

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended June 30, 2020

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

For the transition period from _____ to _____

Commission File No. 001-36842

NEXTDECADE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-5723951

(I.R.S. Employer
Identification No.)

1000 Louisiana Street, Suite 3900, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

(713) 574-1880

(Registrant's telephone number, including area code)

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

Title of each class:

Common Stock, \$0.0001 par value

Trading Symbol

NEXT

Name of each exchange on which registered:

The Nasdaq Stock Market LLC

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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2020, the issuer had 120,654,363 shares of common stock outstanding.

NEXTDECADE CORPORATION

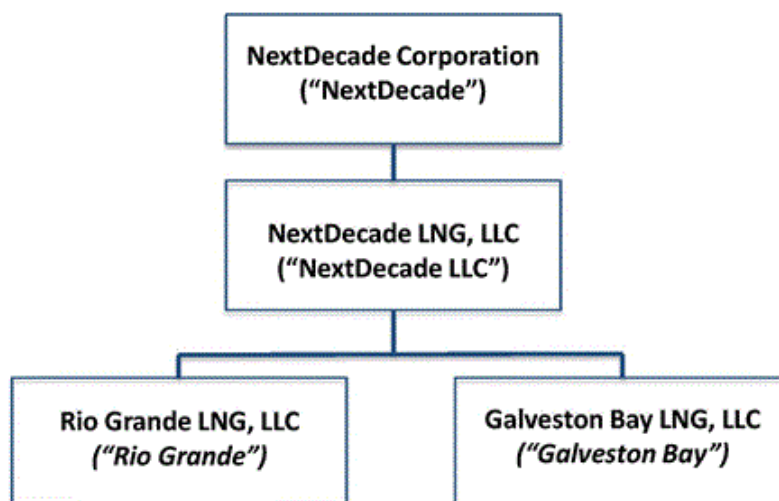
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2020

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Organizational Structure

The following diagram depicts our abbreviated organizational structure as of June 30, 2020 with references to the names of certain entities discussed in this Quarterly Report on Form 10-Q.



Unless the context requires otherwise, references to “NextDecade,” the “Company,” “we,” “us” and “our” refer to NextDecade Corporation (NASDAQ: NEXT) and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Balance Sheets
(in thousands, except per share data)
(unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 37,579	\$ 15,736
Investment securities	—	62,207
Prepaid expenses and other current assets	878	859
Total current assets	38,457	78,802
Property, plant and equipment, net	150,051	134,591
Operating lease right-of-use assets, net	1,004	1,054
Other non-current assets, net	13,917	6,748
Total assets	\$ 203,429	\$ 221,195
Liabilities, Series A and Series B Convertible Preferred Stock and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 519	\$ 11,912
Share-based compensation liability	182	182
Accrued liabilities and other current liabilities	1,294	8,751
Current operating lease liabilities	638	698
Total current liabilities	2,633	21,543
Non-current common stock warrant liabilities	4,261	12,034
Non-current operating lease liabilities	166	3
Other non-current liabilities	15,000	—
Total liabilities	22,060	33,580
Commitments and contingencies (Note 13)		
Series A Convertible Preferred Stock, \$1,000 per share liquidation preference Issued and outstanding: 61,743 shares and 58,197 shares at June 30, 2020 and December 31, 2019, respectively		
	51,727	48,084
Series B Convertible Preferred Stock, \$1,000 per share liquidation preference Issued and outstanding: 59,023 shares and 55,645 shares at June 30, 2020 and December 31, 2019, respectively		
	53,192	49,814
Stockholders' equity		
Common stock, \$0.0001 par value Authorized: 480.0 million shares at June 30, 2020 and December 31, 2019 Issued and outstanding: 117.5 million shares and 117.3 million shares at June 30, 2020 and December 31, 2019, respectively		
	12	12
Treasury stock: 177,549 shares and 137,860 shares at June 30, 2020 and December 31, 2019, respectively, at cost		
	(796)	(685)
Preferred stock, \$0.0001 par value Authorized: 0.9 million, after designation of the Series A and Series B Convertible Preferred Stock Issued and outstanding: none at June 30, 2020 and December 31, 2019		
	—	—
Additional paid-in-capital	215,807	224,091
Accumulated deficit	(138,573)	(133,701)
Total stockholders' equity	76,450	89,717
Total liabilities, Series A and Series B Convertible Preferred Stock and stockholders' equity	\$ 203,429	\$ 221,195

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

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NextDecade Corporation
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Revenues	\$ —	\$ —	\$ —	\$ —
Operating expenses				
General and administrative expense (recovery)	4,700	(5,076)	11,515	6,960
Invitation to bid contract costs	—	10,163	—	10,163
Land option and lease expense	447	451	858	862
Depreciation expense	64	43	80	85
Total operating expenses	5,211	5,581	12,453	18,070
Total operating loss	(5,211)	(5,581)	(12,453)	(18,070)
Other income (expense)				
(Loss) gain on common stock warrant liabilities	(565)	(1,641)	7,774	(1,838)
Loss on redemption of investment securities	—	—	(412)	—

Interest income, net	2	409	235	875
Other	—	94	(16)	271
Total other (expense) income	(563)	(1,138)	7,581	(692)
Net loss attributable to NextDecade Corporation	(5,774)	(6,719)	(4,872)	(18,762)
Preferred stock dividends	(3,509)	—	(6,952)	(4,972)
Deemed dividends on Series A Convertible Preferred Stock	(21)	(488)	(97)	(1,039)
Net loss attributable to common stockholders	<u>\$ (9,304)</u>	<u>\$ (7,207)</u>	<u>\$ (11,921)</u>	<u>\$ (24,773)</u>
Net loss per common share - basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.07)</u>	<u>\$ (0.10)</u>	<u>\$ (0.23)</u>
Weighted average shares outstanding - basic and diluted	117,388	107,061	117,370	107,001

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

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NextDecade Corporation
Consolidated Statement of Stockholders' Equity, Series A and Series B Convertible Preferred Stock
(in thousands)
(unaudited)

	For the Three Months Ended June 30, 2020								
	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
	Shares	Par Value Amount	Shares	Amount					
Balance at March 31, 2020	117,388	\$ 12	148	\$ (742)	\$ 218,972	\$ (132,799)	\$ 85,443	\$ 49,917	\$ 51,487
Share-based compensation	—	—	—	—	365	—	365	—	—
Restricted stock vesting	134	—	—	—	—	—	—	—	—
Shares repurchased related to share-based compensation	(30)	—	30	(54)	—	—	(54)	—	—
Preferred stock dividends	—	—	—	—	(3,509)	—	(3,509)	1,789	1,705
Deemed dividends - accretion of beneficial conversion feature	—	—	—	—	(21)	—	(21)	21	—
Net income (loss)	—	—	—	—	—	(5,774)	(5,774)	—	—
Balance at June 30, 2020	<u>117,492</u>	<u>\$ 12</u>	<u>178</u>	<u>\$ (796)</u>	<u>\$ 215,807</u>	<u>\$ (138,573)</u>	<u>\$ 76,450</u>	<u>\$ 51,727</u>	<u>\$ 53,192</u>

	For the Six Months Ended June 30, 2020								
	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
	Shares	Par Value Amount	Shares	Amount					
Balance at December 31, 2019	117,329	\$ 12	137	\$ (685)	\$ 224,091	\$ (133,701)	\$ 89,717	\$ 48,084	\$ 49,814
Share-based compensation	—	—	—	—	(1,235)	—	(1,235)	—	—
Restricted stock vesting	204	—	—	—	—	—	—	—	—
Shares repurchased related to share-based compensation	(41)	—	41	(111)	—	—	(111)	—	—
Preferred stock dividends	—	—	—	—	(6,952)	—	(6,952)	3,546	3,378
Deemed dividends - accretion of beneficial conversion feature	—	—	—	—	(97)	—	(97)	97	—
Net income	—	—	—	—	—	(4,872)	(4,872)	—	—
Balance at June 30, 2020	<u>117,492</u>	<u>\$ 12</u>	<u>178</u>	<u>\$ (796)</u>	<u>\$ 215,807</u>	<u>\$ (138,573)</u>	<u>\$ 76,450</u>	<u>\$ 51,727</u>	<u>\$ 53,192</u>

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

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	For the Three Months Ended June 30, 2019									
	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
	Shares	Par Value Amount	Shares	Amount						
Balance at March 31, 2019	106,971	\$ 11	71	\$ (295)	\$ 183,834	\$ 109,873	\$ —	\$ 73,677	\$ 43,775	\$ 27,978
Share-based compensation	—	—	—	—	(12,972)	—	—	(12,972)	—	—
Restricted stock vesting	230	—	—	—	—	—	—	—	—	—
Shares repurchased related to share-based compensation	(32)	—	32	(171)	—	—	—	(171)	—	—

