversion; NFE LLC has been a corporation for U.S. federal tax purposes, and converting NFE LLC from a limited liability company to a corporation has no effect on the U.S. federal tax treatment of the Company or its shareholders.

The effective tax rate for the three months ended September 30, 2020 was (5.27)%, compared to 0.12% for the three months ended September 30, 2019. The total tax expense (benefit) for the three months ended September 30, 2020 was $1,836, compared to $(64) for the three months ended September 30, 2019.

The effective tax rate for the nine months ended September 30, 2020 was (0.75)%, compared to (0.20)% for the nine months ended September 30, 2019. The total tax expense for the nine months ended September 30, 2020 was $1,949, compared to $337 for the nine months ended September 30, 2019.

The primary items which decreased the Company's effective tax rate for the three months and nine months ended September 30, 2020 and September 30, 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. jurisdictions with lower tax rates.

The Company has not recorded a liability for uncertain tax positions as of September 30, 2020. The Company remains subject to periodic audits and reviews by the taxing authorities, and NFE's returns since its formation remain open for examination.

18. Commitments and contingencies

The Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. The Company does not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

19. Earnings per share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss	$ (36,670)	$ (54,424)	$ (263,480)	$ (165,949)
Less: net loss attributable to non-controlling interests	312	47,701	81,163	139,483
Net loss attributable to Class A common stock	$ (36,358)	$ (6,723)	$ (182,317)	$ (26,466)
Denominator:				
Weighted-average shares-basic and diluted	170,074,532	22,692,104	85,009,385	19,689,568
Net loss per share - basic and diluted	$ (0.21)	$ (0.30)	$ (2.14)	$ (1.34)

In connection with the closing of the Exchange Transactions on June 10, 2020, all outstanding Class B shares were exchanged for Class A shares. The weighted average shares outstanding for the nine months ended September 30, 2020 are significantly lower than the Class A common stock outstanding on September 30, 2020 due to the timing of the Exchange Transactions.

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.

	September 30, 2020	September 30, 2019
Unvested RSUs[1]	1,555,363	3,875,081
Class B shares	-	145,057,375
Shannon Equity Agreement shares[2]	478,654	932,914
Total	2,034,017	149,865,370

1 Represents the number of instruments outstanding at the end of the period.
2 Class A common stock that would be issued in relation to the Shannon LNG Equity Agreement.

The Company declared dividends of $17,006 ($0.10 per share), of which $16,871 was paid, during for three months ended September 30, 2020.

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.

RSUs

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 fair value of RSUs on the grant date 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 nine months ended September 30, 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 and shares issued	(1,504,464)	13.47
Forfeited	(186,997)	13.51
Non-vested RSUs as of September 30, 2020	1,555,363	$ 13.49

The following table summarizes the share-based compensation expense for the Company's RSUs recorded for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operations and maintenance	$ 142	$ 263	$ 632	$ 592
Selling, general and administrative	1,929	7,804	5,869	35,483
Total share-based compensation expense	$ 2,071	$ 8,067	$ 6,501	$ 36,075

For the three months ended September 30, 2020 and 2019, cumulative compensation expense recognized for forfeited RSU awards of $278 and $193, respectively, was reversed. For the nine months ended September 30, 2020 and 2019, cumulative compensation expense recognized for forfeited RSU awards of $827 and $249, respectively, was reversed. 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.

As of September 30, 2020, the Company had 1,555,363 non-vested RSUs subject to service conditions and had unrecognized compensation costs of approximately $10,644. 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 1.46 years as of September 30, 2020.

Performance Share Units ("PSUs")

During the first quarter of 2020, the Company granted 1,109,777 PSUs to certain employees and non-employees. The PSUs contain a performance condition, and vesting will be determined based on achievement of a performance metric for the year ended December 31, 2021. The number of shares that will vest can range from zero to 2,219,554. For the three and nine months ended September 30, 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 the maximum amount of shares were to vest based on the achievement of the performance condition was $31,014, and the weighted-average remaining vesting period of non-vested PSUs totaled 1.25 years as of September 30, 2020.

21. Related party transactions

Management services

The Company is majority owned by Messrs. Edens (our chief executive officer and chairman of our Board of Directors) and Nardone (one of our Directors) who are currently employed by 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 $1,749 and $1,952 for the three months ended September 30, 2020 and 2019, respectively, and $5,894 and $6,472 for the nine months ended September 30, 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 September 30, 2020 and December 31, 2019, $5,177 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 $242 and $1,306 for the three months ended September 30, 2020 and 2019, respectively, and $1,526 and $2,931 for the nine months ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and December 31, 2019, $2,087 and $4,286 was due to this affiliate, respectively.

Land and office lease

The Company has leased land and office space from Florida East Coast Industries, LLC ("FECI"), which is controlled by funds managed by an affiliate of Fortress. 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 of $103 and $76 during the three months ended September 30, 2020 and 2019, respectively and $309 and $225 during nine months ended September 30, 2020 and 2019, respectively, which was included within Operations and maintenance in the condensed consolidated statements of operations and comprehensive loss. The expense for the period that the building was owned by a related party during the nine months ended September 30, 2019 totaled $609 of which $386 was capitalized to Construction in progress and $223 related to the office lease and ancillary services was included in Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss. As of September 30, 2020 and December 31, 2019, there was no amount due to FECI. As of September 30, 2020, the Company has recorded a lease liability of $3,270 within Non-current lease liabilities on the condensed consolidated balance sheet.

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 September 30, 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 as of September 30, 2020. The interest expense on the note payable due to DevTech was $19 and $25 for the three months ended September 30, 2020 and 2019, respectively, and $57 and $71 for the nine months ended September 30, 2020 and 2019, respectively. No interest has been paid, and accrued interest has been recognized within Accrued expenses on the condensed consolidated balance sheets. As of September 30, 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 September 30, 2020 and December 31, 2019, $1,215 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, an entity formerly affiliated with Fortress and currently owned by Messrs. Edens and Nardone provides certain administrative services to the Company, as well as providing office space under a month-to-month non-exclusive license agreement. The Company incurred rent and administrative expenses of approximately $808 and $811 for the three months ended September 30, 2020 and 2019, respectively, and $1,657 and $1,837 for the nine months ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and December 31, 2019, $1,955 and $883 were due to Fortress affiliated entities, respectively.

Due to/from Affiliates

The table below summarizes the balances outstanding with affiliates at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Amounts due to affiliates	$ 9,219	$ 10,252
Amounts due from affiliates	1,558	1,577

22. Subsequent events

On October 29, 2020, the Company declared a dividend for the fourth quarter of $0.10 per share which will have a record date of December 2, 2020 and a payment date of December 9, 2020.

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 and nine months ended September 30, 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 "NFE," the "Company," "we," "us," "our" and similar terms refer to (i) prior to our conversion from a limited liability company to a corporation, New Fortress Energy LLC and its subsidiaries and (ii) following the conversion from a limited liability company to a corporation, New Fortress Energy Inc. and its subsidiaries.

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, facilities 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 ("SJPC"), an affiliate of JPS, Jamalco, a bauxite mining and alumina production 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 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 Facility

Our storage and regasification facility in Montego Bay, Jamaica (the "Montego Bay Facility") 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 Facility 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 Facility also consists of an ISO loading facility that can transport LNG to numerous on-island industrial users.

Old Harbour Facility

Our marine LNG storage and regasification facility in Old Harbour, Jamaica (the "Old Harbour Facility") 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 Facility supplies natural gas to the new 190MW Old Harbour power plant (the "Old Harbour Power Plant") operated by SJPC. The Old Harbour Facility 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. In August 2020, we began to deliver gas to Jamalco to utilize in their gas-fired boilers.

