

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

**FORM 10-Q**

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

For the quarterly period ended **June 30, 2024**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **001-40503**

**NET Power Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**320 Roney St.  
Suite 200**

**Durham, North Carolina**

(Address of Principal Executive Offices)

**98-1580612**

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

**27701**

(Zip Code)

**(919) 287-4750**

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	NPWR	The New York Stock Exchange
Warrants, each exercisable for one share of Class A Common Stock at a price of \$11.50	NPWR-WT	The New York Stock Exchange

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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

The registrant had outstanding 73,186,047 shares of Class A Common Stock and 142,185,864 shares of Class B Common Stock as of August 6, 2024.

## TABLE OF CONTENTS

	<b>Page</b>
Certain Defined Terms	1
Cautionary Note Regarding Forward-Looking Statements	2
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited)	3
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Operations and Comprehensive Loss	5
Condensed Consolidated Statements of Shareholders' Equity and Non-Controlling Interest	6
Condensed Consolidated Statements of Members' Equity	8
Condensed Consolidated Statements of Cash Flows	9
Notes to Condensed Consolidated Financial Statements	11
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3. Quantitative and Qualitative Disclosures About Market Risk	35
Item 4. Controls and Procedures	35
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	36
Item 1A. Risk Factors	36
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 3. Defaults Upon Senior Securities	36
Item 4. Mine Safety Disclosures	36
Item 5. Other Information	36
Item 6. Exhibits	37
Signatures	38

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**Certain Defined Terms**

For the definitions of certain defined terms used throughout this Quarterly Report on Form 10-Q (this “Report”), please refer to the section entitled “Certain Defined Terms” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “Annual Report”).

### Cautionary Note Regarding Forward-Looking Statements

This Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “future,” “intend,” “may,” “opportunity,” “plan,” “project,” “seek,” “should,” “strategy,” “will,” “will likely result,” “would” and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements may relate to the development of the Company’s technology, the anticipated demand for the Company’s technology and the markets in which the Company operates, the timing of the deployment of plant deliveries, and the Company’s business strategies, capital requirements, potential growth opportunities and expectations for future performance (financial or otherwise). Forward-looking statements are based on current expectations, estimates, projections, targets, opinions and/or beliefs of the Company, and such statements involve known and unknown risks, uncertainties and other factors.

The risks and uncertainties that could cause those actual results to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to: (i) risks relating to the uncertainty of the projected financial information with respect to the Company and risks related to the Company’s ability to meet its projections; (ii) the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably and the ability of the Company retain its management and key employees; (iii) the Company’s ability to utilize its net operating loss and tax credit carryforwards effectively; (iv) the capital-intensive nature of the Company’s business model, which will likely require the Company to raise additional capital in the future; (v) barriers the Company may face in its attempts to deploy and commercialize its technology; (vi) the complexity of the machinery the Company relies on for its operations and development; (vii) potential changes and/or delays in site selection and construction that result from regulatory, logistical, and financing challenges; (viii) the Company’s ability to establish and maintain supply relationships; (ix) risks related to the Company’s arrangements with third parties for the development, commercialization and deployment of technology associated with the Company’s technology; (x) risks related to the Company’s other strategic investors and partners; (xi) the Company’s ability to successfully commercialize its operations; (xii) the availability and cost of raw materials; (xiii) the ability of the Company’s supply base to scale to meet the Company’s anticipated growth; (xiv) the Company’s ability to expand internationally; (xv) the Company’s ability to update the design, construction and operations of its technology; (xvi) the impact of potential delays in discovering manufacturing and construction issues; (xvii) the possibility of damage to the Company’s Texas facilities as a result of natural disasters; (xviii) the ability of commercial plants using the Company’s technology to efficiently provide net power output; (xix) the Company’s ability to obtain and retain licenses; (xx) the Company’s ability to establish an initial commercial scale plant; (xxi) the Company’s ability to license to large customers; (xxii) the Company’s ability to accurately estimate future commercial demand; (xxiii) the Company’s ability to adapt to the rapidly evolving and competitive natural and renewable power industry; (xxiv) the Company’s ability to comply with all applicable laws and regulations; (xxv) the impact of public perception of fossil fuel-derived energy on the Company’s business; (xxvi) any political or other disruptions in gas producing nations; (xxvii) the Company’s ability to protect its intellectual property and the intellectual property it licenses; (xxviii) risks relating to data privacy and cybersecurity, including the potential for cyberattacks or security incidents that could disrupt our or our service providers’ operations; (xxix) potential litigation that may be instituted against the Company; and (xxx) other risks and uncertainties indicated in Part I, Item 1A of the Annual Report and other documents subsequently filed with the SEC by the Company.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions made by our management prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements contained in this Report. Accordingly, you should not place undue reliance on these forward-looking statements in deciding whether to invest in our securities.

Forward-looking statements speak only as of the date they are made. Except to the extent required by applicable law or regulation, we undertake no obligation to update the forward-looking statements contained herein to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events. The Company gives no assurance that it will achieve its expectations.

**Part I - Financial Information****Item 1. Financial Statements****NET Power Inc.****Condensed Consolidated Balance Sheets (Unaudited)***In thousands, except share and unit amounts*

	<b>June 30, 2024 (Successor)</b>	<b>December 31, 2023 (Successor)</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 405,145	\$ 536,927
Short-term investments	100,000	100,000
Investments in securities, available-for-sale	74,220	—
Accounts receivable, net	243	58
Interest receivable	811	1,942
Prepaid expenses	2,350	1,777
Other current assets	344	93
Total current assets	<u>583,113</u>	<u>640,797</u>
Long-term assets		
Restricted cash	2,415	—
Investments in securities, available-for-sale	27,433	—
Intangible assets, net	1,274,037	1,307,265
Goodwill	359,847	423,920
Property, plant and equipment, net	107,896	96,856
Operating lease right-of-use assets	2,012	2,212
Other long-term assets	420	—
Total assets	<u>\$ 2,357,173</u>	<u>\$ 2,471,050</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 1,984	\$ 617
Accrued liabilities	11,969	10,915
Due to related parties	230	142
Operating lease liabilities, current portion	374	347
Total current liabilities	<u>14,557</u>	<u>12,021</u>
Long-term liabilities		
Earnout Shares liability	1,404	1,671
Warrant liability	54,514	55,920
Asset retirement obligation	2,146	2,060
Noncurrent operating lease liabilities	1,630	1,808
Tax Receivable Agreement liability	10,587	8,937
Deferred taxes	30,976	57,719
Total liabilities	<u>115,814</u>	<u>140,136</u>
Commitments and contingencies (Note 15)		

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

**NET Power Inc.**  
**Condensed Consolidated Balance Sheets (continued)***In thousands, except share and unit amounts*

	<b>June 30, 2024 (Successor)</b>	<b>December 31, 2023 (Successor)</b>
<b>Mezzanine shareholders' equity</b>		
Redeemable non-controlling interests in subsidiary	1,510,864	1,545,905
<b>Shareholders' equity</b>		
Preferred Stock, \$.0001 par value; 1,000,000 shares authorized; no shares issued or outstanding as of June 30, 2024 (Successor) and December 31, 2023 (Successor)	—	—
Class A Common Stock, \$.0001 par value; 520,000,000 shares authorized; 72,584,336 shares issued and outstanding as of June 30, 2024 (Successor) and 71,277,906 shares issued and outstanding as of December 31, 2023 (Successor)	7	7
Class B Common Stock, \$.0001 par value; 310,000,000 shares authorized; 141,840,604 shares issued and outstanding as of June 30, 2024 (Successor) and 141,787,429 shares issued and outstanding as of December 31, 2023 (Successor)	14	14
Additional paid-in capital	813,083	851,841
Accumulated other comprehensive loss	(67)	—
Accumulated deficit	(82,542)	(66,853)
<b>Total shareholders' equity</b>	<b>730,495</b>	<b>785,009</b>
<b>Total liabilities, mezzanine shareholders' equity and shareholders' equity</b>	<b>\$ 2,357,173</b>	<b>\$ 2,471,050</b>