Preferred stock dividends	—	—	—	—	—	—	—	—	—	19,009
Deemed dividends - accretion of beneficial conversion feature	—	—	—	—	(488)	—	—	(488)	488	—
Net income	—	—	—	—	—	(6,719)	—	(6,719)	—	—
Balance at June 30, 2019	107,169	\$ 11	103	\$ (466)	\$ 170,374	\$ (116,592)	\$ —	\$ 53,327	\$ 44,263	\$ 46,987

	For the Six Months Ended June 30, 2019									
	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
	Shares	Par Value Amount	Shares	Amount						
Balance at December 31, 2018	106,856	\$ 11	6	\$ (35)	\$ 180,862	\$ (97,617)	\$ —	\$ 83,221	\$ 40,091	\$ 26,159
Adoption of ASC Topic 842	—	—	—	—	—	(213)	—	(213)	—	—
Adoption of ASU 2018-07	—	—	—	—	2,116	—	—	2,116	—	—
Share-based compensation	—	—	—	—	(7,088)	—	—	(7,088)	—	—
Restricted stock vesting	410	—	—	—	495	—	—	495	—	—
Shares repurchased related to share-based compensation	(97)	—	97	(431)	—	—	—	(431)	—	—
Issuance of Series B Convertible Preferred Stock	—	—	—	—	—	—	—	—	—	19,009
Preferred stock dividends	—	—	—	—	(4,972)	—	—	(4,972)	3,133	1,819
Deemed dividends - accretion of beneficial conversion feature	—	—	—	—	(1,039)	—	—	(1,039)	1,039	—
Net loss	—	—	—	—	—	(18,672)	—	(18,762)	—	—
Balance at June 30, 2019	107,169	\$ 11	103	\$ (466)	\$ 170,374	\$ (116,592)	\$ —	\$ 53,327	\$ 44,263	\$ 46,987

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

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NextDecade Corporation.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net loss attributable to NextDecade Corporation	\$ (4,872)	\$ (18,762)
Adjustment to reconcile net loss to net cash used in operating activities		
Depreciation	80	85
Share-based compensation expense (forfeiture)	(1,596)	(7,817)
(Gain) loss on common stock warrant liabilities	(7,774)	1,838
Gain on investment securities	—	(280)
Realized loss (gain) on investment securities	423	(34)
Amortization of right-of-use assets	655	399
Amortization of other non-current assets	688	—
Changes in operating assets and liabilities:		
Prepaid expenses	(17)	(342)
Accounts payable	(384)	546
Operating lease liabilities	(502)	(266)
Accrued expenses and other liabilities	(5,483)	(601)
Net cash used in operating activities	(18,782)	(25,234)
Investing activities:		
Acquisition of property, plant and equipment	(28,163)	(14,077)
Acquisition of other non-current assets	(7,857)	—
Proceeds from sale of investment securities	61,972	36,000
Purchase of investment securities	(188)	(15,803)
Net cash provided by investing activities	25,764	6,120
Financing activities:		
Proceeds from sale of Rio Bravo	15,000	—
Proceeds from equity issuance	—	20,945

Preferred stock dividends		(28)	(26)
Shares repurchased related to share-based compensation		(111)	(431)
Net cash provided by financing activities		14,861	20,488
Net increase in cash and cash equivalents		21,843	1,374
Cash and cash equivalents – beginning of period		15,736	3,169
Cash and cash equivalents – end of period	\$	37,579	\$ 4,543
Non-cash investing activities:			
Accounts payable for acquisition of property, plant and equipment	\$	342	\$ 958
Accrued liabilities for acquisition of property, plant and equipment		529	1,058
Non-cash financing activities:			
Paid-in-kind dividends on Series A and Series B Convertible Preferred Stock		6,924	4,952
Accretion of deemed dividends on Series A Convertible Preferred Stock		97	1,039

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

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NextDecade Corporation
Notes to Consolidated Financial Statements
(unaudited)

Note 1 — Background and Basis of Presentation

NextDecade Corporation engages in development activities related to the liquefaction and sale of liquefied natural gas (“LNG”). We have focused and continue to focus our development activities on the Rio Grande LNG terminal facility at the Port of Brownsville in southern Texas (the “Terminal”). We also have executed surface lease agreements with the City of Texas City and the State of Texas for a 994-acre site for another potential LNG terminal (the “Galveston Bay Terminal”).

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and disclosures required by GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. In our opinion, all adjustments, consisting only of normal recurring items, which are considered necessary for a fair presentation of the unaudited consolidated financial statements, have been included. The results of operations for the three months ended June 30, 2020 are not necessarily indicative of the operating results for the full year.

Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications did not have a material effect on our consolidated financial position, results of operations or cash flows.

Note 2 — Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Prepaid subscriptions	\$ 298	\$ 161
Prepaid insurance	75	292
Prepaid marketing and sponsorships	194	25
Other	311	381
Total prepaid expenses and other current assets	\$ 878	\$ 859

Note 3 — Investment Securities

We previously invested in Class L shares of the JPMorgan Managed Income Fund. In March 2020, we redeemed the balance of the JPMorgan Managed Income Fund and realized a loss of \$0.4 million.

Investment securities consisted of the following (in thousands):

	June 30, 2020		December 31, 2019	
	Fair value	Cost	Fair value	Cost
JPMorgan Managed Income Fund	\$ —	\$ —	\$ 62,207	\$ 62,178

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Note 4 — Sale of Equity Interests in Rio Bravo

On March 2, 2020, NextDecade LLC closed the transactions (the Closing”) contemplated by that certain Omnibus Agreement, dated February 13, 2020, with Spectra Energy Transmission II, LLC, a wholly owned subsidiary of Enbridge Inc. (“Buyer”), pursuant to which NextDecade LLC sold one hundred percent of the equity interests (the “Equity Interests”) in Rio Bravo Pipeline Company, LLC (“Rio Bravo”) to Buyer in consideration of (i) approximately \$17.4 million plus (ii) the amount of direct and indirect costs incurred by Rio Bravo, the Company or any of its other affiliates in respect of the proposed Rio Bravo Pipeline, the 137-mile interstate natural gas pipeline (the “Pipeline”) being developed by Rio Bravo to supply natural gas to the Terminal, from October 1, 2019 through the Closing (the “Purchase Price”); provided, that the Purchase Price may not exceed \$25 million. Buyer paid \$15.0 million of the Purchase Price to NextDecade LLC at the Closing and the remainder will be paid within five business days after the date that Rio Grande has received, after a final positive investment decision, the initial funding of financing for the development, construction and operation of the Terminal. In connection with the Closing, Rio Grande LNG Gas Supply LLC, an indirect wholly-owned subsidiary of the Company (“Rio Grande Gas Supply”), entered into (i) a Precedent Agreement for Firm Natural Gas Transportation Service for the Rio Bravo Pipeline (the “RBPL Precedent Agreement”) with Rio Bravo and (ii) a Precedent Agreement for Natural Gas Transportation Service (the “VCP Precedent Agreement”) with Valley Crossing Pipeline, LLC (“VCP”). VCP and, as of the Closing, Rio Bravo are wholly owned subsidiaries of Enbridge Inc. The Valley Crossing Pipeline is owned and operated by VCP.

Pursuant to the RBPL Precedent Agreement, Rio Bravo agreed to provide Rio Grande Gas Supply with firm natural gas transportation services on the Pipeline in a quantity sufficient to match the full operational capacity of each proposed liquefaction train of the Terminal. Rio Bravo’s obligation to construct, install, own, operate and maintain the Pipeline is conditioned on its receipt, no later than December 31, 2023, of notice that Rio Grande Gas Supply or its affiliate has issued a full notice to proceed to the engineering, procurement and construction contractor (the “EPC Contractor”) for the construction of the Terminal. Under the RBPL Precedent Agreement, in consideration for the provision of such firm transportation services, Rio Bravo will be remunerated on a dollar-per-dekatherm, take-or-pay basis, subject to certain adjustments, over a term of at least twenty years, all in compliance with the federal and state authorizations associated with the Pipeline.

Pursuant to the VCP Precedent Agreement, VCP agreed to provide Rio Grande Gas Supply with natural gas transportation services on the Valley Crossing Pipeline in a quantity sufficient to match the commissioning requirements of each proposed liquefaction train of the Terminal. VCP’s obligation to construct, install, own, operate and maintain the necessary interconnection to the Terminal and the Pipeline is conditioned on its receipt, no later than December 31, 2023, of notice that Rio Grande Gas Supply or its affiliate has issued a full notice to proceed to the EPC Contractor for the construction of the Terminal. VCP will be responsible, at its sole cost and expense, to construct, install, own, operate and maintain the tap, riser and valve facilities (the “VCP Transporter Facilities”), which shall connect to Rio Grande Gas Supply’s custody transfer meter and such other facilities as necessary in order for the Terminal to receive gas from the VCP Transporter Facilities (the “Rio Grande Gas Supply Facilities”). Rio Grande Gas Supply will be responsible, at its sole cost and expense, to construct, install, own, operate and maintain the Rio Grande Gas Supply Facilities. Under the VCP Precedent Agreement, in consideration for the provision of the commissioning transportation services, VCP will be remunerated on the same dollar-per-dekatherm, take-or-pay basis as set forth in the RBPL Precedent Agreement for the duration of such commissioning services, all in compliance with the federal and state authorizations associated with the Valley Crossing Pipeline.