San Juan Facility

In July 2020, we finalized 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 near the San Juan Power Plant and serves as our supply hub for the San Juan Power Plant and other industrial end-user customers in Puerto Rico. We have delivered natural gas used for the commissioning of PREPA's power plant under the Fuel Sale and Purchase Agreement with PREPA since April 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 facility and power plant at the Port of Pichilingue in Baja California Sur, Mexico (the "La Paz Facility"). Our La Paz Facility is expected to supply approximately 475,000 gallons of LNG (39,255 MMBtu) per day.

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 800,000 gallons of LNG (65,000 MMBtus) per day.

On October 14, 2020, we signed a non-binding memorandum of understanding with the Philippine National Oil Company to advance the development of infrastructure to supply reliable, cost-competitive power and natural gas into the Philippine market.

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. 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. We have continued to invoice our customers for these fixed minimum volumes even in cases when our customer's consumption has decreased. We have not changed our payment terms with these customers, and there has not been deterioration in the timing or volume of collections.

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 remain committed to prioritizing the health and well-being of our employees, customers, suppliers and other partners. We have implemented policies to screen employees, contractors, and vendors for COVID-19 symptoms upon entering our development projects, operations and office facilities. For the nine months ended September 30, 2020, we have incurred approximately $0.9 million for safety measures introduced into our operations and other responses to the COVID-19 pandemic.

We are actively monitoring the spread of the pandemic and the actions that governments and regulatory agencies are taking to fight the spread. We have not experienced significant disruptions in development projects and daily operations during the nine months ended September 30, 2020 from the COVID-19 pandemic; however, 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. 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.

Other Matters

We received an order from the Federal Energy Regulatory Commission ("FERC") on June 18, 2020, which asked us to explain why our San Juan Facility is not subject to FERC's jurisdiction under section 3 of the Natural Gas Act. While we do not believe that the San Juan Facility is jurisdictional, we provided our reply to FERC on July 20, 2020 and requested that FERC act expeditiously. We do not know if or when FERC will respond to our reply, or the outcome of any such response.

Results of Operations – Three and Nine Months Ended September 30, 2020 compared to Three and Nine Months Ended September 30, 2019

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Revenues						
Operating revenue	$ 83,863	$ 35,345	$ 48,518	$ 223,542	$ 93,221	$ 130,321
Other revenue	52,995	14,311	38,684	82,412	26,152	56,260
Total revenues	136,858	49,656	87,202	305,954	119,373	186,581
Operating expenses						
Cost of sales	71,665	45,832	25,833	209,780	123,224	86,556
Operations and maintenance	13,802	8,707	5,095	31,785	18,609	13,176
Selling, general and administrative	30,849	40,913	(10,064)	91,301	122,831	(31,530)
Contract termination charges and loss on mitigation sales	-	-	-	124,114	-	124,114
Depreciation and amortization	9,489	1,930	7,559	22,363	5,731	16,632
Total operating expenses	125,805	97,382	28,423	479,343	270,395	208,948
Operating income (loss)	11,053	(47,726)	58,779	(173,389)	(151,022)	(22,367)
Interest expense	19,813	4,974	14,839	50,901	14,457	36,444
Other expense, net	2,569	1,788	781	4,179	133	4,046
Loss on extinguishment of debt, net	23,505	-	23,505	33,062	-	33,062
Loss before taxes	(34,834)	(54,488)	19,654	(261,531)	(165,612)	(95,919)
Tax expense (benefit)	1,836	(64)	1,900	1,949	337	1,612
Net loss	$ (36,670)	$ (54,424)	$ 17,754	$ (263,480)	$ (165,949)	$ (97,531)

Revenues

Operating revenue from the sale of LNG, natural gas or outputs from our natural gas-fired power generation facilities increased $48,518 and $130,321 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively. The increase was primarily driven by increases in volumes sold from the Old Harbour Facility, including volumes utilized in the CHP Plant which commenced commercial operations during March 2020:

- For the three months ended September 30, 2020, we recognized $50,064 of revenue from volumes sold at the Old Harbour Facility, as compared to $11,386 for the three months ended September 30, 2019. Revenue recognized in the third quarter of 2020 included $26,686 from sales to the Old Harbour Power Plant and $23,378 from natural gas utilized in the CHP Plant and Jamalco's boilers. For the three months ended September 30, 2020, the volume delivered to the Old Harbour Power Plant was 26.9 million gallons (2.2 TBtu) and the volume utilized in the CHP Plant and Jamalco's boilers was 28.6 million gallons (2.4 TBtu). For the three months ended September 30, 2019, the volume delivered to the Old Harbour Power Plant was 2.6 million gallons (0.2 TBtu).

- For the nine months ended September 30, 2020, we recognized $129,313 of revenue from volumes sold at the Old Harbour Facility, as compared to $15,440 for the nine months ended September 30, 2019. Revenue recognized for the nine months ended September 30, 2020 included $79,562 from sales to the Old Harbour Power Plant and $49,751 from natural gas utilized in the CHP Plant and Jamalco's boilers. For the nine months ended September 30, 2020, the volume delivered to the Old Harbour Power Plant was 78.4 million gallons (6.5 TBtu) and the volume utilized in the CHP Plant and Jamalco's boilers was 62.4 million gallons (5.2 TBtu). For the nine months ended September 30, 2019, the volume delivered to the Old Harbour Power Plant was 4.6 million gallons (0.4 TBtu).

Additional revenue from the delivery of power and steam, which began during March 2020, under our contracts with JPS and Jamalco adding $7,280 and $15,957 in revenue for the three and nine months ended September 30, 2020, respectively. Operating revenue was also impacted by operations at our Montego Bay Facility, including the following:

- In connection with the adoption of ASC 842, we no longer identify a lease of the Montego Bay Facility in our gas sale agreement with our customer. Accordingly, interest income associated with the direct financing lease of the Montego Bay Facility is no longer recognized within Other revenue, and all amounts recognized as revenue for activities at the Montego Bay Facility were included in Operating revenue for the three and nine months ended September 30, 2020, resulting in an increase of $3,943 and $11,829 to Operating revenue, respectively.

- The increase in Operating revenue is partially offset by a decrease in sales at the Montego Bay Facility. The decrease in sales at the Montego Bay Facility was primarily due to a decrease in sales volume delivered to the Bogue Power Plant. Revenue from sales at the Montego Bay Facility decreased $559 to $19,572 for the three months ended September 30, 2020 as compared to $20,131 for the three months ended September 30, 2019. The delivered volume at the Montego Bay Facility decreased by 1.5 million gallons (0.1 TBtu) from 25.4 million gallons (2.1 TBtu) during the three months ended September 30, 2019 to 23.9 million gallons (2.0 TBtu) during the three months ended September 30, 2020.

- Revenue from sales at the Montego Bay Facility decreased by $11,152 to $57,243 for the nine months ended September 30, 2020 as compared to $68,395 for the nine months ended September 30, 2019. The delivered volume at the Montego Bay Facility decreased by 11.4 million gallons (0.8 TBtu) from 81.9 million gallons (6.7 TBtu) during the nine months ended September 30, 2019 to 70.5 million gallons (5.9 TBtu) during the nine months ended September 30, 2020.

Other revenue includes revenue for development services, which is recognized from the construction, installation and commissioning of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our 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. Other revenue increased $38,684 and $56,260 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively, and the increases were due to the following:

- Increase of $49,541 and $76,410 for development services in Puerto Rico for the three and nine months ended September 30, 2020, respectively, including conversion of the customer's infrastructure within the San Juan Power Plant and gas used by our customer for testing and commissioning their assets. Development services revenue recognized in the three months ended September 30, 2020 included $51,974 for the customer's use of 58.6 million gallons (4.8 TBtu) of natural gas as part of commissioning their assets. Development services revenue recognized in the nine months ended September 30, 2020 included $68,458 for the customer's use of 77.9 million gallons (6.4 TBtu) of natural gas as part of commissioning their assets.

