NYSE:NPWR Q3 2026 Earnings Call Transcript

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Conference Operator | Operator:

Greetings and welcome to the Net Power Inc. Third Quarter 2026 earnings call. At this time, all participants are in a listen-only mode. If anyone should require operator assistance, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Bryce Mendes, Director of Investor Relations. Thank you. You may begin.

Bryce Mendes | Director of Investor Relations:

Thank you. Good morning, everyone, and welcome to NetPower's third quarter 2026 earnings conference call. With me on the call today, we have our Chief Executive Officer, Danny Rice, our President and Chief Operating Officer, Marc Horstman, and our Chief Financial Officer, Lee Shuman. Yesterday, we issued our earnings release for the third quarter ended September 30th, 2026, along with a presentation that accompanies today's remarks. Both are available on our investor relations website at ir.netpower.com. During today's call, our remarks will include forward-looking statements, including statements about the development, permitting, financing, and timing of our projects, our prospective customer and a definitive energy services agreement, our cost reimbursement agreement, and our liquidity. Actual results may differ materially from those stated or implied by forward-looking statements due to risks and uncertainties associated with our business. We assume no obligation to update any forward-looking statements. Additional information about factors that could cause actual results differ materially is contained in the cautionary statement in yesterday's earnings release and in the risk factors in the company's annual report on Form 10-K for the year ended December 31st, 2025 and the quarterly report on Form 10-Q for the quarter ended September 30th, 2026. Each file was SEC and available on our website. With that, I'll turn the call over to Danny Rice, NetPower's Chief Executive Officer.

Danny Rice | Chief Executive Officer:

Thanks, Bryce, and good morning, everyone. We released an investor presentation yesterday that I encourage you to have open during our prepared remarks. I'm going to give a few minutes on the massive backdrop because it shapes how we are approaching the business of NetPower. Slide three sets the stage. Data center demand for power keeps climbing, and the grid can't keep up. Data Center Shell can go up in 18 to 24 months while fully connecting a large data center to the grid can take 5 to 10 years. Even once grid connected, large loads can be cut off when the grid is under stress. So more and more of this demand is being served onsite, and as a result, onsite natural gas has really become a market of its own. Slide 4 shows the market response, and Texas is really setting the model with some of the largest onsite power campuses being developed in the country, but the more important takeaway is the gap between ambition and execution. A great deal of gas power is in development and only a small fraction of it is under construction. That's where net power sits in and what we're working so hard to address. We're targeting a large market, one that's still growing and that needs co-located power generation solutions that are flexible and fast. And we're working toward the timelines that customers need. On the regulatory front, and Texas, and more broadly, policymakers are focused on who bears the cost of new data center load. Islandage power doesn't draw on the grid, doesn't sit in an interconnection queue, and it ultimately is paid for by the customer it serves. Done right, these projects can bring jobs and expand the tax base to their communities. We'll continue to engage with all stakeholders constructively. We will still believe self-supply generation will be part of the answer. and other states are looking for. What we can't control is the timing of regulatory processes, and customers need

power as soon as possible. So we're prioritizing speed to power. That means evaluating every power land opportunity in front of us, both in Texas and in other markets, and defining our capital where we can get power online fastest. So with that, I'll turn it over to Marc.

Marc Horstman | President and Chief Operating Officer:

Thanks, Danny. Good morning, everyone. Slide five lays out what NetPower does as a power land developer. We develop financeable customer opportunities, secure reliable fuel supply, manage project contracts, deploy capital with discipline, prepare assets for reliable operation, and deliver projects predictably. In short, our aim is to take a site from the first customer conversation to an operating asset. And we're focused on what customers are buying today, speed to power, reliability and scale. To deliver that, we're developing islanded power solutions combining reset engines, gas turbines, and battery storage that are designed to serve a co-located data center demand and scale with the customer, one building at a time. Each solution is sized with redundancy to meet data center reliability requirements. We treat our islanded design as a product, not as a one-off project. Because it will be standardized, we expect it to replicate it faster, more easily, and with greater confidence. and adapted across a range of generation technologies and sizes. To support that, we have built a tool set that helps us evaluate options, identify the right configuration and then verify conceptual design basis that meets each customer's financial and operational needs. We are developing our initial project for a prospective customer who is a leading developer of frontier artificial intelligence models at a site in Texas that we have not yet secured and that is separate from Project Permian. We have a cost reimbursement agreement with this customer. If no energy services agreement has been executed by February 14th, 2027, or if certain other events occur, the customer must reimburse our nonrefundable costs of approved expense items, up to approximately 180 million and subject to conditions, unless we elect to keep the related equipment. We are negotiating towards a definitive energy services agreement, but neither party is obligated to enter into one. We intend to continue development of Project Permian as a second project in parallel. I'll hand it over to Lee.

Lee Shuman | Chief Financial Officer:

Thank you, Marc. Good morning. Now focusing on slide six. We ended the third quarter with approximately 183 million of cash, cash equivalents, and investments and no debt. Property, plant, and equipment grew to about 141 million, up from roughly 33 million at year end. That's the line I would like to call out on this slide. nearly all of it is construction in progress. About 118 million are 10 Portzilla reciprocating engines and the related EPC contract, plus about 23 million of deposits of two gas turbine generator packages. As our T&Q explains, recovering those costs depend on whether the initial project proceeds recovery under the cost reimbursement agreement and resale or redeployment of the equipment. We will continue to manage our costs with discipline. Our G&A run rate is approximately $30 to $35 million a year. Our liquidity forecast assumes that we will not issue bullet notes to proceed under our EPC agreement or make additional significant equipment or construction commitments without committed financing or other capital. On that basis, we believe our existing cash and available for sale securities will be sufficient to meet our obligations for at least the next 12 months. Our projects will require project-level financing, partner capital, additional equity, or some combination of those sources. None of that financing or capital has been committed, and securing the commercial arrangements that make projects financeable will remain our top priority. With that, I'll pass it back to Danny.

Danny Rice | Chief Executive Officer:

Thanks, Lee. The market for firm-onset power is real and growing, and the bottlenecks are permitting and execution. We have the team, we have the equipment, and we have a prospective customer. We'll stay flexible on where we build so we can stay uncompromising on how fast it can happen. We look forward to

updating you as we work towards the definitive energy services agreement. Thank you for your time this morning.

Conference Operator | Operator:

Thank you, ladies and gentlemen. This concludes today's conference and you may disconnect your lines at this time. We thank you for your participation.