If Rio Grande or its affiliate fail to issue a full notice to proceed to the EPC Contractor on or prior to December 31, 2023, Buyer has the right to sell the Equity Interests back to NextDecade LLC and NextDecade LLC has the right to repurchase the Equity Interests from Buyer, in each case at a price not to exceed \$23 million. Accordingly, the proceeds from the sale of the Equity Interests are presented as a non-current liability and the assets of Rio Bravo have not been de-recognized in the consolidated balance sheets at June 30, 2020.

Note 5 — Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Fixed Assets		
Computers	\$ 487	\$ 487
Furniture, fixtures, and equipment	464	471
Leasehold improvements	428	547
Total fixed assets	1,379	1,505
Less: accumulated depreciation	(873)	(793)
Total fixed assets, net	506	712
Project Assets (not placed in service)		
Terminal	136,444	121,081
Pipeline	13,101	12,798
Total Terminal and Pipeline assets	149,545	133,879
Total property, plant and equipment, net	\$ 150,051	\$ 134,591

Depreciation expense was \$64 thousand and \$43 thousand for the three months ended June 30, 2020 and 2019, respectively, and \$80 thousand and \$85 thousand for the six months ended June 30, 2020 and 2019, respectively.

Note 6 — Leases

Our leased assets primarily consist of office space and land sites.

Operating lease right-of-use assets are as follows (in thousands):

	June 30, 2020	December 31, 2019
Office leases	\$ 779	\$ 610
Land leases	225	444
Total operating lease right-of-use assets, net	\$ 1,004	\$ 1,054

Operating lease liabilities are as follows (in thousands):

	June 30, 2020	December 31, 2019
Office leases	\$ 638	\$ 698
Land leases	—	—
Total current lease liabilities	638	698
Non-current office leases	166	3
Non-current land leases	—	—
Total lease liabilities	\$ 804	\$ 701

Operating lease expense is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Office leases	\$ 248	\$ 146	\$ 453	\$ 262
Land leases	112	121	219	241
Total operating lease expense	360	267	672	503
Short-term lease expense	86	25	177	40
Land option expense	1	159	9	319
Total land option and lease expense	\$ 447	\$ 451	\$ 858	\$ 862

Maturity of operating lease liabilities as of June 30, 2020 are as follows (in thousands, except lease term and discount rate):

2020 (remaining)	\$ 353
2021	508
2022	—
2023	—
2024	—
Thereafter	—
Total undiscounted lease payments	861
Discount to present value	(57)
Present value of lease liabilities	\$ 804
Weighted average remaining lease term - years	1.2
Weighted average discount rate - percent	12.0

Other information related to our operating leases is as follows (in thousands):

	Six Months Ended June 30,	
	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities:		
Cash flows from operating activities	\$ 461	\$ 367
Noncash right-of-use assets recorded for operating lease liabilities:		
Adoption of Topic 842	—	1,562
In exchange for new operating lease liabilities during the period	605	446

Note 7 — Other Non-Current Assets

Other non-current assets consisted of the following (in thousands)

	June 30, 2020	December 31, 2019
Permitting costs ⁽¹⁾	\$ 7,362	\$ 2,621
Enterprise resource planning system, net	2,512	3,181
Rio Grande Site Lease initial direct costs	4,043	946
Total other non-current assets, net	\$ 13,917	\$ 6,748

- (1) Permitting costs primarily represent costs incurred in connection with permit applications to the United States Army Corps of Engineers and the U.S. Fish and Wildlife Service for mitigation measures for potential impacts to wetlands and habitat that may be caused by the construction of the Terminal and the Pipeline.

Note 8 — Accrued Liabilities and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Employee compensation expense	\$ 478	\$ 4,221
Terminal and Pipeline asset costs	529	2,503
Accrued legal services	35	1,060
Other accrued liabilities	252	967
Total accrued liabilities and other current liabilities	<u>\$ 1,294</u>	<u>\$ 8,751</u>

Note 9 – Preferred Stock and Common Stock Warrants**Preferred Stock**

In August 2018, we sold an aggregate of 50,000 shares of Series A Convertible Preferred Stock, par value \$0.0001 per share (the “Series A Preferred Stock”), at \$1,000 per share for an aggregate purchase price of \$50 million and we issued an additional 1,000 shares of Series A Preferred Stock in aggregate as origination fees to the purchasers of the Series A Preferred Stock. In September 2018, we sold an aggregate of 29,055 shares of Series B Convertible Preferred Stock, par value \$0.0001 per share (the “Series B Preferred Stock” and, together with the Series A Preferred Stock, the “Convertible Preferred Stock”), at \$1,000 per share for an aggregate purchase price of \$29.055 million and we issued an additional 581 shares of Series B Preferred Stock in aggregate as origination fees to the purchasers of the Series B Preferred Stock. Warrants, exercisable for Company common stock, were issued together with the shares of Series A Preferred Stock and the Series B Preferred Stock (collectively, “Common Stock Warrants”).

In May 2019, we sold an aggregate of 20,945 shares of Series B Preferred Stock, at \$1,000 per share for an aggregate purchase price of \$20.945 million and we issued an additional 418 shares of Series B Preferred Stock in aggregate as origination fees to the purchasers of such shares of Series B Preferred Stock. Common Stock Warrants were issued together with such shares of Series B Preferred Stock.

The shares of Convertible Preferred Stock bear dividends at a rate of 12% per annum, which are cumulative and accrue daily from the date of issuance on the \$1,000 stated value. Such dividends are payable quarterly and may be paid in cash or in-kind. During the six months ended June 30, 2020 and 2019, the Company paid-in-kind \$6.9 million and \$4.9 million of dividends, respectively, to the holders of the Convertible Preferred Stock. On July 14, 2020, the Company declared dividends to the holders of the Convertible Preferred Stock as of the close of business on June 15, 2020. On July 15, 2020, the Company paid-in-kind \$3.6 million of dividends to the holders of the Convertible Preferred Stock.

Common Stock Warrants

The Company revalues the Common Stock Warrants at each balance sheet date and recognized losses of \$0.6 million and \$1.6 million during the three months ended June 30, 2020 and 2019, respectively, and a gain of \$7.8 million and a loss of \$1.8 million during the six months ended June 30, 2020 and 2019, respectively. The Common Stock Warrant liabilities are included in Level 3 of the fair value hierarchy.

The Company used a Monte Carlo simulation model to estimate the fair value of the Common Stock Warrants using the following assumptions:

	June 30, 2020		December 31, 2019	
Stock price	\$	2.16	\$	6.14
Exercise price	\$	0.01	\$	0.01
Risk-free rate		0.2%		1.6%
Volatility		61.3%		27.6%
Term (years)		1.3		1.8

Beneficial Conversion Feature

ASC 470-20-20 – Debt – Debt with conversion and Other Options (“ASC 470-20”) defines a beneficial conversion feature (“BCF”) as a nondetachable conversion feature that is in the money at the issuance date. The Company was required by ASC 470-20 to allocate a portion of the proceeds from the Series A Preferred Stock equal to the intrinsic value of the BCF to additional paid-in capital. We are recording the accretion of the \$2.5 million Series A Preferred Stock discount attributable to the BCF as a deemed dividend using the effective yield method over the period prior to the expected conversion date.

Note 10 — Net Loss Per Share

The following table (in thousands, except for loss per share) reconciles basic and diluted weighted average common shares outstanding for each of the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Weighted average common shares outstanding:				
Basic	117,388	107,061	117,370	107,001
Dilutive unvested stock, convertible preferred stock, Common Stock Warrants and IPO Warrants	—	—	—	—
Diluted	117,388	107,061	117,370	107,001
Basic and diluted net loss per share attributable to common stockholders	\$ (0.08)	\$ (0.07)	\$ (0.10)	\$ (0.23)

Potentially dilutive securities not included in the diluted net loss per share computations because their effect would have been anti-dilutive were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Unvested stock (1)	930	605	1,034	548
Convertible preferred stock	16,380	12,647	16,143	11,891
Common Stock Warrants	1,971	1,542	1,967	1,462
IPO Warrants(2)	12,082	12,082	12,082	12,082
Total potentially dilutive common shares	31,363	26,876	31,226	25,983

(1) Does not include 3.0 million shares for each of the three and six months ended June 30, 2020 and 4.1 million shares for the three and six months ended June 30, 2019, of unvested stock because the performance conditions had not yet been satisfied as of June 30, 2020 and 2019, respectively.