- Lower revenue recognized for the infrastructure projects for customers of the CHP Plant. For the three and nine months ended September 30, 2020, we recognized $0 and $687, respectively, for the completion of infrastructure projects for customers of the CHP Plant, as compared to $7,762 and $11,670 for the three and nine months ended September 30, 2019, respectively.

- Decrease in interest income associated with the direct financing lease of the Montego Bay Facility, as all amounts recognized as revenue for activities at the Montego Bay Facility were included in Operating revenue for the three months and nine months ended September 30, 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 facilities, power generation facilities or to 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.

Cost of sales increased $25,833 and $86,556 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively.

Cost of LNG purchased from third parties for sale to our customers or delivered for commissioning of our customer's assets in Puerto Rico increased $29,776 and $82,586 for the three and nine months ended September 30, 2020, respectively. The increase was primarily attributable to the increase in volumes delivered of 366% and 220% compared to the three and nine months ended September 30, 2019, respectively, partially offset by the decrease in LNG cost. The weighted-average cost of LNG purchased from third parties decreased from $0.66 per gallon ($8.02 per MMBtu) for the three months ended September 30, 2019 to $0.37 per gallon ($4.44 per MMBtu) for the three months ended September 30, 2020. The weighted-average cost of LNG purchased from third parties decreased from $0.77 per gallon ($9.32 per MMBtu) for the nine months ended September 30, 2019 to $0.51 per gallon ($6.13 per MMBtu) for the nine months ended September 30, 2020. The weighted-average cost of our inventory balance as of September 30, 2020 and December 31, 2019 was $0.29 per gallon ($3.47 per MMBtu) and $0.64 per gallon ($7.70 per MMBtu), respectively.

Charter costs associated with our expanded fleet increased Cost of sales by $3,175 and $5,247 for the three and nine months ended September 30, 2020. The increase was attributable to a full nine months of charter costs of the Old Harbour Facility in 2020 as well as additional costs associated with our San Juan Facility after the assets were placed in service in the third quarter of 2020.

The increase in Cost of sales was partially offset by decrease in costs associated with the infrastructure projects for customers of the CHP Plant of $6,751 and $9,657 for the three and nine months ended September 30, 2020, respectively.

Operations and maintenance

Operations and maintenance relates to costs of operating our facilities, exclusive of costs to convert that are reflected in Cost of sales. Operations and maintenance increased $5,095 and $13,176 for the three and nine months ended September 30, 2020, as compared to the three and nine months ended September 30, 2019, respectively. The increase is primarily a result of higher logistics costs of $3,007 and $6,560 for the three and nine months ended September 30, 2020, respectively, primarily associated with the operations of additional charter vessels deployed. Operations and maintenance also increased by $2,838 and $6,179 for the three and nine months ended September 30, 2020, respectively, for costs of operating the CHP Plant for the period after commencement of commercial operations on March 3, 2020 as well as higher payroll costs to operate our facilities. These increases were partially offset by decrease in demurrage costs.

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 decreased $10,064 and $31,530 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively.

For the three months ended September 30, 2020, development costs incurred that do not qualify for capitalization decreased $12,055 and share-based compensation expense decreased $5,874 as compared to the same period in the prior year. These decreases were partially offset by increased in payroll costs associated with increased headcount of $5,565 and increased professional fees of $2,550, including of third-party fees recognized in connection with the issuance of the Senior Secured Notes and repayment of the Credit Agreement.

For the nine months ended September 30, 2020, share-based compensation expense decreased by $29,612, professional fees decreased $6,420 and development costs incurred that do not qualify for capitalization decreased $4,131 as compared to the same period in the prior year. These decreases were partially offset by $7,179 of higher payroll costs associated with increased headcount.

Contract termination charges and loss on mitigation sales

Contract termination charges and loss on mitigation sales for the three and nine months ended September 30, 2020 was $0 and $124,114, respectively. The pricing for LNG in the open market continues to be significantly lower than the pricing in our LNG supply agreement. In June 2020, we executed an agreement to terminate our obligation to purchase LNG from Centrica for the remainder of 2020 in exchange for a payment of $105,000, and we recognized this cancellation charge during the second quarter of 2020. We terminated our obligation in the second quarter of 2020 to both take advantage of the low pricing in the open market and to align future deliveries of LNG with our expected needs. We intend to purchase LNG in the open market for the remainder of our needs in 2020, significantly reducing our LNG supply cost. Purchases of LNG in the open market have reduced our cost of LNG from $0.64 per gallon ($7.75 per MMBtu) for the three months ended June 30, 2020 to $0.37 per gallon ($4.44 per MMBtu) for the three months ended September 30, 2020. The weighted-average cost of our inventory balance has decreased from $0.59 per gallon ($7.13 per MMBtu) as of June 30, 2020 to $0.29 per gallon ($3.47 per MMBtu) as of September 30, 2020.

We have experienced lower than expected consumption by some of our customers, primarily as a result of unplanned maintenance at one of our customer's facilities in Jamaica in May and June 2020. As a result, we were unable to utilize a firm cargo purchased under our LNG supply agreement, incurring a loss of $18,906 on the sale of this cargo that was recognized during the second quarter of 2020.

We did not have such transactions during the three months ended September 30, 2020 or during the same periods in the prior year.

Depreciation and amortization

Depreciation and amortization increased $7,559 and $16,632 for the three and nine months ended September 30, 2020, respectively. The increase was primarily due to the following:

- Increase in depreciation of $1,214 and $4,320 for our Old Harbour Facility that went into service in June 2019 for the three and nine months ended September 30, 2020, respectively;
- Increase in depreciation of $2,820 and $6,493 for the CHP Plant that went into service in March 2020 for the three and nine months ended September 30, 2020, respectively;
- Increase in depreciation of $1,994 for the San Juan Facility that went into service in July 2020 for both the three and nine months ended September 30, 2020;
- Additional depreciation of $1,274 and $3,599 recognized on our Montego Bay Facility during the three and nine months ended September 30, 2020, respectively. These assets were presented as direct financing leases prior to the adoption of ASC 842, and no depreciation for such assets was previously recorded.

Interest expense

Interest expense increased $14,839 and $36,444 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively. These increases were a result of the additional principal balances outstanding during 2020 under the Senior Secured Bonds, Senior Unsecured Bonds and the Credit Agreement (all defined below), as compared to the Term Loan Facility which was extinguished in January 2020. The principle balance of the Term Loan Facility was $496,250 as of September 30, 2019 as compared to combined outstanding amounts principle balances on the Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds of $980,000 prior to the repayment and replacement of these facilities with the Senior Secured Notes in September 2020.

Other expense, net

Other expense, net increased $781 and $4,046 for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019, respectively. The increase in expense for the three months ended September 30, 2020 was primarily due to the change in fair value of the derivative liability and equity agreement associated with our acquisition of Shannon LNG and a decrease in interest income, partially offset by decrease in unrealized loss on investment in equity securities. For the nine months ended September 30, 2020, the increase in expense was primarily a result of changes in fair value of the derivative liability and equity agreement and the decrease in interest income.

Loss on extinguishment of debt, net

Loss on extinguishment of debt for the three ended September 30, 2020 was $23,505 as a result of the extinguishment of the Senior Secured Bonds, Senior Unsecured Bonds and the Credit Agreement in September 2020. Loss on extinguishment of debt for the nine months ended September 30, 2020 of $33,062 also included the loss recognized upon the extinguishment of the Term Loan Facility in January 2020.

