



## NextDecade Provides Fourth Quarter 2023 Business Update

March 11, 2024

HOUSTON--(BUSINESS WIRE)--Mar. 11, 2024-- NextDecade Corporation (NextDecade or the Company) (NASDAQ: NEXT) today provided an update on developmental and strategic activities for the fourth quarter 2023 and early 2024.

### CEO Commentary

"We are committed to maximizing long-term value for NextDecade's shareholders by executing our business strategy efficiently and effectively," said Matt Schatzman, NextDecade's Chairman and Chief Executive Officer. "We are focused on constructing Phase 1 at the Rio Grande LNG Facility safely, on time, and on budget, and delivering a positive FID of our fully permitted expansion capacity to meet growing global demand for cleaner energy sources including LNG."

"We have a steadfast commitment to upholding the highest standards of safety and excellence in project management and are working alongside our EPC partner, Bechtel, and other counterparties to ensure that construction activities proceed smoothly and in line with contractual schedules. Through rigorous planning, diligent execution, and proactive risk management, together we are seeking to maximize the efficiency of construction efforts."

"We are also actively working to capitalize on market opportunities and position the Company for sustained growth through expansion of our operational footprint. With regulatory approvals in place, our Train 4 and 5 expansion capacity is well-positioned to meet growing global demand for LNG. Supportive market conditions provide tailwinds to continue progressing toward FID of Train 4, which is well underway. Commercial discussions with various potential counterparties and the FEED and EPC contracting processes are proceeding well. Our progress remains aligned with our goal of reaching a positive final investment decision for Train 4 in the second half of this year."

"Through disciplined execution on Phase 1 and our expansion capacity at the Rio Grande LNG Facility, we are poised to achieve our long-term objective of becoming a leading provider of LNG to customers around the globe while also delivering sustainable growth and value creation for our shareholders."

### Significant Recent Developments

#### *Development and Construction*

Under the EPC contracts with Bechtel Energy Inc. (Bechtel), Phase 1 progress is tracked for Train 1, Train 2, and the common facilities on a combined basis and Train 3 on a separate basis. As of January 2024:

- The overall project completion percentage for Trains 1 and 2 and the common facilities of the Rio Grande LNG Facility was 14.3%, which is in line with the schedule under the EPC contract. Within this project completion percentage, engineering was 47.9% complete, procurement was 26.8% complete, and construction was 1.0% complete.
- The overall project completion percentage for Train 3 of the Rio Grande LNG Facility was 4.4%, based on preliminary schedules, which is also in line with the schedule under the EPC contract. Within this project completion percentage, engineering was 3.4% complete, procurement was 10.6% complete, and construction was 0.0% complete.

#### *Strategic and Commercial*

- The Company has started the front-end engineering and design (FEED) and EPC contract processes with Bechtel for Train 4 and are progressing numerous discussions with potential buyers of LNG to provide commercial support for Train 4. The EPC contracting process and commercial discussions are progressing at a pace consistent with the Company's target of reaching a positive final investment decision (FID) of Train 4 in the second half of 2024.

#### *Financial*

- As of December 2023, Rio Grande's outstanding fixed-rate debt and executed interest rate swaps have reduced its exposure to movements in interest rates for approximately 84% of the debt currently projected to be incurred in support of Phase 1 construction.
- In December 2023, Rio Grande LNG, LLC (Rio Grande) entered into a credit agreement with a group of lenders for \$251 million of senior secured loans to finance a portion of Phase 1. The senior secured loans were disbursed in one advance of \$251 million on December 28, 2023, which resulted in a reduction in the commitments outstanding under Rio Grande's existing bank credit facilities for Phase 1. These senior secured loans will be amortized over a period of approximately 18 years beginning in mid-2029, with a final maturity in September 2047. These senior secured loans bear interest at a fixed rate of 7.11% and rank *pari passu* to Rio Grande's existing senior secured financings.
- In January 2024, the Company's wholly-owned subsidiary NextDecade LNG, LLC entered into a credit agreement that provides for a \$50 million senior secured revolving credit facility with additional capacity of \$12.5 million to cover interest.

Borrowings under the revolving credit facility may be used for general corporate purposes, including development costs related to Train 4 at the Rio Grande LNG Facility. Borrowings will bear interest at SOFR or the base rate plus an applicable margin as defined in the credit agreement. The revolving credit facility and interest term loan mature at the earlier of two years from the closing date or 10 business days after a positive FID on Train 4.