(2) The IPO Warrants were issued in connection with our initial public offering in 2015. The IPO Warrants are exercisable at a price of \$11.50 per share and expire on July 24, 2022. The Company may redeem the IPO Warrants at a price of \$0.01 per IPO Warrant upon 30 days' notice only if the last sale price of our common stock is at least \$17.50 per share for any 20 trading days within a 30-trading day period. If the Company redeems the IPO Warrants in this manner, the Company will have the option to do so on a cashless basis with the issuance of an economically equivalent number of shares of Company common stock.

Note 11 — Share-based Compensation

We have granted shares of Company common stock and restricted Company common stock to employees, consultants and non-employee directors under our 2017 Omnibus Incentive Plan (the "2017 Plan") and in connection with our special meeting of stockholders held on July 24, 2017.

Total share-based compensation consisted of the following (in thousands):

	Three months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Share-based compensation:				
Equity awards	\$ 365	\$ (12,972)	\$ (1,235)	\$ (7,088)
Liability awards	—	(20)	—	(20)
Total share-based compensation	365	(12,992)	(1,235)	(7,108)
Capitalized share-based compensation	(101)	(163)	(361)	(709)
Total share-based compensation expense	\$ 264	\$ (13,155)	\$ (1,596)	\$ (7,817)

Note 12 — Income Taxes

Due to our cumulative loss position, we have established a full valuation allowance against our deferred tax assets at June 30, 2020 and December 31, 2019. Due to our full valuation allowance, we have not recorded a provision for federal or state income taxes during either of the three and six months ended June 30, 2020 or 2019.

In response to the global pandemic related to COVID-19, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") on March 27, 2020. The CARES Act provides numerous relief provisions for corporate tax payers, including modification of the utilization limitations on net operating losses, favorable expansions of the deduction for business interest expense under Internal Revenue Code Section 163(j), and the ability to accelerate timing of refundable AMT credits. For the three and six months ended June 30, 2020, there were no material tax impacts to our consolidated financial statements from the CARES Act or other COVID-19 measures. The Company continues to monitor additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service and others.

Note 13 — Commitments and Contingencies

Rio Grande Site Lease

On March 6, 2019, Rio Grande entered into a lease agreement (the “Rio Grande Site Lease”) with the Brownsville Navigation District of Cameron County, Texas (“BND”) for the lease by Rio Grande of approximately 984 acres of land situated in Brownsville, Cameron County, Texas for the purposes of constructing, operating, and maintaining (i) a liquefied natural gas facility and export terminal and (ii) gas treatment and gas pipeline facilities.

On April 30, 2020, Rio Grande and the BND amended the Rio Grande Site Lease (the “Rio Grande Site Lease Amendment”) to extend the effective date for commencing the Rio Grande Site Lease to May 6, 2021 (the “Effective Date”). The Rio Grande Site Lease Amendment further provides that Rio Grande has the right, exercisable in its sole discretion, to extend the Effective Date to May 6, 2022 by providing the BND with written notice of its election no later than the close of business on the Effective Date.

In connection with the Rio Grande Site Lease Amendment, Rio Grande is committed to pay approximately \$1.5 million per quarter to the BND through the earlier of the Effective Date and lease commencement.

Obligation under LNG Sale and Purchase Agreement

In March 2019, we entered into a 20-year sale and purchase agreement (the “SPA”) with Shell NA LNG LLC (“Shell”) for the supply of approximately two million tonnes per annum of liquefied natural gas from the Terminal. Pursuant to the SPA, Shell will purchase LNG on a free-on-board (“FOB”) basis starting from the date the first liquefaction train of the Terminal that is commercially operable, with approximately three-quarters of the purchased LNG volume indexed to Brent and the remaining volume indexed to domestic United States gas indices, including Henry Hub.

In the first quarter of 2020, pursuant to the terms of the SPA, the SPA became effective upon the conditions precedent in the SPA being satisfied or waived. The SPA obligates Rio Grande to deliver the contracted volumes of LNG to Shell at the FOB delivery point, subject to the first liquefaction train at the Terminal being commercially operable.

Legal Proceedings

From time to time the Company may be subject to various claims and legal actions that arise in the ordinary course of business. As of June 30, 2020, management is not aware of any claims or legal actions that, separately or in the aggregate, are likely to have a material adverse effect on the Company’s financial position, results of operations or cash flows, although the Company cannot guarantee that a material adverse effect will not occur.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words “anticipate,” “contemplate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “might,” “will,” “would,” “could,” “should,” “can have,” “likely,” “continue,” “design” and other words and terms of similar expressions, are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ from those expressed in our forward-looking statements. Our future financial position and results of operations, as well as any forward-looking statements are subject to change and inherent risks and uncertainties, including those described in the section titled “Risk Factors” in our most recent Annual Report on Form 10-K. You should consider our forward-looking statements in light of a number of factors that may cause actual results to vary from our forward-looking statements including, but not limited to:

- our progress in the development of our liquefied natural gas (“LNG”) liquefaction and export projects and the timing of that progress;
- our final investment decision (“FID”) in the construction and operation of a LNG terminal at the Port of Brownsville in southern Texas (the “Terminal”) and the timing of that decision;
- the successful completion of the Terminal by third-party contractors and an approximately 137-mile pipeline to supply gas to the Terminal being developed by a third-party (the “Pipeline”);
- our ability to secure additional debt and equity financing in the future to complete the Terminal;
- the accuracy of estimated costs for the Terminal;
- statements that the Terminal, when completed, will have certain characteristics, including amounts of liquefaction capacities;
- the development risks, operational hazards, regulatory approvals applicable to the Terminal’s and the third-party pipeline’s construction and operations activities;
- our anticipated competitive advantage and technological innovation which may render our anticipated competitive advantage obsolete;
- the global demand for and price of natural gas (versus the price of imported LNG);
- the availability of LNG vessels worldwide;
- changes in legislation and regulations relating to the LNG industry, including environmental laws and regulations that impose significant compliance costs and liabilities;
- the 2019 novel coronavirus (“COVID-19”) pandemic and its impact on our business and operating results, including any disruptions in our operations or development of the Terminal and the health and safety of our employees, and on our customers, the global economy and the demand for LNG;

- risks related to doing business in and having counterparties in foreign countries;
- our ability to maintain the listing of our securities on a securities exchange or quotation medium;
- changes adversely affecting the business in which we are engaged;
- management of growth;
- general economic conditions;
- our ability to generate cash;
- compliance with environmental laws and regulations; and
- the result of future financing efforts and applications for customary tax incentives.

Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts us, or should the underlying assumptions prove incorrect, our actual results may vary materially from those anticipated in our forward-looking statements, and our business, financial condition, and results of operations could be materially and adversely affected.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are made as of the date of this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

Except as required by applicable law, we do not undertake any obligation to publicly correct or update any forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in our most recent Annual Report on Form 10-K as well as other filings we have made and will make with the Securities and Exchange Commission (the “SEC”) and our public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

Overview

NextDecade Corporation engages in development activities related to the liquefaction and sale of LNG. We have focused and continue to focus our development activities on the Terminal and have undertaken and continue to undertake various initiatives to evaluate, design and engineer the Terminal that we expect will result in demand for LNG supply at the Terminal, which would enable us to seek construction financing to develop the Terminal. We believe the Terminal possesses competitive advantages in several important areas, including, engineering, design, commercial, regulatory, and gas supply. We submitted a pre-filing request for the Terminal and the Pipeline to the Federal Energy Regulatory Commission (the “FERC”) in March 2015 and filed a formal application with the FERC in May 2016. In November 2019, the FERC issued an order authorizing the siting, construction and operation of the Terminal and the Pipeline. We also believe we have robust commercial offtake and gas supply strategies.

Unless the context requires otherwise, references to “NextDecade,” “the Company,” “we,” “us,” and “our” refer to NextDecade Corporation and its consolidated subsidiaries.

Recent Developments

Permits and FERC Order for Terminal

On December 12, 2018, the Texas Commission on Environmental Quality (“TCEQ”) Commissioners voted to issue a series of air permits for the Terminal. Following receipt of such air permits, certain plaintiffs filed requests for hearing and a motion for reconsideration, which were denied by the TCEQ. The plaintiffs then petitioned the U.S. Court of Appeals for the Fifth Circuit to review the TCEQ's grant of such air permits. On July 31, 2020, the U.S. Court of Appeals for the Fifth Circuit dismissed the plaintiffs’ petition for lack of standing and upheld the validity of the air permits for the Terminal.