Tax expense (benefit)

Tax expense (benefit) for the three and nine months ended September 30, 2020 was $1,836 and $1,949, respectively, compared to tax (benefit) expense of $(64) and $337 for the three and nine months ended September 30, 2019, respectively. We continue to have valuation allowances in many of our foreign jurisdictions and tax expense for earnings generated in foreign jurisdictions has been limited. As our Puerto Rican operations begin to generate earnings, we expect to recognize current tax expense at the lower tax rate applicable under our Puerto Rican tax decree. Our expectation of current tax expense in Puerto Rico has increased our tax expense for the three and nine months ended September 30, 2020, albeit at a lower effective tax rate than the U.S. federal income tax rate.

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 have recently been completed or are near completion.*** Our results of operations for the nine months ended September 30, 2020 include our Montego Bay Facility, Miami Facility, sales from our Old Harbour Facility to SJPC, and certain industrial end-users. The CHP Plant commenced commercial operations during March 2020, and our results now include revenue and results operations from sales of gas, power and steam from the CHP Plant. We also completed the development of our San Juan Facility in third quarter of 2020, and in the second quarter of 2020, we began to deliver natural gas to the San Juan Power Plant for PREPA to use in the commissioning of their assets. Our current results do not include revenue and operating results from other projects under development including the La Paz Facility, the LNG regasification facility and power plant in Puerto Sandino, Nicaragua (the "Puerto Sandino Facility"), the LNG facility on the Shannon Estuary near Ballylongford, Ireland (the "Ireland Facility"), and any potential future developments in the Philippines.

- ***Our historical financial results do not reflect changes to our current long-term LNG supply agreement as well a new LNG supply agreement that will lower the cost of our LNG supply through 2030.*** We currently purchase the majority of our supply of LNG from third parties, sourcing approximately 97% of our LNG volumes from third parties for the three and nine months ended September 30, 2020. In June 2020, we entered into an agreement to terminate our obligation to purchase LNG from our supplier for the remainder of 2020 in exchange for a payment of $105,000, and in the third quarter of 2020, we purchased all volumes needed for our operations on the open market, significantly reducing our LNG supply costs. Our purchases of LNG in the open market have reduced our cost of LNG from $0.64 per gallon ($7.75 per MMBtu) for the three months ended June 30, 2020 to $0.37 per gallon ($4.44 per MMBtu) for the three months ended September 30, 2020. The weighted-average cost of our inventory balance has decreased from $0.59 per gallon ($7.13 per MMBtu) as of June 30, 2020 to $0.29 per gallon ($3.47 per MMBtu) as of September 30, 2020.We expect to continue to purchase LNG on the open market for the remainder of 2020. We also expect that LNG prices will recover over the long term, and in 2019, we executed an LNG supply agreement to purchase 27.5 TBtus annually beginning in 2022 at prices that are lower than the prices under our contract with our current supplier.

- ***We no longer qualify as an emerging growth company or "EGC".*** As an EGC we were able to take advantage of an exemption from providing an auditor's attestation on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes Oxley Act. Following the issuance of Senior Secured Notes on September 2, 2020, we ceased to qualify as an EGC and can no longer take advantage of this exemption. We are also now required to accelerate the adoption of certain new or revised accounting pronouncements. We expect to incur additional costs associated with providing an auditor's attestation report, adoption of accounting standards on an accelerated timeline, as well as additional audit costs resulting from PCAOB requirements.

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 cash on hand and cash generated from operations. We may also elect to generate additional liquidity through future debt or equity issuances. We have historically funded our developments through proceeds from our IPO and debt financing as follows:

- 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 underwriter's 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 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.

- On September 2, 2020, we issued $1,000,000 of Senior Secured Notes and repaid in full amounts due on the Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds. No principal payments are due on the Senior Secured Notes until maturity in 2025.

We have assumed total expenditures for all completed and existing projects to be approximately $856 million, with approximately $737 million having already been spent through September 30, 2020. This estimate represents the expenditures necessary to complete the La Paz Facility, expected expenditures to serve new industrial end-users and other planned capital expenditures. We expect to be able to fund all such committed projects with a combination of cash on hand and cash flows from operations. Through September 30, 2020, we have spent approximately $157 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 and associated financing costs of approximately $137 million, has been capitalized.

During the third quarter of 2020, we paid 50% of the $105,000 cancellation fee in connection with the termination of cargoes for the remainder of the year. The remaining cancellation fee was paid in October 2020.

Cash Flows

The following table summarizes the changes to our cash flows for the nine months ended September 30, 2020 and 2019, respectively:

	Nine Months Ended September 30,		
(in thousands)	**2020**	**2019**	**Change**
Cash flows from:			
Operating activities	$ (115,710)	$ (154,761)	$ 39,051
Investing activities	(115,704)	(295,035)	179,331
Financing activities	291,816	593,001	(301,185)
Net increase in cash, cash equivalents, and restricted cash	$ 60,402	$ 143,205	$ (82,803)

Cash (used in) operating activities

Our cash flow used in operating activities was $115,710 for the nine months ended September 30, 2020, which decreased by $39,051 from $154,761 for the nine months ended September 30, 2020. Our net loss when adjusted for non-cash items was $6,787 lower than the net loss adjusted for non-cash items for the nine months ended September 30, 2019, reflecting lower cash used as a result of our operations for the nine months ended September 30, 2020. The reduction in cash flow used in operating activities for the nine months ended September 30, 2020 was also due to more favorable changes in working capital accounts.

Cash (used in) investing activities

Our cash flow used in investing activities was $115,704 for the nine months ended September 30, 2020, which decreased by $179,331 from $295,035 for the nine months ended September 30, 2019. Cash outflows for investing activities during the nine months ended September 30, 2020 were primarily used to complete the CHP Plant and the San Juan Facility, as well as construction of the La Paz Facility.

Cash used in investing activities during the nine months ended September 30, 2019 included significant capital expenditures for development of our Old Harbour Facility, CHP Plant, San Juan Facility and Pennsylvania Facility, as well as payments for significant outstanding amounts to our suppliers that were accrued as of December 31, 2018.

Cash provided by financing activities

Our cash flow provided by financing activities was $291,816 for the nine months ended September 30, 2020, which decreased by $301,185 from $593,001 for the nine months ended September 30, 2019. Cash provided by financing activities during the nine months ended September 30, 2020 was due to proceeds received from the borrowings under the Senior Secured Notes of $1,000,000, the Credit Agreement of $800,000 and Senior Secured Bonds of $52,144. A portion of these proceeds was used to fund the repayment of the Credit Agreement of $800,000, the Senior Secured Bonds and Senior Unsecured Bonds of $183,600 and the Term Loan Facility of $506,402. The proceeds received were further offset by transaction costs and other fees incurred to obtain the borrowings.

Cash flow provided by financing activities during the nine months ended September 30, 2019 were primarily consisted of the issuance of Senior Secured Bonds and Senior Unsecured Bonds of $117,000 in September 2019, additional borrowings under the Term Loan Facility of $220,000 in March 2019 and proceeds received from our IPO of $274,948 in February 2019.

Long-Term Debt

Senior Secured Notes

On September 2, 2020, the Company issued $1,000,000 of 6.75% senior secured notes in a private offering pursuant to Rule 144A under the Securities Act (the "Senior Secured Notes"). Interest is payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2021; no principal payments are due until maturity on September 15, 2025. We may redeem the Senior Secured Notes, in whole or in part, at any time prior to maturity, subject to certain make-whole premiums.