- In February 2024, Rio Grande issued and sold \$190 million of senior secured notes in a private placement transaction to finance a portion of Phase 1. The senior secured notes were issued on February 9, 2024 and resulted in a reduction in the commitments outstanding under Rio Grande's existing bank credit facilities for Phase 1. These senior secured notes will be amortized over a period of approximately 18 years beginning in mid-2029, with a final maturity in June 2047. The senior secured notes bear interest at a fixed rate of 6.85% and rank *pari passu* to Rio Grande's existing senior secured financings.
- Rio Grande has syndicated a portion of its bank credit facility commitments, resulting in a supporting lender group of approximately 40 international banks.

### **Rio Grande LNG Facility**

NextDecade is constructing and developing the Rio Grande LNG Facility on the north shore of the Brownsville Ship Channel in south Texas through its partially-owned subsidiary Rio Grande. The site is located on 984 acres of land which has been leased long-term and includes 15,000 feet of frontage on the Brownsville Ship Channel. The Rio Grande LNG Facility has received necessary approvals and authorizations required for construction, including those from the Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE), which allow for development, construction, and operation of up to five trains and 27 million tonnes per annum (MTPA) of LNG exports.

#### *Phase 1 (Trains 1-3)*

Phase 1 at the Rio Grande LNG Facility is under construction. Phase 1 includes three liquefaction trains with a total nameplate capacity of 17.61 MTPA of LNG production, two 180,000 cubic meter full containment LNG storage tanks, and two jetty berthing structures designed to load LNG carriers up to 216,000 cubic meters in capacity. Phase 1 also includes associated site infrastructure and common facilities including feed gas pretreatment facilities, electric and water utilities, two totally enclosed ground flares for the LNG tanks and marine facilities, two ground flares for the liquefaction trains, roads, levees surrounding the entire site, and warehouses, administrative, operations control room, and maintenance buildings.

As of January 2024, progress on Trains 1 through 3 is in line with the schedule under the EPC Contracts. Recent construction activities have included the start of Train 1 foundation concrete pours, piling activity for the LNG tanks, and construction of the levee and marine offloading facility. Additionally, the civil works program has progressed via the deep soil mixing program, and meaningful progress has been made on the shoreline restoration program, with the majority of shoreline reclamation nearing completion, and shoreline protection work has commenced. Bechtel has also made meaningful progress on purchase orders for Train 3.

NextDecade holds equity interests in the Phase 1 joint venture that entitle it to receive up to 20.8% of the distributions of available cash during operations.

#### *Final Investment Decision on Train 4 and Train 5*

NextDecade is targeting a positive FID and commencement of construction of Train 4 and related infrastructure at the Rio Grande LNG Facility in the second half of 2024, and subsequently Train 5 and related infrastructure. Achieving a positive FID of this fully permitted expansion capacity at the Rio Grande LNG Facility will be subject to, among other things, finalizing and entering into EPC contracts, entering into appropriate commercial arrangements, and obtaining adequate financing to construct each train and related infrastructure.

The Company has commenced certain pre-FID activities for Train 4, including the FEED and EPC contract processes with Bechtel. The Company expects to finalize the Train 4 EPC contract in the first half of 2024.

TotalEnergies SE (TotalEnergies) has LNG purchase options of 1.5 MTPA for each of Train 4 and Train 5. If TotalEnergies exercises its LNG purchase options, the Company currently estimates that an additional approximately 3 MTPA of LNG must be contracted on a long-term basis for each of Train 4 and Train 5 prior to making a positive FID for the respective train. The Company continues to advance commercial discussions with various potential counterparties and expects to finalize commercial arrangements for Train 4 in the coming months to support an FID of Train 4 in the second half of 2024.

The Company expects to finance construction of Train 4 utilizing a combination of debt and equity funding. The Company expects to enter into bank facilities for the debt portion of the funding. In connection with consummating the Rio Grande Phase 1 equity joint venture, the Company's equity partners each have options to invest in Train 4 and Train 5 equity, which, if exercised, would provide approximately 60% of the equity funding required for each of Train 4 and Train 5. Inclusive of these options, NextDecade currently expects to fund 40% of the equity commitments for each of Train 4 and Train 5, and to have an initial economic interest of 40% in each of Train 4 and Train 5, increasing to 60% after its equity partners achieve certain returns on their investments in each of the respective trains. The Company expects to undertake the financing process for Train 4 after the EPC contract and commercial arrangements are finalized.

### **Investor Presentation**

NextDecade has posted an updated investor presentation to its website concurrently with this release. A copy of this release and the investor presentation can be found on its website at [www.next-decade.com](http://www.next-decade.com).