On November 22, 2019, the FERC issued an order authorizing the siting, construction and operation of the Terminal (the “FERC Order”). Following receipt of the FERC Order two requests for re-hearing were filed. One of those requests for rehearing also requested that the FERC stay the FERC Order. On January 22, 2020, the FERC issued an order extending the time by which it would respond to these requests for rehearing. On January 23, 2020, the FERC issued its Order on Rehearing and Stay, by which FERC denied all re-hearings and requests for stay. The parties who filed the requests for re-hearing have petitioned the U.S. Court of Appeals for the District of Columbia to review the FERC Order and the FERC order denying rehearing, and that appeal is still pending. Similar appeals are also pending in the U.S. Court of Appeals for the Fifth Circuit in respect of other permits issued by the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service.

Sale of Rio Bravo Pipeline Company, LLC

On March 2, 2020, NextDecade LLC closed the transactions (the Closing”) contemplated by that certain Omnibus Agreement, dated February 13, 2020, with Spectra Energy Transmission II, LLC, a wholly owned subsidiary of Enbridge Inc. (“Buyer”), pursuant to which NextDecade LLC sold one hundred percent of the equity interests (the “Equity Interests”) in Rio Bravo Pipeline Company, LLC (“Rio Bravo”) to Buyer in consideration of (i) approximately \$17.4 million plus (ii) the amount of direct and indirect costs incurred by Rio Bravo, the Company or any of its other affiliates in respect of the proposed Rio Bravo Pipeline, the 137-mile interstate natural gas pipeline (the “Pipeline”) being developed by Rio Bravo to supply natural gas to the Terminal, from October 1, 2019 through the Closing (the “Purchase Price”); provided, that the Purchase Price may not exceed \$25 million. Buyer paid \$15.0 million of the Purchase Price to NextDecade LLC at the Closing and the remainder will be paid within five business days after the date that Rio Grande has received, after a final positive investment decision, the initial funding of financing for the development, construction and operation of the Terminal. In connection with the Closing, Rio Grande LNG Gas Supply LLC, an indirect wholly-owned subsidiary of the Company (“Rio Grande Gas Supply”), entered into (i) a Precedent Agreement for Firm Natural Gas Transportation Service for the Rio Bravo Pipeline (the “RBPL Precedent Agreement”) with Rio Bravo and (ii) a Precedent Agreement for Natural Gas Transportation Service (the “VCP Precedent Agreement”) with Valley Crossing Pipeline, LLC (“VCP”). VCP and, as of the Closing, Rio Bravo are wholly owned subsidiaries of Enbridge Inc. The Valley Crossing Pipeline is owned and operated by VCP.

Pursuant to the RBPL Precedent Agreement, Rio Bravo agreed to provide Rio Grande Gas Supply with firm natural gas transportation services on the Pipeline in a quantity sufficient to match the full operational capacity of each proposed liquefaction train of the Terminal. Rio Bravo’s obligation to construct, install, own, operate and maintain the Pipeline is conditioned on its receipt, no later than December 31, 2023, of notice that Rio Grande Gas Supply or its affiliate has issued a full notice to proceed to the engineering, procurement and construction contractor (the “EPC Contractor”) for the construction of the Terminal. Under the RBPL Precedent Agreement, in consideration for the provision of such firm transportation services, Rio Bravo will be remunerated on a dollar-per-dekatherm, take-or-pay basis, subject to certain adjustments, over a term of at least twenty years, all in compliance with the federal and state authorizations associated with the Pipeline.

Pursuant to the VCP Precedent Agreement, VCP agreed to provide Rio Grande Gas Supply with natural gas transportation services on the Valley Crossing Pipeline in a quantity sufficient to match the commissioning requirements of each proposed liquefaction train of the Terminal. VCP’s obligation to construct, install, own, operate and maintain the necessary interconnection to the Terminal and the Pipeline is conditioned on its receipt, no later than December 31, 2023, of notice that Rio Grande Gas Supply or its affiliate has issued a full notice to proceed to the EPC Contractor for the construction of the Terminal. VCP will be responsible, at its sole cost and expense, to construct, install, own, operate and maintain the tap, riser and valve facilities (the “VCP Transporter Facilities”), which shall connect to Rio Grande Gas Supply’s custody transfer meter and such other facilities as necessary in order for the Terminal to receive gas from the VCP Transporter Facilities (the “Rio Grande Gas Supply Facilities”). Rio Grande Gas Supply will be responsible, at its

sole cost and expense, to construct, install, own, operate and maintain the Rio Grande Gas Supply Facilities. Under the VCP Precedent Agreement, in consideration for the provision of the commissioning transportation services, VCP will be remunerated on the same dollar-per-dekatherm, take-or-pay basis as set forth in the RBPL Precedent Agreement for the duration of such commissioning services, all in compliance with the federal and state authorizations associated with the Valley Crossing Pipeline.

If Rio Grande or its affiliate fail to issue a full notice to proceed to the EPC Contractor on or prior to December 31, 2023, Buyer has the right to sell the Equity Interests back to NextDecade LLC and NextDecade LLC has the right to repurchase the Equity Interests from Buyer, in each case at a price not to exceed \$23 million.

Rio Grande Site Lease

On March 6, 2019, Rio Grande entered into a lease agreement (the “Rio Grande Site Lease”) with the Brownsville Navigation District of Cameron County, Texas (the “BND”) for the lease by Rio Grande of approximately 984 acres of land situated in Brownsville, Cameron County, Texas for the purposes of constructing, operating, and maintaining (i) a liquefied natural gas facility and export terminal and (ii) gas treatment and gas pipeline facilities.

On April 30, 2020, Rio Grande and the BND amended the Rio Grande Site Lease (the “Rio Grande Site Lease Amendment”) to extend the effective date for commencing the Rio Grande Site Lease to May 6, 2021 (the “Effective Date”). The Rio Grande Site Lease Amendment further provides that Rio Grande has the right, exercisable in its sole discretion, to extend the Effective Date to May 6, 2022 by providing the BND with written notice of its election no later than the close of business on the Effective Date.

On January 27, 2020, the City of Port Isabel, Texas and other parties filed a lawsuit in state court in Cameron County against the BND seeking to enjoin the federally-authorized siting, construction, and operation of LNG terminals on land owned by the BND. On August 5, 2020, the state court dismissed the lawsuit.

Extension of Contract Price Validity of Engineering, Procurement and Construction Contracts

On May 24, 2019, Rio Grande entered into two lump-sum separated turnkey engineering, procurement and construction agreements with Bechtel Oil, Gas and Chemicals, Inc. (“Bechtel”) for the construction of (i) two LNG trains with expected aggregate production capacity up to approximately 11.74 million tonnes per annum (“mtpa”), two 180,000m³ full containment LNG tanks, one marine loading berth, related utilities and facilities, and all related appurtenances thereto, together with certain additional work options (the “Trains 1 and 2 EPC Agreement”) and (ii) a LNG train with expected production capacity of up to approximately 5.87 mtpa, related utilities and facilities, and all related appurtenances thereto (the “Train 3 EPC Agreement”).

By amendment dated April 22, 2020, Rio Grande and Bechtel amended the Trains 1 and 2 EPC Agreement to extend the contract price validity to July 31, 2020. By amendment dated April 22, 2020, Rio Grande and Bechtel amended the Train 3 EPC Agreement to extend the contract price validity to July 31, 2020.

Terminal Optimization

The original front-end engineering and design for the Terminal was based on six LNG trains capable of producing 27 mtpa of LNG for export. The technologies that were selected and filed with the FERC in 2015 and 2016 have evolved over the five-year permitting period; the LNG trains are now more efficient and will produce more LNG with lower total carbon dioxide equivalent (“CO₂e”) emissions. Multiple optimizations have been identified that will lead to the delivery of a world-class LNG project capable of producing 27 mtpa with just five LNG trains instead of six.

Implementation of these optimizations will result in several environmental and community benefits when compared with our original six-train project including (i) approximately 21 percent lower CO₂e emissions, (ii) shortened construction timeline for the full 27 mtpa project, (iii) reduced facility footprint, and (iv) an expected reduction in traffic on roadways.

On account of these optimizations, we will, in due course, vacate Train 6 as Rio Grande is now capable of producing the same planned total LNG volumes with just five trains. Future development of Train 6 will require us to secure authorization from FERC, the U.S. Department of Energy, and any other relevant federal or state agency with jurisdiction over the export project.

COVID-19 Pandemic and its Effect on our Business

The business environment in which we operate has been impacted by the recent downturn in the energy market as well as the outbreak of COVID-19 and its progression into a pandemic in March 2020. We have modified and continue to modify certain business and workforce practices to protect the safety and welfare of our employees. Furthermore, we have implemented and continue to implement certain mitigation efforts to ensure business continuity. We will continue to actively monitor the situation and may take further actions altering our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by federal, state, or local authorities. It is not clear what the potential effects any such alterations or modifications may have on our business, including the effects on our customers, employees, and prospects, or on our financial results for the remainder of fiscal year 2020 or beyond.