The Senior Secured Notes are guaranteed, jointly and severally, by certain of our subsidiaries, in addition to other collateral. The Senior Secured Notes may limit our ability to incur additional indebtedness or issue certain preferred shares, make certain payments, and sell or transfer certain assets subject to certain financial covenants and qualifications. The Senior Secured Notes also provides for customary events of default and prepayment provisions.

We used a portion of the net cash proceeds received from the Senior Secured Notes to repay in full the outstanding principal and interest under the Credit Agreement, including related costs and expenses. We also used the remaining net proceeds, together with cash on hand, to redeem in full the outstanding Senior Secured Bonds and Senior Unsecured Bonds, including related premiums, costs and expenses, terminating the Senior Secured Bonds and Senior Unsecured Bonds. The redemption of the Senior Secured Bonds and Senior Unsecured Bonds was completed on September 21, 2020.

In connection with the issuance of the Senior Secured Notes, we incurred $17,666 in origination, structuring and other fees. Issuance costs of $13,638 were deferred as a reduction of the principal balance of the Senior Secured Notes; unamortized deferred financing costs related to lenders in the Credit Agreement that participated in the Senior Secured Notes were $6,501 and such unamortized costs were also included as a reduction of the principal balance of the Senior Secured Notes and will be amortized over the remaining term of the Senior Secured Notes. As a portion of the repayment of the Credit Agreement was a modification, we recorded $4,028 of third-party fees in Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss. As of September 30, 2020, the remaining unamortized deferred financing costs were $19,817.

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 was to mature in January 2023 with the full principal balance due upon maturity. Interest was payable quarterly and was 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 was to increase each year of the term by 1.50%. Outstanding balances could be prepaid at our option at any time without premium. We have used a portion of the proceeds received to extinguish the Term Loan Facility (defined below).

We were 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 provided 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 $37,051 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. On September 2, 2020, we repaid the full amount outstanding using proceeds from the Senior Secured Notes. Certain holders of the Credit Agreement participated in the issuance of Senior Secured Notes, and a portion of the repayment of the Credit Agreement was treated as a debt modification. For the portion of the Credit Agreement that was considered extinguished, $16,310 of unamortized deferred debt issuance costs was recognized as a loss on extinguishment of debt in the condensed consolidated statements of operations and comprehensive loss. The remaining unamortized deferred debt issuance costs of $6,501 will be amortized over the remaining term of the Senior Secured Notes.

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. 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, on January 15, 2020, 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, but excluding assets used in connection with, related to, appurtenant to, or affecting the pipeline used to supply natural gas to 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 bore interest at an annual fixed rate of 8.25% and matured 15 years from the closing date of each issuance. No principal payments were due for the first seven years. Beginning in 2026, quarterly principal payments of approximately 1.6% of the original principal amount were due, with a 50% balloon payment due upon maturity. Interest payments on outstanding principal balances were due quarterly.

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

South Power was required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provided 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. On September 21, 2020, the Company repaid the full amount outstanding including fees dues to the lenders using proceeds from the Senior Secured Notes and cash on hand. In conjunction with the repayment of the Senior Secured Bonds and Senior Unsecured Bonds, the Company recognized a loss on extinguishment of debt of $7,195 in the condensed consolidated statements of operations and comprehensive loss, including the write-off of $3,594 of unamortized deferred financing costs and prepayment premium paid to bondholders of $3,601.

Off Balance Sheet Arrangements

As of September 30, 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 September 30, 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	$ 1,340,125	$ -	$ 137,625	$ 135,000	$ 1,067,500
Purchase obligations	1,518,900	18,136	413,277	309,404	778,083
Operating lease obligations	159,617	11,699	73,681	34,703	39,534
Total	$ 3,018,642	$ 29,835	$ 624,583	$ 479,107	$ 1,885,117

[1] Includes contractual obligations from October 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 September 30, 2020.

Purchase obligations

The Company is party to long term supply agreements. 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.

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. In June 2020, we entered into an agreement to terminate our obligation to purchase any additional LNG cargoes from Centrica for the remainder of 2020 in exchange for a cancellation fee of $105 million, which has enabled us to purchase LNG in the open market at prices that are significantly lower than the price we were obligated to pay Centrica to purchase LNG in 2020. As of September 30, 2020, the Company is committed to purchase 12 remaining cargoes in 2021.

On February 7, 2020, the Company entered into a long-term 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.

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, inclusive of fixed lease payments for renewal periods the Company is reasonably certain will be exercised, are noted in the above table. Fixed lease payments for short-term leases are also included in the table above. 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 five vessels under time charter leases with non-cancellable terms ranging from nine months 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 does 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 with an automatic renewal term of five years for up to an additional 20 years.

Office space includes a space shared with affiliated companies in New York with a lease terms of up to 38 months 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 first quarter of 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 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 finance or operating leases. The current and non-current portion of finance leases are recorded within Prepaid expenses and other current assets and Finance leases, net, on the condensed consolidated balance sheets, respectively. For finance leases accounted for as sales-type leases, the profit from the sale of equipment is recognized upon lease commencement in Other revenue in the condensed consolidated statements of operations and comprehensive loss. 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 our 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, installation and commissioning 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 or based on the quantity of natural gas consumed as part of commissioning the customer's facilities until such time that the customer has declared such conversion services have been completed. If the customer is not able to obtain control over the asset under development until such services are completed, 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 we allocate 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 customers' investments in power generation or other assets to utilize LNG. Our costs to transport and store LNG are based upon our customers' 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 customers' 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 2020. Due to the decline in LNG prices, we executed a long-term LNG supply agreement to purchase 27.5 TBtus annually beginning in 2022 at prices that are expected to be significantly lower than inventory purchased under our contract with our current supplier. Further, we will take advantage of the current market pricing for LNG to supply our operations for the remainder of 2020, resulting in an overall lower average cost of LNG. 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 long-term 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, 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, even in cases when our customer's consumption has decreased. We have not changed our payment terms with these customers, and there has not been any deterioration in the timing or volume of collections.

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 traded at historic low prices in 2020. 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. We do not believe that oil prices will remain at their historic low levels as evidenced by recent recovery, 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

We estimate 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.

Current expected credit losses

During the third quarter, the Company adopted 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, which include trade and other receivables, contracts assets, and finance lease receivables, be presented net of an allowance for current expected credit losses. We estimate expected credit losses based on relevant information about the current credit quality of our customers, past events, including historical experience, and reasonable and supportable forecasts that affect the collectability of the reported amount. Our estimate includes consideration of the credit quality of our customers along with the expected default and recovery rates for bonds with similar ratings and terms as the respective financial assets.

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

The Senior Secured Notes 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 Notes but such a change would have no impact on our results of operations or cash flows. A 100-basis point increase or decrease in the market interest rate would decrease or increase the fair value of our fixed rate debt by between $41 million and $43 million. The sensitivity analysis presented is based on certain simplifying assumptions, including instantaneous change in interest rate and parallel shifts in the yield curve.

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 September 30, 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 September 30, 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 September 30, 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, and actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Statement on Forward-Looking Statements" in this Quarterly Report.

Risks Related to Our Business

We have not yet completed contracting, construction and commissioning of all of our Facilities and Liquefaction Facilities. There can be no assurance that our Facilities 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 Facilities (as defined herein) and Liquefaction Facilities. There can be no assurance that we will be able to enter into the contracts required for the development of our Facilities 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 Facilities 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 Facilities 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 Facilities 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 Facilities, 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, changes in the political views and structure, government representatives, new regulations, 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 San Juan Power Plant (as defined herein) in San Juan, Puerto Rico in the third quarter of 2019. However, due in part to the earthquakes that occurred near Puerto Rico in January 2020, and third -party delays we began supplying natural gas to Units 5 and 6 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, 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 (as defined herein), 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 Facilities 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 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 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 facilities, 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 facilities, 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 common stock. 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 Facilities 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 Facilities 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 Facilities 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 outstanding indebtedness. If we are unable to obtain additional funding, approvals or amendments to our financings outstanding from time to time, 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 increased in volatility and at times have been negatively impacted due to 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 stockholders may experience dilution. Additional 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 historically have relied and in the future will likely rely on borrowings under term loans and other 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 September 30, 2020. We have made and will continue to make significant initial investments to complete construction and begin operations of each of our Facilities, 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 Puerto Rico, and any disruption to those operations would adversely affect us.