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

**NET Power Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**  
*In thousands, except share and unit amounts*

	Period from		April 1 – June 7, 2023 (Predecessor)	Period from		January 1 – June 7, 2023 (Predecessor)
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)		January 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	
Revenue	\$ 238	\$ —	\$ 125	\$ 238	\$ —	\$ 175
Cost of revenue	30	—	3	30	—	3
Gross profit	208	—	122	208	—	172
<b>Operating expenses</b>						
General and administrative	7,760	24,395	7,126	14,045	24,395	12,684
General and administrative – related party	27	14	62	52	14	177
Sales and marketing	876	156	528	1,628	156	869
Research and development	15,088	5,749	979	26,089	5,749	2,068
Research and development – related party	395	87	5,779	662	87	12,243
Project development	869	18	283	1,291	18	479
Option settlement – related party	—	79,054	—	—	79,054	—
Depreciation, amortization and accretion	20,047	4,920	2,476	40,079	4,920	5,802
Total operating expenses	45,062	114,393	17,233	83,846	114,393	34,322
Operating loss	(44,854)	(114,393)	(17,111)	(83,638)	(114,393)	(34,150)
<b>Other income (expense)</b>						
Interest income (expense)	9,029	2,126	—	16,719	2,126	(30)
Change in Earnout Shares liability and Warrant liability	16,249	1,009	—	1,671	1,009	—
Other income	6	—	2	8	—	4
Net other income (expense)	25,284	3,135	2	18,398	3,135	(26)
Net loss before income tax	(19,570)	(111,258)	(17,109)	(65,240)	(111,258)	(34,176)
Income tax benefit	2,353	672	—	6,391	672	—
Net loss after income tax	(17,217)	(110,586)	(17,109)	(58,849)	(110,586)	(34,176)
Net loss attributable to non-controlling interests	(12,949)	(75,585)	—	(43,160)	(75,585)	—
Net loss attributable to NET Power Inc.	(4,268)	(35,001)	(17,109)	(15,689)	(35,001)	(34,176)
<b>Other comprehensive gain (loss)</b>						
Unrealized gain (loss) on investments	(860)	—	—	(198)	—	—
Foreign currency translation gain	—	1	—	—	1	—
Total other comprehensive gain (loss)	(860)	1	—	(198)	1	—
Comprehensive loss	(18,077)	(110,585)	(17,109)	(59,047)	(110,585)	(34,176)
Comprehensive loss attributable to non-controlling interests	(13,518)	(75,585)	—	(43,291)	(75,585)	—
Comprehensive loss attributable to NET Power Inc.	\$ (4,559)	\$ (35,000)	\$ (17,109)	\$ (15,756)	\$ (35,000)	\$ (34,176)
Net loss per share of Class A Common Stock (Successor) or per membership interest (Predecessor)	\$ (0.06)	\$ (0.52)	\$ (4.51)	\$ (0.22)	\$ (0.52)	\$ (9.07)
Weighted average shares of Class A Common Stock or membership interests, basic and diluted	72,177,137	67,404,794	3,791,634	72,035,845	67,404,794	3,766,871

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

**NET Power Inc.**  
**Condensed Consolidated Statements of Shareholders' Equity and Non-Controlling Interest (Unaudited)**  
*In thousands, except share and unit amounts*

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interests - Mezzanine Equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2023 (Successor)	71,277,906	\$ 7	141,787,429	\$ 14	\$ 851,841	\$ —	\$ (66,853)	\$ 785,009	\$ 1,545,905
Redemption of Class B Common Stock	679,559	—	(679,559)	—	74	—	—	74	(74)
Issuance of Class A Common Stock	12,587	—	—	—	4,032	—	—	4,032	(4,005)
Tax Receivable Agreement, net of deferred taxes	—	—	—	—	(567)	—	—	(567)	—
Unrealized gain on investments	—	—	—	—	—	224	—	224	438
Amortization of share-based payments	—	—	693,941	—	647	—	—	647	5,622
Adjustment of redeemable non-controlling interest to redemption value	—	—	—	—	(118,225)	—	—	(118,225)	118,225
Net loss	—	—	—	—	—	—	(11,421)	(11,421)	(30,211)
<b>Balance at March 31, 2024 (Successor)</b>	<b>71,970,052</b>	<b>\$ 7</b>	<b>141,801,811</b>	<b>\$ 14</b>	<b>\$ 737,802</b>	<b>\$ 224</b>	<b>\$ (78,274)</b>	<b>\$ 659,773</b>	<b>\$ 1,635,900</b>
Redemption of Class B Common Stock	611,455	—	(611,455)	—	708	—	—	708	(708)
Issuance of Class A Common Stock	2,129	—	—	—	29	—	—	29	(3)
Exercise of Warrants	700	—	—	—	10	—	—	10	—
Tax Receivable Agreement, net of deferred taxes	—	—	—	—	674	—	—	674	—
Unrealized loss on investments	—	—	—	—	—	(291)	—	(291)	(568)
Amortization of share-based payments	—	—	650,248	—	1,114	—	—	1,114	7,417
Adjustment of redeemable non-controlling interest to book value, net of deferred taxes	—	—	—	—	72,746	—	—	72,746	(118,225)
Net loss	—	—	—	—	—	—	(4,268)	(4,268)	(12,949)
<b>Balance at June 30, 2024 (Successor)</b>	<b>72,584,336</b>	<b>\$ 7</b>	<b>141,840,604</b>	<b>\$ 14</b>	<b>\$ 813,083</b>	<b>\$ (67)</b>	<b>\$ (82,542)</b>	<b>\$ 730,495</b>	<b>\$ 1,510,864</b>

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



**NET Power Inc.**

**Condensed Consolidated Statements of Shareholders' Equity and Non-Controlling Interest (Continued) (Unaudited)**

*In thousands, except share and unit amounts*

	Class A Common Stock		Class B Common Stock		Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interests - Mezzanine Equity	Class A Ordinary Shares		Total Mezzanine Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						Shares	Amount	
Balance at June 8, 2023 (Successor)	—	\$ —	—	\$ —	2,500	\$ —	8,625,000	\$ 1	\$ —	\$ —	(98,966)	\$ (98,966)	\$ —	34,500,000	\$ 356,318	\$ 356,318
Sponsor forfeiture of RONI Class B ordinary shares and reservation of Earnout shares	—	—	—	—	—	—	(1,986,775)	—	—	—	—	—	—	—	—	—
Redemption of Class A ordinary shares by RONI public shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(21,195,224)	(218,983)	(218,983)
Conversion of RONI Class A and Class B ordinary shares into NET Power, Inc. Class A and Class B Common Stock, respectively	13,307,276	1	6,638,225	1	(2,500)	—	(6,638,225)	(1)	60,045	—	—	60,047	87,094	(13,304,776)	(137,335)	(50,241)
Issuance of RONI Class A Common Stock to PIPE Investors	54,044,995	6	—	—	—	—	—	—	540,445	—	—	540,451	—	—	—	—
Equity awards vested due to Business Combination	—	—	8,356,635	1	—	—	—	—	542	—	(542)	1	109,639	—	—	109,639
Issuance of RONI Class B Common Stock to Former NET Power, LLC Unitholders	—	—	127,716,730	12	—	—	—	—	(12)	—	75,711	75,711	1,676,618	—	—	1,676,618
Foreign currency translation gain	—	—	—	—	—	—	—	—	—	1	—	1	—	—	—	—
Amortization of share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	752	—	—	752
Carrying value adjustment of redeemable non-controlling interest	—	—	—	—	—	—	—	—	(86,801)	—	—	(86,801)	86,801	—	—	86,801
Net loss	—	—	—	—	—	—	—	—	—	—	(35,001)	(35,001)	(75,585)	—	—	(75,585)
Balance at June 30, 2023 (Successor)	67,352,271	\$ 7	142,711,590	\$ 14	—	\$ —	—	\$ —	514,219	\$ 1	\$ (58,798)	\$ 455,443	\$ 1,885,319	—	\$ —	\$ 1,885,319

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

**NET Power Inc.**  
**Condensed Consolidated Statements of Members' Equity (Unaudited)**  
*In thousands, except unit amounts*