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Liquidity and Capital Resources

Capital Resources

We have funded and continue to fund the development of the Terminal and general working capital needs through our cash on hand and proceeds from the issuance of equity and equity-based securities. Our capital resources consisted of approximately \$37.6 million of cash and cash equivalents as of June 30, 2020.

Sources and Uses of Cash

The following table summarizes the sources and uses of our cash for the periods presented (in thousands):

	Six Months Ended June 30,	
	2020	2019
Operating cash flows	\$ (18,782)	\$ (25,234)
Investing cash flows	25,764	6,120
Financing cash flows	14,861	20,488
Net increase in cash and cash equivalents	21,843	1,374
Cash and cash equivalents – beginning of period	15,736	3,169
Cash and cash equivalents – end of period	<u>\$ 37,579</u>	<u>\$ 4,543</u>

Operating Cash Flows

Operating cash outflows during the six months ended June 30, 2020 and 2019 were \$18.8 million and \$25.2 million, respectively. The decrease in operating cash outflows during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 was primarily related to the absence of invitation to bid contract costs in the six months ended June 30, 2020.

Investing Cash Flows

Investing cash inflows during the six months ended June 30, 2020 and 2019 were \$25.8 million and \$6.1 million, respectively. The investing cash inflows during the six months ended June 30, 2020 were primarily the result of the sale of investment securities of \$62.0 million partially offset by cash used in the development of the Terminal of \$36.0 million. The investing cash inflows during the six months ended June 30, 2019 were primarily the result of the sale of \$36.0 million of investment securities partially offset by cash used in the development of the Terminal and Pipeline of \$14.1 million and the purchase of investment securities of \$15.8 million.

Financing Cash Flows

Financing cash inflows during the six months ended June 30, 2020 and 2019 were \$14.9 million and \$20.5 million, respectively. For the six months ended June 30, 2020 financing cash inflows were primarily the result of proceeds from the sale of Rio Bravo of \$15.0 million. For the six months ended June 30, 2019 financing cash inflows were primarily the result of proceeds from the sale of Series B Preferred Stock.

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Pre-FID Liquidity

In 2020, we expect to incur \$72 million on pre-FID development activities in support of the Terminal. Approximately \$10 million and \$56 million of these costs were incurred in the three and six months ended June 30, 2020, respectively. During the three months ended June 30, 2020, we incurred \$3 million in engineering, procurement, and permitting activities in support of the FERC process. These costs will be significantly reduced in future periods due to the completion of required pre-FID permitting activities. To preserve pre-FID liquidity, we have implemented certain measures to manage costs:

- Since December 31, 2019, full-time headcount has decreased 18 percent. Additionally, in May 2020, we furloughed 14 percent of our full-time headcount until we have better clarity on the COVID-19 pandemic's impact on the current global LNG market.
- Our Chief Executive Officer and certain other members of our executive team have voluntarily reduced their base salaries by ten percent for the remainder of 2020.
- We and Bechtel have agreed to a limited scope of ongoing work which will provide for continued engineering progress for the Terminal.
- Over the next few months, we will reduce our office space under lease and defer additional information technology spending until FID is achieved.

We believe that the above listed measures will ensure that we can sustain pre-FID development activities through year-end 2021. We expect pre-FID development spending to average approximately \$2 million per month through year-end 2021. We believe that the measures taken to manage costs will not negatively affect our ability to successfully deliver the Terminal and will create value for stockholders.

Capital Development Activities

We are primarily engaged in developing the Terminal, which may require additional capital to support further project development, engineering, regulatory approvals and compliance, and commercial activities in advance of a FID made to finance and construct the Terminal. Even if successfully completed, the Terminal will not begin to operate and generate significant cash flows until at least several years from now. Construction of the Terminal would not begin until, among other requirements for project financing, all required federal, state and local permits have been obtained. As a result, our business success will depend, to a significant extent, upon our ability to obtain the funding necessary to construct the Terminal, to bring it into operation on a commercially viable basis and to finance our staffing, operating and expansion costs during that process.

We have engaged SG Americas Securities, LLC (a business unit of Société Générale) and Macquarie Capital (USA) Inc. to advise and assist us in raising capital for post-FID construction activities.

We currently expect that the long-term capital requirements for the Terminal will be financed predominately through project financing and proceeds from future debt and equity offerings by us. There can be no assurance that we will succeed in securing additional debt and/or equity financing in the future to complete the Terminal or, if successful, that the capital we raise will not be expensive or dilutive to stockholders. Additionally, if these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on terms acceptable to us, if at all.

Contractual Obligations

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Results of Operations

The following table summarizes costs, expenses and other income for the periods indicated (in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General and administrative expense (recovery)	4,700	(5,076)	9,776	11,515	6,960	4,555
Invitation to bid contract costs	—	10,163	(10,163)	—	10,163	(10,163)
Land option and lease expense	447	451	(4)	858	862	(4)
Depreciation expense	64	43	21	80	85	(5)
Operating loss	(5,211)	(5,581)	370	(12,453)	(18,070)	5,617
(Loss) gain on common stock warrant liabilities	(565)	(1,641)	1,076	7,774	(1,838)	9,612
Loss on redemption of investment securities	—	—	—	(412)	—	(412)
Interest income, net	2	409	(407)	235	875	(640)
Other	—	94	(94)	(16)	271	(287)
Net loss attributable to NextDecade Corporation	(5,774)	(6,719)	945	(4,872)	(18,762)	13,890
Preferred stock dividends	(3,509)	—	(3,509)	(6,952)	(4,972)	(1,980)
Deemed dividends on Series A Convertible Preferred Stock	(21)	(488)	467	(97)	(1,039)	942
Net loss attributable to common stockholders	<u>\$ (9,304)</u>	<u>\$ (7,207)</u>	<u>\$ (2,097)</u>	<u>\$ (11,921)</u>	<u>\$ (24,773)</u>	<u>\$ 12,852</u>

Our consolidated net loss was \$9.3 million, or \$0.08 per common share (basic and diluted), for the three months ended June 30, 2020 compared to a net loss of \$7.2 million, or \$0.07 per common share (basic and diluted), for the three months ended June 30, 2019. The \$2.1 million increase in net loss was primarily a result of preferred stock dividends, increased general and administrative expenses and loss on common stock warrant liabilities, partially offset by the absence of invitation to bid contract costs.

Our consolidated net loss was \$11.9 million, or \$0.10 per common share (basic and diluted), for the six months ended June 30, 2020 compared to a net loss of \$24.8 million, or \$0.23 per common share (basic and diluted), for the six months ended June 30, 2019. The \$12.9 million decrease in net loss was primarily a result of the absence of invitation to bid contract costs and an increase in the gain on common stock warrant liabilities, partially offset by increases in general and administrative expense and preferred stock dividends, discussed separately below.

General and administrative expense during the three months ended June 30, 2020 increased \$9.8 million compared to the same period in 2019 primarily due to an increase in share-based compensation expense of \$13.4 million partially offset by decreases in professional fees, travel expenses and marketing and conference sponsorship costs. The increase in share-based compensation expense is primarily due to forfeitures during the three months ended June 30, 2019.

General and administrative expense during the six months ended June 30, 2020 increased \$4.6 million compared to the same period in 2019 primarily due to an increase in share-based compensation expense of \$6.2 million partially offset by decreases in travel expenses and marketing and conference sponsorship costs. The increase in share-based compensation expense is primarily due to forfeitures during the six months ended June 30, 2019.

(Loss) gain on common stock warrant liabilities for the three and six months ended June 30, 2020 and 2019 is primarily due to changes in the share price of Company common stock.

Interest income, net during the three and six months ended June 30, 2020 decreased \$0.4 million and \$0.6 million, respectively, compared to the same periods in 2019, due to lower average balances maintained in our cash, cash equivalent and investment securities accounts.

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Preferred stock dividends for the three and six months ended June 30, 2020 of \$3.5 million and \$7.0 million, respectively, consisted of dividends paid-in-kind with the issuance of 1,789 and 3,546 additional shares of Series A Convertible Preferred Stock, respectively, par value \$0.0001 per share (the "Series A Preferred Stock"), and 1,705 and 3,378 additional shares of Series B Convertible Preferred Stock, par value \$0.0001 per share (the "Series B Preferred Stock"), respectively, compared to preferred stock dividends of nil and \$5.0 million for the three and six months ended June 30, 2019 of which \$5.0 million were paid-in-kind.