Our operations in Jamaica began in October 2016, when our Montego Bay Facility commenced commercial operations, and continue to grow, and our San Juan Facility became fully operational in the third quarter of 2020. Jamaica and Puerto Rico are subject to acts of terrorism or sabotage and 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 (as defined herein), SJPC (as defined herein) and PREPA (as defined herein), 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 (as defined herein), with us, and Jamalco (as defined herein), 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 SJPC, 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 SJPC'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, SJPC, 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 the Organization of the Petroleum Exporting Countries ("OPEC") related to the supply of oil in the market have caused 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 our long -term LNG supply agreements, 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. For example, among other reasons and because spot market LNG prices in the second quarter of 2020 were significantly lower than the price at which we had previously contracted to purchase LNG, we terminated our contractual obligation to purchase LNG for the remainder of 2020 in order to purchase LNG at lower prices on the spot market during that period in exchange for a one-time payment of $105 million. 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.

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the Senior Secured Notes (as defined below).

We have a substantial amount of indebtedness, which requires significant interest and principal payments. As of September 30, 2020, we and our subsidiaries have $1,000.0 million of indebtedness, consisting of the 6.750% senior secured notes due 2025 (the "Senior Secured Notes").

Our and our subsidiaries' substantial amount of indebtedness could have important consequences including:

- requiring us and certain of our subsidiaries to dedicate a substantial portion of our cash flow from operations to the payment of principal of and interest on our indebtedness, thereby reducing the funds available for operations and any future business opportunities;
- limiting flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less indebtedness;
- increasing our vulnerability to adverse general economic or industry conditions; and
- limiting our ability to obtain additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing, and our ability to refinance our indebtedness outstanding from time to time.

Despite our substantial level of indebtedness, we and our subsidiaries will be permitted to incur substantial additional indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture under which the Senior Secured Notes were issued (the "Indenture") contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the indebtedness incurred in compliance with these restrictions could be substantial. For example, we and our subsidiaries may enter into a senior credit facility in the future, and may incur other borrowings from time to time, including to finance facilities. Also, these restrictions do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness. To the extent we and our subsidiaries incur further indebtedness, the substantial risks related to our level of indebtedness would increase.

We may not be able to generate sufficient cash to service all of our existing or future indebtedness, including the Senior Secured Notes, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our existing or future debt obligations, including the Senior Secured Notes, 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.

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 operations or indebtedness, including the Senior Secured Notes. 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, including with respect to the Senior Secured Notes. The Indenture does, and the agreements that govern our other indebtedness outstanding from time to time may, 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 certain 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, including with respect to the Senior Secured Notes.

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 and holders of the Senior Secured Notes 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.

We are dependent upon dividends and distributions from our subsidiaries to meet our debt service obligations, including under the Senior Secured Notes

We are a holding company and have no material assets other than our equity interest in NFE Sub LLC and NFI. We have no independent means of generating revenue. Our ability to meet our debt service obligations, including under the Senior Secured Notes, will be dependent on receipt of distributions from NFE Sub LLC and NFI, to the extent NFE Sub LLC and NFI have available cash and subject to NFE Sub LLC's and NFI's debt instruments and applicable law. Subject to the restrictions contained in the Indenture, future borrowings and other agreements entered into by our subsidiaries may contain restrictions or prohibitions on the payment of dividends and distributions by our subsidiaries to us. Further, our non-guarantor subsidiaries are separate and distinct legal entities, and they have no obligation, contingent or otherwise, to pay amounts due under the Senior Secured Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. To the extent that NFE Sub LLC, NFI or their 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, our liquidity and financial condition could be adversely affected, and we may be unable to satisfy our obligations under our existing or future indebtedness, including under the Senior Secured Notes.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational and financing flexibility and creating default risks. These restrictions are, however, subject to certain important exceptions and qualifications.

The operating and financial covenants and restrictions in the Indenture and other indebtedness that we may incur in the future may adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. The Indenture does, and the agreements governing our other indebtedness outstanding from time to time may place certain restrictions on our and our subsidiaries' ability to, among other things:

- incur additional indebtedness or guarantee indebtedness;
- pay dividends or make distributions or make certain other restricted payments;
- make certain investments;
- create liens on our or our guarantors' assets;
- sell or otherwise dispose of assets;
- enter into transactions with affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends;

- designate our subsidiaries as unrestricted subsidiaries; and
- enter into mergers or consolidations or sell all or substantially all of our or our restricted subsidiaries' assets.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete, and could restrict our ability to optimize our capital structure with asset-level debt or equity financings.

In addition, a breach of any of these covenants or other provisions under the Indenture and our other indebtedness outstanding from time to time could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in an event of default under any other debt to which a cross-acceleration or cross-default provision applies. In the event the holders of the Senior Secured Notes or other lenders accelerate the repayment of our indebtedness, we and our subsidiaries may not have sufficient assets to repay such indebtedness and we could be forced into bankruptcy or liquidation.

Moreover, although the Indenture does, and the agreements governing our other indebtedness outstanding from time to time may, limit our ability to engage in these activities, these provisions will be subject to certain important exceptions and qualifications, including exceptions and qualifications that will enable us to incur additional indebtedness, create liens and make restricted payments, any of which could be substantial. For example, our board of directors has determined to pay a dividend in respect of our common stock in the third and fourth quarter of 2020.

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 Facilities 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 common stock.

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, facilities, 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, economic disruptions in various regions, 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 operational 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 as well as strains the pandemic places on the capacity of potential customers to evaluate purchasing our goods and services. 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. It is possible 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 an 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 Facilities 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 Facility (as defined herein) 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 Facility;
- 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 Facilities 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 Facilities 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 San Juan Power Plant 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, SJPC and PREPA, we are required to deliver to JPS, SJPC 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 SJPC 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 were to default on their obligations under our contracts or seek bankruptcy protection, we may not be able to replace such contracts 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. In June 2020, Chesapeake Energy Corporation, the parent of the company party to our Chesapeake GSA, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. We are closely monitoring our exposure to Chesapeake to ensure they continue to fulfill their obligations under the Chesapeake GSA. 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 Facilities and Liquefaction Facilities. There can be no assurance that our Facilities and Liquefaction Facilities will operate as expected, or at all."

As part of our business development, we enter into non-binding agreements, and may not agree final definitive documents on similar terms or at all.

Our business development process includes entering into non-binding letters of intent, non-binding memorandums of understanding, non-binding term sheets and responding to requests for proposals with potential customers. These agreements and any award following a request for proposals are subject to negotiating final definitive documents. The negotiation process may cause us or our potential counterparty to adjust the material terms of the agreement, including the price, term, schedule and any related development obligations. We cannot assure you if or when we will enter into binding definitive for transactions initially described in non-binding agreements, and the terms of our binding agreements may differ materially from the terms of the related non-binding agreements. For example, we signed a non-binding memorandum of understanding with the Philippine National Oil Company on October 14, 2020.

As part of our efforts to reduce global carbon emissions, we are making investments in green hydrogen energy technologies. The innovative nature of these projects entails the risk that we may never realize the anticipated benefits we hope to achieve for the planet.