	Membership Interests		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Members' Equity
	Units	Amount				
Balance at December 31, 2022 (Predecessor)	3,722,355	\$ 262,622	\$ 26,288	\$ 17	\$ (224,525)	\$ 64,402
Issuance of shares to:						
Occidental Petroleum	5,824	1,859	—	—	—	1,859
Constellation	28,764	9,181	—	—	—	9,181
BHES (Bonus shares)	—	—	2,688	—	—	2,688
BHES (In-kind shares)	6,281	1,325	618	—	—	1,943
Vesting of profits interests	—	—	1,747	—	—	1,747
Comprehensive loss	—	—	—	—	(17,067)	(17,067)
Balance at March 31, 2023 (Predecessor)	3,763,224	\$ 274,987	\$ 31,341	\$ 17	\$ (241,592)	\$ 64,753
Issuance of shares to:						
Occidental Petroleum	31,328	10,000	—	—	—	10,000
BHES (Bonus shares)	—	—	2,001	—	—	2,001
BHES (In-kind shares)	9,210	1,943	16	—	—	1,959
Vesting of profits interests	—	—	1,119	—	—	1,119
Comprehensive loss	—	—	—	—	(17,109)	(17,109)
Balance at June 7, 2023 (Predecessor)	3,803,762	\$ 286,930	\$ 34,477	\$ 17	\$ (258,701)	\$ 62,723

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

**NET Power Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(In thousands)*

	Period from		
	January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)	January 1 - June 7, 2023 (Predecessor)
<b>Cash flows from operating activities:</b>			
Net loss after income tax	\$ (58,849)	\$ (110,586)	\$ (34,176)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, amortization, and accretion	40,079	4,920	5,802
Non-cash interest (income) expense	(1,424)	—	30
Non-cash lease expense	48	6	13
Conversion of equity awards	—	86,585	—
Allowance for doubtful accounts	—	—	352
Deferred taxes	(6,391)	(672)	—
Change in fair value of Earnout Shares liability	(267)	(119)	—
Change in fair value of Warrant liability	(1,404)	(890)	—
Vesting of profits interests	—	—	2,864
Share-based payments	14,800	752	8,593
Changes in operating assets and liabilities:			
Accounts receivable, net	(185)	—	—
Interest receivable	1,611	(2,125)	—
Prepaid expenses	(573)	(2,922)	(453)
Other current assets	(252)	108	1,765
Other long-term assets	(420)	—	—
Accounts payable	1,367	(1,504)	1,768
Accrued liabilities	935	(10,959)	(384)
Due to related parties	88	1,914	3,203
Net cash used in operating activities	(10,837)	(35,492)	(10,623)
<b>Cash flows from investing activities:</b>			
Cash acquired as part of Business Combination	—	7,946	—
Purchases of available-for-sale securities	(121,656)	—	—
Maturities of available-for-sale securities	20,750	—	—
Capitalized software	(412)	—	—
Purchase of property, plant and equipment	(17,273)	(492)	(2,431)
Net cash (used in) provided by investing activities	(118,591)	7,454	(2,431)
<b>Cash flows from financing activities:</b>			
Repurchase of redeemed Class A Ordinary Shares	—	(218,983)	—
Issuance of Class A Common Stock, including exercise of Warrants	61	—	—
Proceeds from PIPE financing, net of issuance costs	—	540,451	—
Issuance of equity under JDA as a result of Business Combination	—	9,917	—
Payment of transaction expenses	—	(11,722)	—
Proceeds from share issuances	—	—	15,836
Net cash provided by financing activities	61	319,663	15,836
Net (decrease) increase in cash, cash equivalents, and restricted cash	(129,367)	291,625	2,782
Effect of foreign currency exchange rate changes on cash	—	1	—
Cash, cash equivalents, and restricted cash, beginning of period	536,927	357,019	5,164
Cash, cash equivalents, and restricted cash, end of period	\$ 407,560	\$ 648,645	\$ 7,946

**NET Power Inc.**  
**Condensed Consolidated Statements of Cash Flows (continued)**  
*(In thousands)*

	Period from		
	January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)	January 1 - June 7, 2023 (Predecessor)
<b>Supplemental non-cash investing activities:</b>			
Change in accruals for capital expenditures	\$ 120	\$ —	\$ —
<b>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheet:</b>			
Cash and cash equivalents	\$ 405,145	\$ 648,645	\$ 7,946
Restricted cash	2,415	—	—
Total cash, cash equivalents, and restricted cash	\$ 407,560	\$ 648,645	\$ 7,946

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

**NET Power Inc.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

*(In thousands, except share, per share and unit amounts, unless otherwise noted)*

**NOTE 1 — Nature of Business and Basis of Presentation**

***Nature of Business***

NET Power Inc. (“Net Power” or the “Company”) is a clean energy technology company that has developed a proprietary process for producing electricity using a predominantly carbon dioxide working fluid that involves the capture and reuse, sale and sequestration of carbon dioxide (the “Net Power Cycle”). The Net Power Cycle is the subject of U.S. and foreign patents, as well as additional applications and provisional applications on file with the United States Patent and Trademark Office and international patent authorities.

***Business Combination***

On December 13, 2022, NET Power, LLC entered into a Business Combination Agreement with Rice Acquisition Corp. II (“RONI”), Rice Acquisition Holdings II LLC (“RONI OpCo”), Topo Buyer Co, LLC (“Buyer”) and Topo Merger Sub, LLC (“Merger Sub”). On June 8, 2023 (the “Closing Date”), Merger Sub merged with and into NET Power, LLC, with NET Power, LLC continuing as the surviving entity, resulting in it becoming a majority-owned, direct subsidiary of Buyer. RONI OpCo, a subsidiary of RONI, renamed itself NET Power Operations LLC (“OpCo”) and RONI renamed itself NET Power Inc. upon completion of the merger (the “Business Combination”). The Business Combination resulted in an umbrella partnership, C corporation or “Up-C” structure.

OpCo is a variable interest entity (“VIE”) in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 810, *Consolidation* (“ASC 810”); therefore, RONI represented the accounting acquirer within the Business Combination structure. The Company elected push-down accounting for the Business Combination and recorded the push-down entries at OpCo. ASC 810 requires that a reporting entity that possesses a controlling financial interest in a VIE consolidate that VIE. A controlling financial interest will have both of the following characteristics: (a) the power to direct the activities that most significantly impact the VIE's economic performance; and (b) the obligation to absorb the VIE's losses and the right to receive benefits that are significant to the VIE. The Company determined that OpCo continued to meet the definition of a VIE after the Business Combination and that the Company became the primary beneficiary of OpCo beginning on the Closing Date of the Business Combination; therefore, the Company has consolidated OpCo from the date of the Business Combination.

As a result of the Business Combination, the Company's financial statement presentation distinguishes NET Power, LLC as the “Predecessor” through June 7, 2023 (the “Predecessor Period”) and Net Power as the “Successor” for periods beginning on or after the Closing Date (the “Successor Period”). Revenue and earnings after the date of the Business Combination are shown in the Successor Period on the condensed consolidated statements of operations and comprehensive loss. As a result of the application of the acquisition method of accounting in the Successor Period, the consolidated financial statements for the Successor Period are presented on a full step-up basis; therefore, the Successor Period consolidated financial statements are not comparable to the consolidated financial statements of the Predecessor Period, which are not presented on the same full step-up basis.

The condensed consolidated financial statements include the accounts of subsidiaries that Net Power consolidates according to the rules set forth in ASC 810. The Company consolidates all wholly-owned subsidiaries and subsidiaries in which it owns a 50% or greater ownership interest and all VIE's to which it is deemed to represent the primary beneficiary, as described above. These condensed consolidated financial statements include the accounts of all wholly-owned subsidiaries and consolidated VIE's. Intercompany balances have been eliminated through the consolidation process.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information; however, certain information or footnote disclosures normally included in complete financial statements prepared in accordance with US GAAP may have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In management's opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements for the year ended December 31, 2023 and include all adjustments, which consist of only normal and recurring adjustments, necessary for fair statement.

The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of the results to be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 11, 2024.

***Reclassification of Prior Period Amounts***

Certain prior period financial information has been reclassified to conform to current period presentation.

**NOTE 2 — Significant Accounting Policies**

In the opinion of the Company's management, the Company's significant accounting policies used for the period from April 1, 2024 through June 30, 2024 (Successor) and the period from January 1, 2024 through June 30, 2024 (Successor), unless otherwise noted below are consistent with those used for the fiscal year ended December 31, 2023. Accordingly, reference Note 2 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("2023 Annual Report") for the Company's significant accounting policies.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates, judgments and assumptions. The estimates, judgments and assumptions made by the Company when accounting for items and matters such as, but not limited to, depreciation, amortization, asset valuations and share-based compensation were based on information available at the time they were made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements, as well as amounts reported on the condensed consolidated statements of operations and comprehensive loss during the periods presented. Actual results could differ from those estimates.