Deemed dividends on the Series A Preferred Stock for the three and six months ended June 30, 2020 represents the accretion of the beneficial conversion feature associated with the Series A Preferred Stock issued in the third quarter of 2018. Due to the price of our common stock as of the closing date of the Series B Preferred Stock, the Series B Preferred Stock does not have a beneficial conversion feature.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2020.

Summary of Critical Accounting Estimates

The preparation of our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. There have been no significant changes to our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of “our disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the fiscal quarter ended June 30, 2020. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of June 30, 2020, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the most recent fiscal quarter, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The information presented below updates, and should be read in conjunction with, the risk factors disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Except as presented below, there were no changes to the risk factors previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

The outbreak of COVID-19 and volatility in the energy markets may materially and adversely affect our business, financial condition, operating results, cash flow, liquidity and prospects, including our efforts to reach a final investment decision with respect to the Rio Grande LNG Terminal.

The outbreak of COVID-19 and its development into a pandemic in March 2020 have resulted in significant disruption globally. Actions taken by various governmental authorities, individuals and companies around the world to prevent the spread of COVID-19 have restricted travel, business operations, and the overall level of individual movement and in-person interaction across the globe. Furthermore, the impact of the pandemic, including a resulting reduction in demand for natural gas, coupled with the sharp decline in commodity prices following the announcement of price reductions and production increases in March 2020 by members of the Organization of the Petroleum Exporting Countries (“OPEC”) led to significant global economic contraction generally and in our industry in particular. While an agreement to cut production was announced by OPEC and its allies, the situation, coupled with the impact of COVID-19, has continued to result in a significant downturn in the oil and gas industry. Prospects for the development and financing of the Terminal are based in part on factors including global economic conditions that have been, and are likely to continue to be, adversely affected by the COVID-19 pandemic.

The COVID-19 pandemic has caused us to modify our business practices, including by restricting employee travel, requiring employees to work remotely and cancelling physical participation in meetings, events and conferences, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or otherwise be satisfactory to government authorities. If a number of our employees were to contract COVID-19 at the same time, our operations could be adversely affected.

A sustained disruption in the capital markets from the COVID-19 pandemic, specifically with respect to the energy industry, could negatively impact our ability to raise capital. In the past, we have financed our operations by the issuance of equity securities. However, we cannot predict when the

macro-economic disruption stemming from COVID-19 will ebb or when the economy will return to pre-COVID-19 levels, if at all. This macro-economic disruption may disrupt our ability to raise additional capital to finance our operations in the future, which could materially and adversely affect our business, financial condition and prospects, and could ultimately cause our business to fail.

The COVID-19 pandemic may also have the effect of heightening many of the other risks described in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, such as risks related to the development of the Terminal, postponement in making a positive FID, doing business in foreign countries, obtaining governmental approvals, and exported LNG remaining a competitive source of energy for international markets, global demand for and price of natural gas, and fluctuation in the price of our common stock.

The extent to which COVID-19 ultimately impacts our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted, including, but not limited to, the duration and spread of COVID-19, its severity, the actions to contain COVID-19 or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after COVID-19 has subsided, we may continue to experience materially adverse impacts to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future, and lasting effects on the price of natural gas.

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

Purchase of Equity Securities by the Issuer

The following table summarizes stock repurchases for the six months ended June 30, 2020:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as a Part of Publicly Announced Plans	Maximum Number of Units That May Yet Be Purchased Under the Plans
April 2020	1,803	\$ 1.69	—	—
May 2020	9,422	1.66	—	—
June 2020	16,988	2.22	—	—

(1) Represents shares of Company common stock surrendered to us by participants in our 2017 Omnibus Incentive Plan (the “2017 Plan”) to settle the participants’ personal tax liabilities that resulted from the lapsing of restrictions on shares awarded to the participants under the 2017 Plan.

(2) The price paid per share of Company common stock was based on the closing trading price of such stock on the dates on which we repurchased shares of Company common stock from the participants under the 2017 Plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit No.	Description
3.1(1)	Second Amended and Restated Certificate of Incorporation of NextDecade Corporation, dated July 24, 2017.
3.2(2)	Amended and Restated Bylaws of NextDecade Corporation, dated July 24, 2017.
3.3(3)	Certificate of Designations of Series A Convertible Preferred Stock, dated August 9, 2018.
3.4(4)	Certificate of Designations of Series B Convertible Preferred Stock, dated September 28, 2018.
3.5(5)	Certificate of Amendment to Certificate of Designations of Series A Convertible Preferred Stock, dated July 12, 2019
3.6(6)	Certificate of Amendment to Certificate of Designations of Series B Convertible Preferred Stock, dated July 12, 2019
3.7(7)	Certificate of Increase to Certificate of Designations of Series A Convertible Preferred Stock of NextDecade Corporation, dated July 15, 2019
3.8(8)	Certificate of Increase to Certificate of Designations of Series B Convertible Preferred Stock of NextDecade Corporation, dated July 15, 2019
4.1(9)	Specimen Common Share Certificate.
4.2(10)	Specimen Unit Certificate.
4.3(11)	Specimen Warrant Certificate.
4.4(12)	Form of Warrant Agreement between Harmony Merger Corp. and Continental Stock Transfer & Trust Company.
4.5(13)	Form of Warrant Agreement for the Series A Warrants.
4.6(14)	Form of Warrant Agreement for the Series B Warrants.
10.1(15)	First Amendment to Lease Agreement, made and entered into as of April 30, 2020, by and between Brownsville Navigation District of

	Cameron County, Texas and Rio Grande LNG, LLC.
10.2*+	First Amendment to the Fixed Priced Turnkey Agreement for the Engineering, Procurement and Construction of Trains 1 and 2 of the Rio Grande Natural Gas Liquefaction Facility, made and executed as of April 22, 2020, by and between Rio Grande LNG, LLC and Bechtel, Oil, Gas and Chemicals, Inc.
10.3*+	First Amendment to the Fixed Priced Turnkey Agreement for the Engineering, Procurement and Construction of Train 3 of the Rio Grande Natural Gas Liquefaction Facility, made and executed as of April 22, 2020, by and between Rio Grande LNG, LLC and Bechtel, Oil, Gas and Chemicals, Inc.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

-
- (1) Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed July 28, 2017.
 - (2) Incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed July 28, 2017.
 - (3) Incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form S-3, filed December 20, 2018.
 - (4) Incorporated by reference to Exhibit 3.4 of the Registrant's Quarterly Report on Form 10-Q, filed November 9, 2018.
 - (5) Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed July 15, 2019.
 - (6) Incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed July 15, 2019.
 - (7) Incorporated by reference to Exhibit 3.7 of the Registrant's Quarterly Report on Form 10-Q, filed August 6, 2019.
 - (8) Incorporated by reference to Exhibit 3.8 of the Registrant's Quarterly Report on Form 10-Q, filed August 6, 2019.
 - (9) Incorporated by reference to Exhibit 4.2 of the Amendment No. 2 to the Registrant's Registration Statement on Form S-1, filed October 10, 2014.
 - (10) Incorporated by reference to Exhibit 4.1 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.
 - (11) Incorporated by reference to Exhibit 4.3 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.
 - (12) Incorporated by reference to Exhibit 4.4 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.
 - (13) Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
 - (14) Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed August 24, 2018.
 - (15) Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed May 4, 2020.

* Filed herewith.

** Furnished herewith.

+ Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The registrant agrees to furnish a supplementary copy of such exhibit to the Securities and Exchange Commission upon request.

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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.

NEXTDECADE CORPORATION

Date: August 6, 2020

By: /s/ Matthew K. Schatzman
 Matthew K. Schatzman
 Chairman of the Board and Chief Executive Officer
 (Principal Executive Officer)

Date: August 6, 2020

By: /s/ Benjamin A. Atkins
 Benjamin A. Atkins
 Chief Financial Officer
 (Principal Financial Officer)

CERTAIN INFORMATION OF THIS DOCUMENT HAS BEEN REDACTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED. INFORMATION THAT WAS OMITTED HAS BEEN NOTED IN THIS DOCUMENT WITH A PLACEHOLDER IDENTIFIED BY THE MARK “[***].”

FIRST AMENDMENT TO THE FIXED PRICE TURNKEY AGREEMENT FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF TRAINS 1 AND 2 OF THE RIO GRANDE NATURAL GAS LIQUEFACTION FACILITY

THIS FIRST AMENDMENT TO THE FIXED PRICE TURNKEY AGREEMENT FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF TRAINS 1 AND 2 OF THE RIO GRANDE NATURAL GAS LIQUEFACTION FACILITY (this “**Amendment**”) is made and executed as of the 22nd day of April, 2020 (the “**Amendment Effective Date**”), by and between Rio Grande LNG, LLC, a Texas limited liability company (“**Owner**”) and Bechtel, Oil, Gas and Chemicals, Inc. a corporation organized under the laws of Delaware (“**Contractor**”).