We are making investments to develop green hydrogen energy technologies as part of our long-term goal to become one of the world's leading providers of carbon-free energy. In October 2020, we announced our intention to partner with Long Ridge Energy Terminal and GE Gas Power to transition a power plant to be capable of burning 100% green hydrogen over the next decade, and our investment in H2Pro, an Israel-based company developing a novel, efficient, and low-cost green hydrogen production technology. We expect to make additional investments in this field in the future. Because these technologies are innovative, we may be making investments in unproven business strategies and technologies with which we have limited or no prior development or operating experience. As an investor in these technologies, it is also possible that we could be exposed to claims and liabilities, expenses, regulatory challenges and other risks.

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 Facilities, the pipeline connecting the Montego Bay Facility to the Bogue Power Plant (as defined herein), 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 Facilities.

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, the handling and disposal of hazardous substances and wastes and the management of ballast water. 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, IMO regulations, which became applicable on January 1, 2020, limit 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 COVID-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 facilities 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. If we were to incur a material loss related to commodity price risks, 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 Facilities 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 Commodity Futures Trading Commission (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.

The European Market Infrastructure Regulation ("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 the Regulation on Wholesale Energy Market Integrity and Transparency ("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. On July 15, 2020, the White House Council on Environmental Quality issued a final rule revising NEPA regulations; however, the regulations, which would become effective 60 days after publication, have been challenged in court, and thus the impacts of any such revisions are uncertain at this time. On June 18, 2020, we received an order from FERC, which asked us to explain why our San Juan Facility is not subject to FERC's jurisdiction under section 3 of the NGA. Because we do not believe that the San Juan Facility is jurisdictional, we provided our reply to FERC on July 20, 2020 and requested that FERC act expeditiously. We do not know if or when FERC will respond to our reply, or the outcome of any such response. Although FERC has civil penalty authority and the authority to authorize the siting, construction, and operation of jurisdictional LNG facilities, we do not know, nor has FERC indicated, what remedy FERC may require if FERC determines that our San Juan Facility is subject to FERC's Section 3 jurisdiction. In addition, we may be subject to additional requirements and new regulations by relevant authorities in Jamaica, Mexico, Ireland, Nicaragua or other jurisdictions, including with respect to land use approvals and permits needed to construct and operate our facilities and sell LNG and power.

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 considered 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 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. For example, based in part on the publicized climate plan and pledges by the Democratic nominee for President, a change in administration as a result of the domestic 2020 Presidential election may lead to significant legislation, rulemaking, or executive orders that seek to address climate change, incentivize low-carbon infrastructure or initiatives, or 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 considered 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 considered 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, 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 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 Related 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 and Puerto Rico. 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 and Puerto Rico.

We currently have interests and operations in Jamaica and the United States (including Puerto Rico) and currently intend to expand into additional markets in the Caribbean, Mexico, Ireland, 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 were not, to date, impacted by the demonstrations or changes in Puerto Rico's administration, any substantial disruption 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 given PREPA's award for its transmission and distribution system. 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, Puerto Rico 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;
- change in applicable laws;
- 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 SJPC are subject to the mandate of the OUR. The OUR regulates the amount of money that power utilities in Jamaica, including JPS and SJPC, 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 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 common stock

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.

Affiliates of certain entities controlled by Wesley R. Edens and Randal A. Nardone ("Consenting Entities") hold a majority of the voting power of our stock. As a result, we are a controlled company within the meaning of the NASDAQ Global Select Market ("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, our corporate governance may not afford the same protections as companies that are subject to all of the corporate governance requirements of NASDAQ.

A small number of our original investors have the ability to direct the voting of a majority of our stock, and their interests may conflict with those of our other securityholders.

As of October 26, 2020, affiliates of the Consenting Entities own an aggregate of approximately 100,035,675 Class A common stock, representing 59.3% of our voting power. As of October 26, 2020, Wesley R. Edens and Randal A. Nardone directly or indirectly own 72,627,775 Class A common stock and 26,196,526 Class A common stock, respectively, representing 43.0% and 15.5% of the voting power of the Class A common stock respectively. The beneficial ownership of greater than 50% of our voting stock means affiliates of the Consenting Entities are able to control matters requiring stockholder 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 common stock will be able to affect the way we are managed or the direction of our business. The interests of the affiliates of the Consenting Entities 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 securityholders.

Given this concentrated ownership, the affiliates of the Consenting Entities would have to approve any potential acquisition of us. The existence of a significant stockholder 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 stockholders to approve transactions that they may deem to be in the best interests of our company. Moreover, the concentration of share ownership with affiliates of the Consenting Entities may adversely affect the trading price of our securities, to the extent investors perceive a disadvantage in owning securities of a company with a significant stockholder.

Furthermore, in connection with the IPO, we entered into a shareholders' agreement (the "Shareholders' Agreement") with New Fortress Energy Holdings and its affiliates, and in connection with the Exchange Transactions, New Fortress Energy Holdings assigned, pursuant to the terms of the Shareholders' Agreement, to the Consenting Entities, New Fortress Energy Holdings' right to designate a certain number of individuals to be nominated for election to our board of directors so long as its assignees collectively beneficially own at least 5% of the outstanding Class A common stock. The Shareholders' Agreement provides that the parties to the Shareholders' Agreement (including certain former members of New Fortress Energy Holdings) shall vote their stock in favor of such nominees. In addition our Certificate of Incorporation 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 common stock.

Our Certificate of Incorporation and By-Laws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our securities and could deprive our investors of the opportunity to receive a premium for their securities.

Our Certificate of Incorporation and By-Laws authorize our board of directors to issue preferred stock without stockholder approval in one or more series, designate the number of stock 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 stock, it could be more difficult for a third -party to acquire us. In addition, some provisions of our Certificate of Incorporation and By-Laws 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 securityholders. 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 stock, only be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- permitting special meetings of our stockholders to be called only by (i) the chairman of our board of directors, (ii) a majority of our board of directors, or (iii) a committee of our board of directors that has been duly designated by the board of directors and whose powers include the authority to call such meetings;
- prohibiting cumulative voting in the election of directors;
- establishing advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of the stockholders; and
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our certain provisions of our organizational documents to the extent permitted by law.

Additionally, our Certificate of Incorporation provides that we have opted out of Section 203 of the Delaware General Corporation Law. However, our Certificate of Incorporation includes a similar provision, which, subject to certain exceptions, prohibits us from engaging in a business combination with an “interested stockholder,” unless the business combination is approved in a prescribed manner. Subject to certain exceptions, an “interested stockholder” means any person who, together with that person’s affiliates and associates, owns 15% or more of our outstanding voting stock or an affiliate or associate of ours who owned 15% or more of our outstanding voting stock at any time within the previous three years, but shall not include any person who acquired such stock from the Consenting Entities or NFE SMRS Holdings LLC (except in the context of a public offering) or any person whose ownership of stock in excess of 15% of our outstanding voting stock is the result of any action taken solely by us. Our Certificate of Incorporation provides that the Consenting Entities and NFE SMRS Holdings LLC and any of their respective direct or indirect transferees, and any group as to which such persons are a party, do not constitute “interested stockholders” for purposes of this provision.

Our Certificate of Incorporation and By-Laws designate 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 stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our Certificate of Incorporation and By-Laws provide 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 stockholders, (iii) any action asserting a claim against us or any of our directors, officers or employees arising pursuant to any provision of our organizational documents, the Delaware Limited Liability Company Act or the DGCL, as applicable, 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 stock will be deemed to have notice of, and consented to, the provisions described in the preceding sentence. This choice of forum provision may limit a stockholder’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 organizational documents 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 may issue preferred stock, the terms of which could adversely affect the voting power or value of our* Class A common stock.**

Our Certificate of Incorporation and By-Laws authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock 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 stock could affect the residual value of the Class A common stock.