***Restricted Cash***

Restricted cash includes cash held to secure a letter of credit. As of June 30, 2024, the Company had restricted cash of \$2,415 included in the condensed consolidated balance sheets. As of December 31, 2023, the Company had no restricted cash.

***Investment Securities***

We hold investment securities that are classified as available-for-sale securities and are available to be sold in the future as needed.

***Accounting Standards Not Yet Adopted***

During December 2023, the Financial Accounting Standards Board issued ASU 2023-09, *Income Taxes (Topic 740)—Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires public business entities to provide annually a tabular reconciliation of the reported income tax expense (or benefit) from continuing operations to the product of the income (or loss) from continuing operations before income taxes and the applicable statutory federal income tax rate using specified categories and to disclose separately reconciling items within certain categories with absolute values equal to or greater than five percent of the product of the income (or loss) from continuing operations before tax and the applicable statutory tax rate. Additionally, ASU 2023-09 requires a public business entity to disclose the year-to-date amount of income taxes paid, net of refunds received, to federal, state and foreign jurisdictions. If a payment to a single federal, state or foreign jurisdiction equals or exceeds five percent of total income taxes paid, ASU 2023-09 requires separate disclosure of that payment. Finally, ASU 2023-09 requires a public business entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign jurisdictions and to disclose income tax expense (or benefit) from continuing operations disaggregated between federal, state and foreign jurisdictions. ASU 2023-09 removes the requirement to disclose the nature and estimate of the range of reasonably possible increases or decreases in the unrecognized tax benefits balance in the next 12 months, or to make a statement that an estimate of the range cannot be made. ASU 2023-09 is effective for the Company for calendar years beginning after December 15, 2025. Early adoption is permitted. The Company is evaluating the effect ASU 2023-09 will have on its consolidated financial statements.

**NOTE 3 — Goodwill and Intangible Assets**

**Goodwill**

Goodwill represents the future economic benefits derived from the Company's unique market position, the growth attributable to the Net Power Cycle and the Company's assembled workforce, none of which are individually and separately recognized as intangible assets. Goodwill is allocated to the Company's sole reportable segment and reporting unit.

The following table presents the Company's goodwill included in the condensed consolidated balance sheets:

Goodwill at December 31, 2023 (Successor)	\$	423,920
Measurement adjustments		(64,073)
Goodwill at June 30, 2024 (Successor)	<u>\$</u>	<u>359,847</u>

During the second quarter of 2024, the Company completed its estimate of deferred taxes as of the Closing Date and finalized its purchase price allocation, which resulted in a measurement adjustment to goodwill.

**Definite-Lived Intangible Assets**

The following tables summarize the Company's definite-lived intangible assets included in the condensed consolidated balance sheets:

	June 30, 2024 (Successor)			December 31, 2023 (Successor)		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Developed technology	\$ 1,345,000	\$ (71,360)	\$ 1,273,640	\$ 1,345,000	\$ (37,735)	\$ 1,307,265
Software	412	(15)	397	—	—	—
Total definite lived intangible assets	<u>\$ 1,345,412</u>	<u>\$ (71,375)</u>	<u>\$ 1,274,037</u>	<u>\$ 1,345,000</u>	<u>\$ (37,735)</u>	<u>\$ 1,307,265</u>

The following table presents the Company's amortization expense for the following periods:

	Period from		Period from			
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	April 1 – June 7, 2023 (Predecessor)	January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	January 1 – June 7, 2023 (Predecessor)
Amortization expense	\$ 16,828	\$ 4,110	\$ —	\$ 33,640	\$ 4,110	\$ —

The Company does not own or control any intangible assets with indefinite useful lives. The following table presents estimated amortization expense for the next five years and thereafter:

Remainder of 2024	\$	33,711
2025		67,323
2026		67,323
2027		67,323
2028		67,323
2029		67,268
2030 and thereafter		903,766
Total	<u>\$</u>	<u>1,274,037</u>

**NOTE 4 — Property, Plant and Equipment**

The following table summarizes the key classifications of property, plant and equipment included in the condensed consolidated balance sheets:

	<b>June 30, 2024 (Successor)</b>	<b>December 31, 2023 (Successor)</b>
Demonstration Plant, gross	\$ 89,239	\$ 89,239
Furniture and equipment, gross	729	320
Construction in progress	31,425	14,443
Total property, plant and equipment, gross	121,393	104,002
Accumulated depreciation	(13,497)	(7,146)
Total property, plant and equipment, net	<u>\$ 107,896</u>	<u>\$ 96,856</u>

The following table presents the Company's depreciation expense for the following periods:

	<b>Period from</b>			<b>Period from</b>		
	<b>April 1 – June 30, 2024 (Successor)</b>	<b>June 8 – June 30, 2023 (Successor)</b>	<b>April 1 – June 7, 2023 (Predecessor)</b>	<b>January 1 - June 30, 2024 (Successor)</b>	<b>June 8 – June 30, 2023 (Successor)</b>	<b>January 1 – June 7, 2023 (Predecessor)</b>
Depreciation expense	\$ 3,176	\$ 800	\$ 2,433	\$ 6,353	\$ 800	\$ 5,700

**NOTE 5 — Accrued Liabilities**

Accrued liabilities consist of the following components included in the condensed consolidated balance sheets:

	<b>June 30, 2024 (Successor)</b>	<b>December 31, 2023 (Successor)</b>
Incentive compensation	\$ 1,766	\$ 2,016
Cash-based expense of BHES JDA	4,981	3,669
Legal service provider fees	197	160
Capital expenditures	3,725	3,605
Other accrued liabilities	1,300	1,465
Total accrued liabilities	<u>\$ 11,969</u>	<u>\$ 10,915</u>



**NOTE 6 — Revenue and Accounts Receivable**

**Revenue**

The following table disaggregates the revenue included in the condensed consolidated statements of operations and comprehensive loss into its major components:

	Period from		April 1 – June 7, 2023 (Predecessor)	Period from		January 1 – June 7, 2023 (Predecessor)
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)		January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	
Feasibility studies	\$ —	\$ —	\$ 125	\$ —	\$ —	\$ 175
Test data sales	238	—	—	238	—	—
<b>Total revenue</b>	<b>\$ 238</b>	<b>\$ —</b>	<b>\$ 125</b>	<b>\$ 238</b>	<b>\$ —</b>	<b>\$ 175</b>

**Performance Obligations**

Revenue recognized under contracts with customers exclusively includes the performance obligations satisfied in the applicable reporting period.

**Accounts Receivable**

Accounts receivable, net consists of the following balances included in the condensed consolidated balance sheets:

	June 30, 2024 (Successor)	December 31, 2023 (Successor)
Accounts receivable, gross	\$ 5	\$ 58
Unbilled revenue	238	—
<b>Accounts receivable, net</b>	<b>\$ 243</b>	<b>\$ 58</b>

During the period from April 1, 2024 through June 30, 2024 (Successor), the period from January 1, 2024 through June 30, 2024 (Successor), and the period from June 8, 2023 through June 30, 2023 (Successor), the Company did not record any provision for credit losses within General and administrative expense on the condensed consolidated statements of operations and comprehensive loss associated with its accounts receivable. During the period from January 1, 2023 through June 7, 2023 (Predecessor), the Company recorded an allowance for doubtful accounts equal to \$352 within General and administrative expense on the condensed consolidated statements of operations and comprehensive loss associated with its accounts receivable.

**NOTE 7 — Related Party Transactions**

The following table summarizes the related party amounts included in the condensed consolidated balance sheets:

	June 30, 2024 (Successor)	December 31, 2023 (Successor)
Amounts due to related parties under master services agreements	\$ 230	\$ 142

The following table summarizes the related party transactions included in the condensed consolidated statements of operations and comprehensive loss:

	Period from		Period from			
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	April 1 – June 7, 2023 (Predecessor)	January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	January 1 – June 7, 2023 (Predecessor)
Master services agreement administrative costs	\$ 27	\$ 14	\$ 37	\$ 52	\$ 14	\$ 80
Engineering support provided by former board member	—	—	25	—	—	97
General and administrative – related party	\$ 27	\$ 14	\$ 62	\$ 52	\$ 14	\$ 177
Master services agreement costs for Demonstration Plant	\$ 395	\$ 87	\$ 252	\$ 662	\$ 87	\$ 530
BHES JDA	—	—	5,527	—	—	11,713
Research and development – related party	\$ 395	\$ 87	\$ 5,779	\$ 662	\$ 87	\$ 12,243
Option settlement – related party	\$ —	\$ 79,054	\$ —	\$ —	\$ 79,054	\$ —

#### **Master Services Agreements**

A significant shareholder has provided the Company with marketing services, patent administration services and technology maintenance services related to the development of the Net Power Cycle. These totals are included in General and administrative – related party on the condensed consolidated statements of operations and comprehensive loss.