RECITALS

WHEREAS, Owner and Contractor entered into that certain Fixed Price Turnkey Agreement for the Engineering, Procurement and Construction of Trains 1 and 2 of the Rio Grande Natural Gas Liquefaction Facility dated May 24, 2019 (the “**Agreement**”) (capitalized terms defined therein having the same meaning when used herein).

WHEREAS, Owner and Contractor wish to amend the Agreement on the terms set forth herein.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Key Personnel Date.** In Section 2.2A of the Agreement “April 22, 2020” shall be deleted and replaced with “July 31, 2020”.
 2. **Definition of Second NTP Deadline.** In the first sentence of Section 5.2E.1 of the Agreement, “April 22, 2020” shall be deleted and replaced with “July 31, 2020”.
 3. **Definition of Final NTP Deadline.** In the first sentence of Section 5.2E.3 of the Agreement, “April 22, 2021” shall be deleted and replaced with “July 31, 2021”.
 4. **Schedule C-5.**
 - a. [***].
 - b. [***].
-

5. **Attachment F – Key Personnel.**

- a. Attachment F to the Agreement shall be deleted and replaced with Attachment A to this Amendment.

6. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the state of Texas (without giving effect to the principles thereof relating to conflicts of law).

7. **Counterparts.** This Amendment may be signed in any number of counterparts and each counterpart (when combined with all other counterparts) shall represent a fully executed original as if one copy had been signed by each of the Parties. Facsimile signatures shall be deemed as effective as original signatures.

8. **No Other Amendment.** Except as expressly amended hereby, the terms and provisions of the Agreement remain in full force and effect and are ratified and confirmed by Owner and Contractor in all respects as of the Amendment Effective Date.

9. **Miscellaneous Provisions.** The terms of this Amendment are hereby incorporated by reference into the Agreement. This Amendment shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. The recitals set forth in the recitals above are incorporated herein by this reference. Captions and headings throughout this Amendment are for convenience and reference only and the words contained therein shall in no way be held to define or add to the interpretation, construction, or meaning of any provision.

[Signature Page Follows]

IN WITNESS WHEREOF, Owner and Contractor have caused this Amendment to be executed by their duly authorized representatives as of the Amendment Effective Date.

Owner:

RIO GRANDE LNG, LLC

By: /s/ Ivan van der Walt

Name: Ivan van der Walt

Title: SVP Engineering and Construction

Contractor:

BECHTEL OIL, GAS AND CHEMICALS, INC.

By: /s/ Steven Smith

Name: Steven Smith

Title: Project Manager, Rio Grande LNG

ATTACHMENT F**KEY PERSONNEL AND CONTRACTOR'S ORGANIZATION**

The persons named in the table below, in accordance with Section 2.2A of the Agreement, are designated by Contractor and approved by Owner as Key Personnel. Key Personnel shall be assigned full time to the Work for the entire duration of the Project unless otherwise specified in this Attachment F. Without limiting the requirements of the Agreement, before any Key Personnel are assigned to the Project, the full names and 1-2 page résumés of nominated Key Personnel shall be provided to and approved by Owner.

[***].

Replacements of any Key Personnel during the Project shall be in accordance with Section 2.2A of the EPC Agreement.

NAME	POSITION	MOBILIZATION DATE (no later than referenced milestone)	DEMOBILIZATION DATE (no earlier than referenced milestone)
[***].	[***].	[***].	Train 1 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Final Completion
[***].	[***].	[***].	Final Completion
[***].	[***].	[***].	Train 1 Substantial Completion
[***].	[***].	[***].	Train 2 Engineering substantially complete
[***].	[***].	[***].	Final Completion

CERTAIN INFORMATION OF THIS DOCUMENT HAS BEEN REDACTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED. INFORMATION THAT WAS OMITTED HAS BEEN NOTED IN THIS DOCUMENT WITH A PLACEHOLDER IDENTIFIED BY THE MARK “[***].”

FIRST AMENDMENT TO THE FIXED PRICE TURNKEY AGREEMENT FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF TRAIN 3 OF THE RIO GRANDE NATURAL GAS LIQUEFACTION FACILITY

THIS FIRST AMENDMENT TO THE FIXED PRICE TURNKEY AGREEMENT FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF TRAIN 3 OF THE RIO GRANDE NATURAL GAS LIQUEFACTION FACILITY (this “**Amendment**”) is made and executed as of the 22nd day of April, 2020 (the “**Amendment Effective Date**”), by and between Rio Grande LNG, LLC, a Texas limited liability company (“**Owner**”) and Bechtel, Oil, Gas and Chemicals, Inc. a corporation organized under the laws of Delaware (“**Contractor**”).

RECITALS

WHEREAS, Owner and Contractor entered into that certain Fixed Price Turnkey Agreement for the Engineering, Procurement and Construction of Train 3 of the Rio Grande Natural Gas Liquefaction Facility dated May 24, 2019 (the “**Agreement**”) (capitalized terms defined therein having the same meaning when used herein).

WHEREAS, Owner and Contractor wish to amend the Agreement on the terms set forth herein.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

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 2. **Definition of Second NTP Deadline.** In the first sentence of Section 5.2D.1 of the Agreement, “April 22, 2020” shall be deleted and replaced with “July 31, 2020”.
 3. **Definition of Final NTP Deadline.** In the first sentence of Section 5.2D.3 of the Agreement, “April 22, 2021” shall be deleted and replaced with “July 31, 2021”.
 4. **Schedule C-5.**
 - a. [***].
 - b. [***].
-

5. **Attachment F – Key Personnel.**

- a. Attachment F to the Agreement shall be deleted and replaced with Attachment A to this Amendment

6. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the state of Texas (without giving effect to the principles thereof relating to conflicts of law).

7. **Counterparts.** This Amendment may be signed in any number of counterparts and each counterpart (when combined with all other counterparts) shall represent a fully executed original as if one copy had been signed by each of the Parties. Facsimile signatures shall be deemed as effective as original signatures.

8. **No Other Amendment.** Except as expressly amended hereby, the terms and provisions of the Agreement remain in full force and effect and are ratified and confirmed by Owner and Contractor in all respects as of the Amendment Effective Date.

9. **Miscellaneous Provisions.** The terms of this Amendment are hereby incorporated by reference into the Agreement. This Amendment shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. The recitals set forth in the recitals above are incorporated herein by this reference. Captions and headings throughout this Amendment are for convenience and reference only and the words contained therein shall in no way be held to define or add to the interpretation, construction, or meaning of any provision.

[Signature Page Follows]

IN WITNESS WHEREOF, Owner and Contractor have caused this Amendment to be executed by their duly authorized representatives as of the Amendment Effective Date.

Owner:

RIO GRANDE LNG, LLC

By: /s/ Ivan van der Walt

Name: Ivan van der Walt

Title: SVP Engineering and Construction

Contractor:

BECHTEL OIL, GAS AND CHEMICALS, INC.

By: /s/ Steven Smith

Name: Steven Smith

Title: Project Manager, Rio Grande LNG

ATTACHMENT F**KEY PERSONNEL AND CONTRACTOR'S ORGANIZATION**

The persons named in the table below, in accordance with Section 2.2A of the Agreement, are designated by Contractor and approved by Owner as Key Personnel. Key Personnel shall be assigned full time to the Work for the entire duration of the Project unless otherwise specified in this Attachment F. Without limiting the requirements of the Agreement, before any Key Personnel are assigned to the Project, the full names and 1-2 page résumés of nominated Key Personnel shall be provided to and approved by Owner.

[***].

Replacements of any Key Personnel during the Project shall be in accordance with Section 2.2A of the EPC Agreement.

NAME	POSITION	MOBILIZATION DATE (no later than referenced milestone)	DEMOBILIZATION DATE (no earlier than referenced milestone)
[***].	[***].	[***].	Train 1 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Train 2 Substantial Completion
[***].	[***].	[***].	Final Completion
[***].	[***].	[***].	Final Completion
[***].	[***].	[***].	Train 1 Substantial Completion
[***].	[***].	[***].	Train 2 Engineering substantially complete
[***].	[***].	[***].	Final Completion

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Matthew K. Schatzman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NextDecade Corporation;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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: August 6, 2020

/s/ Matthew K. Schatzman

Matthew K. Schatzman

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Benjamin A. Atkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NextDecade Corporation;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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: August 6, 2020

/s/ Benjamin A. Atkins

Benjamin A. Atkins

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew K. Schatzman, President and Chief Executive Officer of NextDecade Corporation (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 6, 2020

/s/ Matthew K. Schatzman

Matthew K. Schatzman
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Benjamin A. Atkins, Chief Financial Officer of NextDecade Corporation (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 6, 2020

/s/ Benjamin A. Atkins

Benjamin A. Atkins
Chief Financial Officer
(Principal Financial Officer)