### **About NextDecade Corporation**

NextDecade Corporation is an energy company accelerating the path to a net-zero future. Leading innovation in more sustainable LNG and carbon capture solutions, NextDecade is committed to providing the world access to cleaner energy. Through our subsidiaries Rio Grande LNG and NEXT

Carbon Solutions, we are developing a 27 MTPA LNG export facility in South Texas along with one of the largest carbon capture and storage projects in North America. We are also working with third-party customers around the world to deploy our proprietary processes to lower the cost of carbon capture and storage and reduce CO<sub>2</sub> emissions at their industrial-scale facilities. NextDecade's common stock is listed on the Nasdaq Stock Market under the symbol "NEXT." NextDecade is headquartered in Houston, Texas. For more information, please visit [www.next-decade.com](http://www.next-decade.com).

### Forward-Looking Statements

This press release contains forward-looking statements within the meaning of U.S. federal securities laws. The words "anticipate," "contemplate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "might," "will," "would," "could," "should," "can have," "likely," "continue," "design," "assume," "budget," "guidance," "forecast," and "target," and other words and terms of similar expressions are intended to identify forward-looking statements, and these statements may relate to the business of NextDecade and its subsidiaries. These statements have been based on assumptions and analysis made by NextDecade in light of current expectations, perceptions of historical trends, current conditions and projections about future events and trends and involve a number of known and unknown risks, which may cause actual results to differ materially from expectations expressed or implied in the forward-looking statements. These risks include NextDecade's progress in the development of its LNG liquefaction and export projects and CCS projects and the timing of that progress; the timing of achieving a final investment decision on future trains at the Rio Grande LNG Facility and the project costs thereof; the availability and frequency of cash distributions available to NextDecade from its joint venture which owns Phase 1 of the Rio Grande LNG Facility; the ability to generate sufficient cash flow to satisfy Rio Grande's significant debt service obligations or to refinance such obligations ahead of their maturity; restrictions imposed by Rio Grande's and NextDecade's debt agreements that limit flexibility in operating its business; increases in interest rates increasing the cost of servicing Rio Grande's indebtedness; reliance on third-party contractors to successfully complete the Rio Grande LNG Facility, the pipeline to supply gas to the Rio Grande LNG Facility and any CCS projects; ability to develop NEXT Carbon Solutions' business through implementation of CCS projects; ability to secure additional debt and equity financing in the future to complete the Rio Grande LNG Facility and CCS projects on commercially acceptable terms; accuracy of estimated costs for the Rio Grande LNG Facility and CCS projects; ability to achieve operational characteristics of the Rio Grande LNG Facility and CCS projects, when completed, including liquefaction capacities and amount of CO<sub>2</sub> captured and stored, and any differences in such operational characteristics from expectations; development risks, operational hazards and regulatory approvals applicable to NextDecade's development, construction and operation activities and those of its third-party contractors and counterparties; technological innovation which may lessen NextDecade's anticipated competitive advantage or demand for its offerings; global demand for and price of LNG; availability of LNG vessels worldwide; changes in legislation and regulations relating to the LNG and CCS industries, including environmental laws and regulations that impose significant compliance costs and liabilities; scope of implementation of carbon pricing regimes aimed at reducing greenhouse gas emissions; global development and maturation of emissions reduction credit markets; adverse changes to existing or proposed carbon tax incentive regimes; global pandemics, including the 2019 novel coronavirus pandemic, the Russia-Ukraine conflict and hostilities in the Middle East, other sources of volatility in the energy markets and their impact on NextDecade's business and operating results, including any disruptions in its operations or development of the Rio Grande LNG Facility and the health and safety of its employees, and on its customers, the global economy and the demand for LNG; risks related to doing business in and having counterparties in foreign countries; NextDecade's ability to maintain the listing of our securities on the Nasdaq Capital Market or another securities exchange or quotation medium; changes adversely affecting the businesses in which NextDecade is engaged; management of growth; general economic conditions; ability to generate cash; the result of future financing efforts and applications for customary tax incentives; and other matters discussed in the "Risk Factors" section of NextDecade's most recent Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission. Additionally, any development of subsequent trains at the Rio Grande LNG Facility or CCS projects remains contingent upon execution of definitive commercial and financing agreements, securing all financing commitments and potential tax incentives, achieving other customary conditions and making a final investment decision to proceed. The forward-looking statements in this press release speak as of the date of this release. Although NextDecade believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that the expectations will prove to be correct. NextDecade may from time to time voluntarily update its prior forward-looking statements, however, it disclaims any commitment to do so except as required by securities laws.

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