Another shareholder supports the Company with regard to general business oversight and with the operation of the Demonstration Plant. These totals are reflected in Research and development – related party on the condensed consolidated statements of operations and comprehensive loss. The Company had \$230 and \$142 in current liabilities payable to related parties as of June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively, on the condensed consolidated balance sheets related to these services. These related party payables are unsecured and are due on demand.

#### **Engineering Support Provided by Former Board Member**

A shareholder, who is also a former board member, supported the Company with regard to general business oversight and with the operation of the Demonstration Plant. These expenses are reflected in Research and development – related party on the condensed consolidated statements of operations and comprehensive loss prior to the Business Combination. The counterparty ceased being a related party on June 8, 2023 upon completion of the Business Combination.

#### **BHES JDA**

On February 3, 2022, the Company entered into a Joint Development Agreement with affiliates of BHES, which is a shareholder (the “Original JDA”). The Original JDA's counterparties subsequently amended the agreement's terms on June 30, 2022 and December 13, 2022 (the “Amended and Restated JDA”, and collectively with the Original JDA, the “BHES JDA”). The Amended and Restated JDA represents a contract that engages BHES to invest in, develop and deploy the NET Power Cycle in collaboration with the Company. The Amended and Restated JDA entitles BHES to payments of cash and equity in exchange for services related to the development and commercialization of the technology. Subsequent to the Business Combination, the Company records the measurement of services provided by BHES within Research and development on the condensed consolidated statements of operations and comprehensive loss. Prior to June 8, 2023 (Successor), the Company recorded costs incurred under the BHES within Research and development – related party on the condensed consolidated statements of operations and comprehensive loss due to the size of their ownership of the Company and because an employee of BHES served on the Company's Board of Directors. Subsequent to the Business Combination, neither BHES nor its affiliates occupy seats on the Company's Board of Directors and its percentage of ownership fell below 5%; therefore, BHES no longer qualifies as a related party after June 7, 2023 (Predecessor).

#### **Lease**

Reference Note 13 — Leases for a discussion of the lease with Occidental Petroleum Corporation (“Occidental Petroleum”).

**Option Settlement**

One of the Company's shareholders owned an option to purchase up to 711,111 membership interests from NET Power, LLC if NET Power, LLC met certain performance conditions, which it did not achieve prior to the close of the Business Combination. Immediately prior to the close of the Business Combination, the option holder received 247,655 NET Power, LLC membership interests with a value of approximately \$79,054 in exchange for retiring the purchase option. The membership interests converted into 7,905,279 Class A OpCo Units and a corresponding quantity of shares of Class B Common Stock in conjunction with the Business Combination. The loss generated from the settlement of the share purchase option is recorded as Option settlement – related party expense on the condensed consolidated statements of operations and comprehensive loss.

**NOTE 8 — Investments**

The Company has two types of investments, a certificate of deposit, which is classified as a short-term investment, and investments in securities, which are classified as available-for-sale.

The entire balance of \$100,000 of the certificate of deposit is shown within short-term investments on the condensed consolidated balance sheets as of June 30, 2024 (Successor) and December 31, 2023 (Successor). The interest receivable on the certificate of deposit was \$268 and \$1,886 at June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively, and is included in Interest receivable on the condensed consolidated balance sheets.

The following table presents the Company's available-for-sale investments included in the condensed consolidated balance sheets:

	<b>June 30, 2024</b>		
	<b>Amortized Cost</b>	<b>Unrealized Gain (Loss)</b>	<b>Fair Value</b>
<b>Current assets</b>			
Corporate bonds	\$ 12,467	\$ (19)	\$ 12,448
Commercial paper	19,025	—	19,025
U.S. treasuries	42,831	(84)	42,747
<b>Total</b>	<b>\$ 74,323</b>	<b>\$ (103)</b>	<b>\$ 74,220</b>
<b>Long-term assets</b>			
Corporate bonds	\$ 2,412	\$ (7)	\$ 2,405
U.S. treasuries	25,116	(88)	25,028
<b>Total</b>	<b>\$ 27,528</b>	<b>\$ (95)</b>	<b>\$ 27,433</b>

The cost of securities sold is based on the specific-identification method. During the period from April 1, 2024 through June 30, 2024 (Successor) and the period from January 1, 2024 through June 30, 2024 (Successor), there were no securities sold. There were no credit losses recognized during the period from April 1, 2024 through June 30, 2024 (Successor) and the period from January 1, 2024 through June 30, 2024 (Successor). The Company established no allowances for credit losses as of June 30, 2024 (Successor). The Company did not have any available-for-sale investments as of December 31, 2023 (Successor).

**NOTE 9 — Fair Value Measurements**

The following table presents the assets and liabilities that the Company measures at fair value on a recurring basis included in the condensed consolidated balance sheets and indicates the level of the valuation inputs the Company utilized to determine the fair value:

	Level	June 30, 2024 (Successor)	December 31, 2023 (Successor)
<b>Assets</b>			
Available-for-sale investments <sup>1</sup>	1	\$ 101,653	\$ —
Short-term investments	2	100,000	100,000
Total assets		<u>\$ 201,653</u>	<u>\$ 100,000</u>
<b>Liabilities</b>			
Public Warrants	1	\$ 19,743	\$ 18,969
Private Placement Warrants	3	34,771	36,951
Earnout Shares	3	1,404	1,671
Total liabilities		<u>\$ 55,918</u>	<u>\$ 57,591</u>

(1) \$27,433 of these investments are classified as long-term on our consolidated balance sheet.

The following table contains a reconciliation of the beginning and ending balances of recurring level 3 fair value measurements included in the condensed consolidated statements of operations and comprehensive loss:

	Period From		Period from			
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	April 1 – June 7, 2023 (Predecessor)	January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	January 1 – June 7, 2023 (Predecessor)
Balance of recurring level 3 liabilities at beginning of period	\$ 47,164	\$ 63,851	\$ —	\$ 38,622	\$ 63,851	\$ 5,174
Change in Earnout Shares liability and Warrant liability	(10,989)	(664)	—	(2,447)	(664)	—
Payments	—	—	—	—	—	(5,174)
Balance of recurring level 3 liabilities at end of period	<u>\$ 36,175</u>	<u>\$ 63,187</u>	<u>\$ —</u>	<u>\$ 36,175</u>	<u>\$ 63,187</u>	<u>\$ —</u>

**Earnout Shares**

The fair values for the Class A OpCo Units and corresponding shares of Class B Common Stock that, pursuant to an agreement with Sponsor and certain of its affiliates, are or were subject to forfeiture, with vesting occurring in three tranches based on the trading share price of the Class A Common Stock on the NYSE (the “Earnout Shares”) are estimated using a Monte Carlo simulation. The Monte Carlo simulation considers daily simulated stock prices as a proxy for the Company’s daily volume-weighted average share price. The key inputs into the valuation of the Earnout Shares are an expected remaining term of 1.94 years, a risk-free rate of 4.6% and estimated equity volatility of 39.9%. The estimated equity volatility assumption is based on a blended average of asset and equity volatility measurements of publicly traded companies within the Company’s peer group.

**Warrants**

The Public Warrants are valued using their quoted and publicly available market prices. Since their fair value is predicated on quoted prices in an active market for identical instruments, the Public Warrants are considered to be level 1 fair value instruments.

The Company uses a Black-Scholes Merton Model to value the Private Placement Warrants. Key inputs into the Black-Scholes Merton Model include the last Class A Common Stock closing price of \$9.83 as of June 30, 2024 (Successor), a risk-free rate of 4.3%, volatility of 41.5%, a term of 3.94 years and a strike price of \$11.50 per share. The volatility assumption is based on a blended average of operating and equity volatility of publicly traded companies within the Company’s peer group, the Company’s own historical volatility and the implied volatility of the Public Warrants. The Private Placement Warrants are considered to be level 3 fair value instruments.

**Short-term Investments**

Short-term investments are valued at cost, which approximates fair value. Short-term investments are considered level 2 fair value instruments because cost basis is not observable in a public market.