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

As of October 26, 2020, 100,035,675 Class A common stock representing 59.3% of our voting power are held by affiliates of the Consenting Entities. Sales by the affiliates of the Consenting Entities or other holders of a substantial number of our Class A common stock 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 common stock or could impair our ability to obtain capital through an offering of equity securities. In addition, we have agreed to provide registration rights to certain former members of New Fortress Energy Holdings.

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

Prior to January 2019, there was no public market for our Class A common stock. An active, liquid and orderly trading market for our Class A common stock 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 common stock 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 common stock, you could lose a substantial part or all of your investment in our Class A common stock.

We recently ceased to be an emerging growth company, and now are required to comply with certain heightened reporting requirements, including those relating to auditing standards and disclosure about our executive compensation.

The Jumpstart Our Business Startups Act of 2012, 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. Prior to September 2, 2020, we were classified as an emerging growth company. As an emerging growth company, we were not 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 and (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. When were were an emerging growth company, we followed the exemptions described above. We also elected to use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act. This election allowed 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 stockholders and potential investors may have difficulty in analyzing our operating results if comparing us to such companies. In addition, because we relied on exemptions available to emerging growth companies, our previous public filings and this filing contain less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies.

We expect to incur additional costs associated with the heightened reporting requirements described above, including the requirement to provide auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, as well as additional audit costs resulting from PCAOB requirements. In addition, our auditors may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we are required to report any control deficiencies that constitute a "material weakness" in our internal control over financial reporting, and doing so could impair our ability to raise capital and otherwise adversely affect the value of our securities.

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 stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our securities.

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 securities.

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 stock 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 Investment Group (which currently employs Messrs. Edens, our chief executive officer and chairman of our Board of Directors, and Nardone, one of our Directors), 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. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. 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 common stock or if our operating results do not meet their expectations, our share price could decline.

The trading market for our Class A common stock 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 distributions to NFE, in an amount sufficient to allow NFE to pay its taxes, and 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. Following the Exchange Transactions, the only members of NFI are NFE and NFE Sub LLC (a wholly-owned subsidiary of NFE).

We may fail to realize the anticipated benefits of the Exchange Transactions and the Conversion or those benefits may take longer to realize than expected or may not offset the costs of the Exchange Transactions and the Conversion, which could have an adverse impact on the trading price of our securities.

We expect the Exchange Transactions and the Conversion will confer several significant benefits to us. Most notably, we expect that the Exchange Transactions 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. We believe that the Conversion will, among other things, improve trading liquidity, expand our global investor base and drive greater value for all of our stockholders over time. However, the level of interest in our Class A common stock may not meet our expectations. For example, the benchmark stock indices may change their eligibility requirements in a manner that is adverse to us or otherwise determine not to include our Class A common stock. Moreover, even if we succeed in having our Class A common stock included in key stock indices, this may not result in the increased demand for our stock that we anticipate.

We may fail to realize the anticipated benefits of the Exchange Transactions and the Conversion or those benefits may take longer to realize than we expect. Moreover, there can be no assurance that the anticipated benefits of the Exchange Transactions and the Conversion will offset their costs. Our failure to achieve the anticipated benefits of the Exchange Transactions and the Conversion at all or in a timely manner, or a failure of any benefits realized to offset its costs, could have an adverse impact on the trading price of our securities.

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.

Not applicable.

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)
3.4	Certificate of Incorporation of New Fortress Energy Inc. (incorporated by reference to Exhibit 99.3 to Registrant's Quarterly Report on Form 10-Q (File No. 001-38790), filed with the SEC on August 4, 2020)
3.5	Bylaws of New Fortress Energy Inc. (incorporated by reference to Exhibit 99.4 to Registrant's Quarterly Report on Form 10-Q (File No. 001-38790), filed with the SEC on August 4, 2020)
4.1	Indenture, dated September 2, 2020, by and among New Fortress Energy Inc., the subsidiary guarantors from time to time party thereto, and U.S. Bank National Association, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-38790), filed with the SEC on September 2, 2020)
4.2	Pledge and Security Agreement, by and among New Fortress Energy Inc., the subsidiary guarantees from time to time party thereto, and U.S. Bank National Association, as trustee and collateral agent (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-38790), filed with the SEC on September 2, 2020)
10.1	Mutual Agreement, dated June 3, 2020, by and among New Fortress Energy LLC, Fortress Equity Partners GP, LLC, WRE 2012 Trust LLC, FEP HoldCo LLC, Wesley R Edens, Randal A Nardone, NFE SMRS Holdings LLC and NFE Sub LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on June 9, 2020)
10.2	Amended and Restated Limited Liability Company Agreement of New Fortress Intermediate LLC, dated February 4, 2019 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.3†	New Fortress Energy LLC 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-229507), filed with the SEC on February 4, 2019)
10.4†	Form of Director Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1/A (File No. 333-228339), filed with the SEC on December 24, 2018)
10.5†	Form of Employee Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q (File No. 001- 38790), filed with the SEC on May 15, 2019)
10.6	Shareholders' Agreement, dated February 4, 2019, by and among New Fortress Energy LLC, New Fortress Energy Holdings LLC, Wesley R. Edens and Randal A. Nardone (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.7	Administrative Services Agreement, dated February 4, 2019, by and between New Fortress Intermediate LLC and FIG LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.8†	Indemnification Agreement (Edens) (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.9†	Indemnification Agreement (Guinta) (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.10†	Indemnification Agreement (Catterall) (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.11†	Indemnification Agreement (Grain) (incorporated by reference to Exhibit 10.8 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.12†	Indemnification Agreement (Griffin) (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.13†	Indemnification Agreement (Mack) (incorporated by reference to Exhibit 10.10 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.14†	Indemnification Agreement (Nardone) (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.15†	Indemnification Agreement (Wanner) (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.16†	Indemnification Agreement (Wilkinson) (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)

10.17	Amendment Agreement dated as February 11, 2019 to Credit Agreement, dated as of August 15, 2018 and as amended and restated as of December 31, 2018, among New Fortress Intermediate LLC, NFE Atlantic Holdings LLC, the subsidiary guarantors from time to time party thereto, lenders parties thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
10.18	Second Amendment Agreement, dated as of March 13, 2019 to the Credit Agreement, dated as of August 15, 2018 and as amended and restated as of December 31, 2018, and as amended as of February 11, 2019, among New Fortress Intermediate LLC, NFE Atlantic Holdings LLC, the subsidiary guarantors from time to time party thereto, lenders parties thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
10.19	Engineering, Procurement and Construction Agreement for the Marcellus LNG Production Facility I, dated January 8, 2019, by and between Bradford County Real Estate Partners LLC and Black & Veatch Construction, Inc. (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1/A (File No. 333-228339), filed with the SEC on January 25, 2019)
10.20†	Indemnification Agreement, dated as of March 17, 2019, by and between New Fortress Energy LLC and Yunyoung Shin (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
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 INC.

Date: October 29, 2020

By: /s/ Wesley R. Edens
Name: Wesley R. Edens
Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: October 29, 2020

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

Date: October 29, 2020

By: /s/ Yunyoung Shin
Name: Yunyoung Shin
Title: Chief Accounting Officer
(Principal Accounting Officer)

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

I, Wesley R. Edens, certify that:

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

    c. 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: October 29, 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

I, Christopher S. Guinta, certify that:

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

   c. 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: October 29, 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 Inc. (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; 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: October 29, 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 Quarterly Report on Form 10-Q of New Fortress Energy Inc. (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; 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: October 29, 2020

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