**Investment Securities**

Available-for-sale investments are classified as Level 1 because they are valued using the most recent quoted prices for identical assets in active markets.

**Option Liability**

The Company's option liability was issued in conjunction with member loans on October 15, 2021. The loans were fully repaid on February 3, 2022; however, the members had one year to exercise their options subsequent to the repayment of the loans. The interest expense related to these loan options was \$0 during the period from January 1, 2023 through June 7, 2023 (Predecessor). These measurements were reported in Interest income (expense) on the condensed consolidated statements of operations and comprehensive loss. In early 2023, two option holders exercised their options to purchase an aggregate of 34,588 membership units in NET Power, LLC for total proceeds of \$5,836. There were no loan options outstanding at the time of the Business Combination.

**NOTE 10 — Net Loss per Share/Unit****Successor Period**

Based on the amounts outstanding at June 30, 2024 (Successor) and June 30, 2023 (Successor), the Company excluded the following financial instruments from the computation of diluted net loss per unit because their inclusion would be anti-dilutive:

<b>Anti-Dilutive Instrument</b>	<b>June 30, 2024 (Successor)</b>	<b>June 30, 2023 (Successor)</b>
Public Warrants	8,621,535	8,624,974
Private Placement Warrants	10,900,000	10,900,000
Earnout Shares	328,925	986,775
BHES Bonus Shares	2,068,416	2,068,416
Unvested Class A OpCo Units	241,670	1,119,198
Vested Class A OpCo Units	142,476,116	136,392,072
Unvested RSUs	933,590	—
Unvested PSUs	127,710	—
Make-Whole Awards	1,257,467	—
Stock Options	2,459,893	—
Class B OpCo Units	—	6,638,125
<b>Total</b>	<b>169,415,322</b>	<b>166,729,560</b>

In the Successor Period, only shares of Class A Common Stock participate in the Company's undistributed earnings. As such, the Company's undistributed earnings are allocated entirely to the Class A Common Stock based on the weighted-average number of shares of Class A Common Stock outstanding for the period from April 1, 2024 through June 30, 2024 (Successor) and the period from January 1, 2024 through June 30, 2024 (Successor).

The following table sets forth the computation of the Company's basic and diluted net loss per share for the following periods:

	Period from		
	April 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)	January 1 - June 30, 2024 (Successor)
<b>Numerator</b>			
Net loss after income tax	\$ (17,217)	\$ (110,586)	\$ (58,849)
Net loss attributable to shareholders	\$ (4,268)	\$ (35,001)	\$ (15,689)
<b>Denominator</b>			
Weighted-average number shares outstanding, basic and diluted	72,177,137	67,404,794	72,035,845
Net loss per share attributable to shareholders, basic and diluted	\$ (0.06)	\$ (0.52)	\$ (0.22)

#### Predecessor Period

During the Predecessor periods, the Company's anti-dilutive securities were profits interests, member loan share options and share options. Based on the amounts outstanding as of June 7, 2023 (Predecessor), the Company excluded the following positions from the computation of diluted net loss per unit because their inclusion would be anti-dilutive:

Anti-Dilutive Instrument	June 7, 2023 (Predecessor)
Unvested profit interests	119,076
Member loan share options	—
Occidental Petroleum share options	—
Total	119,076

The following table sets forth the computation of the Company's basic and diluted net loss per unit for the following periods:

	Period from	
	April 1 - June 7, 2023 (Predecessor)	January 1 - June 7, 2023 (Predecessor)
<b>Numerator</b>		
Net loss after income tax	\$ (17,109)	\$ (34,176)
Net loss attributable to membership interest holders	\$ (17,109)	\$ (34,176)
<b>Denominator</b>		
Weighted-average number membership interests outstanding, basic and diluted	3,791,634	3,766,871
Net loss per unit attributable to membership interest holders, basic and diluted	\$ (4.51)	\$ (9.07)

#### NOTE 11 — Shareholders' Equity

As of June 30, 2024 and December 31, 2023, the Company owned 33.8% and 33.1% of the membership interests in OpCo, respectively, and non-controlling interest holders owned 66.2% and 67.0% of the membership interests in OpCo, respectively. The Company measures redeemable non-controlling interests ("NCI") each quarter at the higher of its book value or its redemption value. For the period from April 1, 2024 through June 30, 2024 (Successor), the Company measured redeemable NCI at book value. For the period from June 8, 2023 through June 30, 2023 (Successor), the Company measured redeemable NCI at redemption value. The adjustment to redeemable non-controlling interest is recorded through Additional paid-in capital on the condensed consolidated statement of shareholders' equity and non-controlling interest.

The table below demonstrates the calculation of net loss before income tax attributable to redeemable non-controlling interest holders for the following periods:

	Period from		
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	January 1 - June 30, 2024 (Successor)
Net loss before income tax	\$ (19,570)	\$ (111,258)	\$ (65,240)
Redeemable non-controlling interest percentage — Class A OpCo Units	66.2 %	68.0 %	66.2 %
Net loss before income tax attributable to Class A OpCo Units	\$ (12,949)	\$ (75,585)	\$ (43,160)

#### NOTE 12 — Share-Based Payments

##### *OpCo Unit Awards (Predecessor and Successor)*

As of June 30, 2024 (Successor), there was \$1,059 of unrecognized share-based compensation expense related to unvested Class A OpCo Units granted under previous programs, which the Company expects to recognize over a weighted average period of three years.

The following table presents a summary of employee equity awards comprised of Class A OpCo Units and the corresponding quantity of shares of Class B Common Stock outstanding, granted, forfeited, vested on an accelerated basis and redeemed included in the condensed consolidated statements of operations and comprehensive loss for the following periods:

	Quantity			Calculated Value		
	January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)	January 1 - June 7, 2023 (Predecessor)	January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)	January 1 - June 7, 2023 (Predecessor)
Unvested, beginning of period	848,415	1,895,179	226,494	\$ 5.21	\$ 13.06	\$ 63.25
Granted	—	—	—	\$ —	\$ —	\$ —
Forfeited	—	(324,625)	—	\$ —	\$ 10.82	\$ —
Vested	(570,675)	—	(107,418)	\$ 4.99	\$ —	\$ 63.18
Accelerated	(36,070)	(451,356)	—	\$ 5.66	\$ 15.05	\$ —
Unvested, end of period	241,670	1,119,198	119,076	\$ 6.50	\$ 12.91	\$ 63.32

##### *Restricted Stock Units (Successor)*

During the period from January 1, 2024 through June 30, 2024 (Successor), there were 520,605 restricted stock units (“RSU”) awarded under the terms of the NET Power Inc. 2023 Omnibus Incentive Plan. As of June 30, 2024 (Successor), there was \$9,050 of unrecognized share-based compensation expense related to unvested RSUs, which the Company expects to recognize over a weighted average period of three years. Generally, RSUs granted to employees and the majority of executives either cliff-vest on the three-year anniversary date of the grant or vest ratably on each anniversary of the date of grant over a three-year period. Annual awards granted to independent directors cliff-vest on the first anniversary of each award's grant date.

Additionally, there were 1,257,467 RSUs awarded to certain legacy employees as permitted by the business combination agreement (the “Make-Whole Awards”). These RSUs vest upon occurrence of the following events, which we classify as performance conditions: (i) commercial operations achieved by the Company’s first utility-scale power plant, and (ii) a fully-executed license agreement and final investment decision achieved for another utility-scale power plant. The Make Whole Awards expire ten years from the grant date. The Company will record compensation expense related to the Make-Whole Awards from the date the performance conditions are considered probable through the expected vesting dates. As of June 30, 2024 (Successor), the performance conditions are not considered probable, therefore, no compensation cost has been recognized related to the Make-Whole Awards.

The following table presents a summary of RSU activity during the period from January 1, 2024 through June 30, 2024 (Successor):

	Quantity	Fair Value
Unvested, beginning of period	443,221	\$ 13.13
Granted	1,778,072	\$ 11.11
Forfeited	(15,361)	\$ 12.27
Vested	—	\$ —
Accelerated	(14,875)	\$ 12.91
Unvested, end of period	2,191,057	\$ 11.60

***Performance Stock Units (Successor)***

On April 2, 2024, there were 127,710 PSUs awarded to certain executives in which the vesting occurs upon the achievement of specific market-based conditions related to the Company's financial performance over a three-year period, modified based on the Company's Relative Total Shareholder Return ("TSR") and subject to final vesting based on the participant's continued employment through the end of the requisite service period. The amount of awards that will ultimately vest for the PSU can range from 0% to 200% based on the TSR calculated over a three year period. The fair value of the PSUs was determined using the Monte Carlo Simulation model and is being expensed over the three-year vesting period. The assumptions used to calculate the fair value of these awards were:

Weighted average expected life	3 years
Risk-free interest rates	4.4 %
Expected volatility	68.0 %

The following table presents a summary of PSU activity as of June 30, 2024 and the changes during the period from January 1, 2024 through June 30, 2024 (Successor):

	Quantity	Fair Value
Unvested, beginning of period	—	\$ —
Granted	127,710	16.24
Forfeited	—	—
Vested	—	—
Unvested, end of period	127,710	\$ 16.24

As of June 30, 2024 (Successor), there was \$1,905 of unrecognized share-based compensation expense related to unvested PSUs.

***Stock Options (Successor)***

On April 2, 2024, the Company granted stock options to its Chief Executive Officer to purchase 2,459,893 shares of common stock of the Company with an exercise price of \$11.30 per share and an expiration date of April 2, 2034. The stock options vest and become exercisable upon satisfaction of the following performance and market conditions: (i) commercial operations achieved by the Company's first utility-scale power plant, (ii) a fully-executed license agreement and final investment decision achieved for another utility-scale power plant, and (iii) a closing share price above \$30 per share for 60 consecutive trading days (or the equivalent when adjusted for any stock splits, reverse stock splits, and cumulative dividends paid per share until the vesting date). The Company will recognize compensation expense from the date the performance conditions become probable through the expected vesting date. As of June 30, 2024 (Successor), the performance conditions are not considered probable; therefore, no expense has been recognized related to these stock options.



The grant date fair value of stock options granted was \$20,958 and was estimated using the Monte Carlo Simulation model. The fair value of the Company's stock option grants was estimated utilizing the following assumptions:

Weighted average expected life	3.35 years
Risk-free interest rates	4.27 %
Expected volatility	80 %

**BHES JDA (Predecessor and Successor)**

The following table presents the quantity and value of equity issued to Baker Hughes Energy Services LLC ("BHES") as payment for costs incurred pursuant to the Original JDA and the Amended and Restated BHES JDA (Note 7). The portion of BHES JDA costs that the Company pays with Class A OpCo Units and shares of Class B Common Stock is recorded within Additional paid-in capital on the condensed consolidated balance sheets and the condensed consolidated statement of shareholders' equity and non-controlling interest. The following table displays the fair value of shares distributed as payment for services rendered by BHES under the terms of the BHES JDA during the periods described below:

	Quantity		January 1 - June 7, 2023 (Predecessor)	Total Fair Value		January 1 - June 7, 2023 (Predecessor)	Equivalent Value per Unit or per Share <sup>(1)</sup>
	January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)		January 1 - June 30, 2024 (Successor)	June 8 - June 30, 2023 (Successor)		
Membership Interests	—	—	9,210	\$ —	\$ —	\$ 1,943	\$ 168.75
Class A OpCo Units	1,592,425	22,447	296,160	10,526	148	1,958	\$ 5.29
Class B Common Stock	1,592,425	22,447	296,160	—	—	—	\$ —
Total				\$ 10,526	\$ 148	\$ 3,901	

(1) The Equivalent Value per Unit is the discounted price per membership interest or per share stipulated in the BHES JDA.

Shares used as payment under the terms of the Amended and Restated JDA are issued at a discount expected to cause a total loss of approximately \$17,500 to the Company over the term of the agreement. The Company has incurred inception-to-date losses of \$5,079 related to such issuances.

BHES may earn additional shares under the terms of the Amended and Restated JDA ("BHES Bonus Shares") if it meets certain contractually stipulated project milestones related to the development of our technology. The Company determined that BHES's achievement of each of these milestones is probable in accordance with the guidance in ASC Topic 718; therefore, the Company recognizes the compensation cost associated with milestone share-based payments ratably over the expected service period. The following table disaggregates the variable compensation payable to BHES should it meet its milestone objectives:

	Performance Period End Date	Compensation Cost Incurred To Date	Remaining Compensation Cost	Total Compensation Cost
BHES JDA - variable share-based payments	January 2027	\$ 22,387	\$ 4,958	\$ 27,345

Additionally, BHES received 1,500,265 Class A OpCo Units and a corresponding number of shares of Class B Common Stock in conjunction with the consummation of the Business Combination.

Reference Note 14 for additional disclosures related to the BHES JDA.

**NOTE 13 — Leases**

The following table presents the future minimum lease payments that the Company expects to make under its operating leases as of June 30, 2024 (Successor):

Year	Future Minimum Lease Payments
Remainder of 2024	\$ 257
2025	523
2026	535
2027	548
2028	515
Total	\$ 2,378

Lease costs are recorded as General and administrative expense on the condensed consolidated statements of operations and comprehensive loss. The following table presents the Company's lease costs by period presented:

	Period from		Period from			
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	April 1 – June 7, 2023 (Predecessor)	January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	January 1 – June 7, 2023 (Predecessor)
Operating lease costs	\$ 128	\$ 13	\$ 36	\$ 255	\$ 13	\$ 85

**Office Leases**

On June 6, 2022, the Company entered into an office space lease agreement for commercial office space in Durham, North Carolina (the “Measurement Building Lease”), which became effective on November 1, 2022 and had an original lease term of 60 months from the signing date. The lease was classified as an operating lease and the lease liability was calculated using an incremental borrowing rate of 8.0%. On August 11, 2023, the Company agreed to terminate the Measurement Building Lease effective October 6, 2023 and entered into a new office lease agreement (the “Roney St. Lease”). The Roney St. Lease commenced on October 6, 2023 and has an original lease term of 62 months from the commencement date. The simultaneous termination of the Measurement Building Lease and execution of the Roney St. Lease represents a single transaction accounted for as a modification of the Measurement Building Lease. As such, the Company remeasured the lease liabilities and right-of-use asset associated with the Measurement Building Lease and recognized those balances over the amended, remaining lease term.

On February 28, 2024, the Company entered into an office space lease agreement for commercial office space in Houston, Texas (the “Atlas Tower Lease”), which became effective in July of 2024 and has an original lease term of 68 months from the commencement date. The Company will measure the lease liabilities and right-of-use asset associated with the Atlas Tower Lease upon commencement of the lease and will recognize those balances over the lease term.

The Roney St. Lease includes an early termination option that enables the Company to end the lease on or after its 50th month. The Atlas Tower Lease includes an early termination option that enables the Company to end the lease at the end of its 44th month. As of June 30, 2024 (Successor), the Company determined that it is unlikely to exercise either termination option; therefore, the above minimum lease payments, as well as the right-of-use asset and lease liabilities associated with the Roney St. Lease, do not consider the effects of this termination option on the lease term.

As of June 30, 2024 (Successor), the Company had \$1,987 in lease liabilities and \$1,886 in right-of-use assets attributable to the Roney St. Lease on its condensed consolidated balance sheets.

**Land Leases**

On March 8, 2024, the Company entered into a land lease with a subsidiary of Occidental Petroleum, a related party, which becomes effective no later than December 31, 2024. The lease has an initial term of 60 months from the commencement date. Additionally, the term may be extended for up to three consecutive periods of ten years. The Company will measure

the lease liabilities and right-of-use asset upon commencement of the lease and will recognize those balances over the lease term.

The Company leases the land under the Demonstration Plant. During the second quarter of 2024, we entered into a lease amendment extending the lease term. The amended lease expires on the earlier of (i) January 1, 2031 or (ii) the termination of the Company's oxygen supply agreement with the lessor. Lease payments for the land equal one dollar per year. As of June 30, 2024 (Successor), the value of the right-of-use asset attributable to the Demonstration Plant land lease was \$109.

Reference Note 15 — Commitments and Contingencies for discussion on the Company's asset retirement and unconditional purchase obligations related to the Demonstration Plant.

**NOTE 14 — Income Taxes**

As of June 30, 2024 (Successor), the Company estimated its annual effective tax rate to be 7.3%, and recorded a deferred income tax benefit of \$2,353 and \$6,391, for the period from April 1, 2024 through June 30, 2024 (Successor) and the period from January 1, 2024 through June 30, 2024 (Successor), respectively. The annual effective tax rate varies from the statutory federal income tax rate due to amounts allocated to non-controlling interest, state income taxes and other permanent items. The income tax benefit recorded through June 30, 2024 (Successor) includes a cumulative adjustment of \$1,647 related to finalizing deferred taxes as of the Closing Date of the Business Combination. Reference Note 3 — Goodwill and Intangible Assets for additional discussion.

*Tax Receivable Agreement* - As of June 30, 2024 (Successor), the Company recorded a liability of \$10,587 related to its projected obligations under the TRA, which is recorded as Tax Receivable Agreement liability in the condensed consolidated balance sheets. This obligation arose because of qualifying exchanges of Class A OpCo Units that occurred through June 30, 2024.

**NOTE 15 — Commitments and Contingencies**

***Asset Retirement Obligation***

The Company's valuation of the asset retirement obligation related to the Demonstration Plant encompasses an estimate for the cost to restore the site as required by lease terms.

The following table reconciles the beginning and ending balances of the asset retirement obligation as of the dates presented:

	Period from		April 1 – June 7, 2023 (Predecessor)	Period from		January 1 – June 7, 2023 (Predecessor)
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)		January 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)	
Asset retirement obligation, beginning of period	\$ 2,103	\$ 1,967	\$ 2,475	\$ 2,060	\$ 1,967	\$ 2,416
Obligation incurred	—	—	—	—	—	—
Accretion expense	43	10	43	86	10	102
Asset retirement obligation, end of period	\$ 2,146	\$ 1,977	\$ 2,518	\$ 2,146	\$ 1,977	\$ 2,518

***Unconditional Purchase Obligations***

The Company has committed to purchase industrial components for installation at its Demonstration Plant and its first commercial power plant. The Company pays for these components in installments aligned to contractual milestones. In accordance with ASC Topic 440, *Commitments*, the Company does not recognize these commitments on the condensed consolidated balance sheets.

As of June 30, 2024, the Company had \$99,426 of remaining purchase obligations through February 2027 related to the BHES JDA, which is expected to be settled 50% in cash and 50% in common stock. In addition, the Company had \$55,635 of additional remaining asset purchase obligations through 2025.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Dollars in thousands, except share and unit amounts, unless otherwise noted)**

*The following management’s discussion and analysis (“MD&A”) provides information that management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition and includes forward-looking statements that involve risks, uncertainties and assumptions, including those described in “Cautionary Note Regarding Forward-Looking Statements” included in the forepart of this Quarterly Report on Form 10-Q (our “Quarterly Report”) and included in Part I, Item 1A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “Annual Report”), as filed with the SEC on March 11, 2024.*

*The following MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included in Part I, Item 1 in this Quarterly Report and our audited consolidated financial statements and related notes included in our Annual Report.*

**Overview**

We are a clean energy technology company that has developed a unique power generation system (the “Net Power Cycle”) that can produce clean, reliable, and low-cost electricity from natural gas while capturing virtually all atmospheric emissions. The Net Power Cycle is designed to inherently capture CO<sub>2</sub> and eliminate air pollutants such as SO<sub>x</sub>, NO<sub>x</sub>, and particulates.

**The Business Combination**

On December 13, 2022, NET Power, LLC entered into the Business Combination Agreement with RONI, RONI OpCo, Buyer and Merger Sub. Pursuant to the Business Combination Agreement, Merger Sub merged with and into NET Power, LLC with NET Power, LLC surviving the merger as a wholly owned subsidiary of Buyer. Upon the consummation of the Business Combination on June 8, 2023, RONI was renamed NET Power Inc. (“Net Power” or the “Company”).

As discussed in Note 1 to the condensed consolidated financial statements, the Company’s financial statement presentation distinguishes NET Power, LLC as the “Predecessor” through June 7, 2023 (the “Predecessor Period”) and Net Power as the “Successor” for periods after the Closing Date (the “Successor Period”). Revenue and earnings after the date of the Business Combination are shown in the Successor Period on the condensed consolidated statements of operations and comprehensive loss. As a result of the application of the acquisition method of accounting in the Successor Period, the consolidated financial statements for the Successor Period are presented on a full step-up basis; therefore, Successor Period consolidated financial statements are not comparable to the consolidated financial statements of the Predecessor Period, which are not presented on the same full step-up basis.

**Key Factors Affecting Our Prospects and Future Results**

As a result of the Business Combination, Net Power became a publicly traded company with Class A Common Stock and Public Warrants trading on the NYSE, which has necessitated the hiring of additional personnel and the implementation of procedures and processes to address public company regulatory requirements and customary practices. We have incurred, and expect to continue to incur, material additional annual expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees, and additional internal and external accounting, legal, and administrative resources, including increased personnel costs, audit and other professional service fees.

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including, but not limited to, cost over-runs in the testing and operation of the Demonstration Plant, technical problems with the Net Power Cycle, potential supply chain issues, and development of competing clean-energy technology sooner or at a lesser cost than the Net Power Cycle. Supply chain issues related to the manufacturing and transportation of key equipment may lead to a delay in our commercialization efforts, which could impact our results of operations.

**Commencing Commercial Operations**

Over the next several years, the Company plans to conduct additional research and testing campaigns at its Demonstration Plant and construct its first utility-scale plant. Net Power began purchasing and expects to make additional purchases of initial long-lead materials for the first utility-scale plant in 2024 and targets initial power generation between the second half of 2027 and the first half of 2028. We expect that the 300 MWe class plant will be a Net Power-led consortium project located at an OXY-hosted site in the Permian Basin of West Texas. We also continue to evaluate other sites in North

America for Net Power plants. We expect that the project will fully integrate power production with transportation and underground storage of carbon dioxide. We are focused on delivering a project that will catalyze future adoption for utility-scale customers.

Major remaining development activities relating to completing construction of our first utility-scale plant are similar to the activities we previously undertook to design, build, and commission the Demonstration Plant. These activities include but are not limited to: finalizing a siting study, initiating all permitting required, conducting a front-end engineering design (“FEED”) study, originating all required supply and off-take contracts, structuring the project to attract any required third party equity and debt financing and achieving final investment decision, initiating the engineering, procurement and construction (“EPC”) process, and constructing and commissioning the facility.

#### **Key Components of Results of Operations**

We are a development stage company and our historical results may not be indicative of our future results. Accordingly, the drivers of our future financial results, as well as the components of such results, may not be comparable to our historical or future results of operations.

## Results of Operations

*Comparison of the Three Months Ended June 30, 2024 (Successor) to the Periods from April 1, 2023 Through June 7, 2023 (Predecessor) and June 8, 2023 Through June 30, 2023 (Successor)*

The following table sets forth our condensed results of operations data for the periods presented:

	Period from		April 1 – June 7, 2023 (Predecessor)	\$ Change	% Change
	April 1 – June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)			
Revenue	\$ 238	\$ —	\$ 125	\$ 113	90 %
Cost of revenue	30	—	3	27	900 %
Gross profit	208	—	122		
Operating expenses					
General and administrative	7,787	24,409	7,188	(23,810)	(75)%
Sales and marketing	876	156	528	192	28 %
Research and development	15,483	5,836	6,758	2,889	23 %
Project development	869	18	283	568	189 %
Option settlement	—	79,054	—	(79,054)	n/m
Depreciation, amortization and accretion	20,047	4,920	2,476	12,651	171 %
Total operating expenses	45,062	114,393	17,233		
Operating loss	(44,854)	(114,393)	(17,111)		
Other income (expense)					
Interest income (expense)	9,029	2,126	—	6,903	325 %
Change in Earnout Shares liability and Warrant liability	16,249	1,009	—	15,240	1,510 %
Other income (expense)	6	—	2	4	200 %
Net other income (expense)	25,284	3,135	2		
Net loss before income tax	(19,570)	(111,258)	(17,109)		
Income tax benefit	2,353	672	—	1,681	250 %
Net loss after income tax	(17,217)	(110,586)	(17,109)		
Net loss attributable to non-controlling interests	(12,949)	(75,585)	—		
Net loss attributable to NET Power Inc.	\$ (4,268)	\$ (35,001)	\$ (17,109)		

n/m = not meaningful

### Revenue

Revenue increased by \$113, or 90%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). Revenue during these periods was not significant. During the three months ended June 30, 2024, we generated revenue for test data sales at our Demonstration Plant. We have historically generated revenue through various contracts with potential future license customers for access to testing results, other data and feasibility studies.

### General and administrative

General and administrative expenses consist primarily of personnel-related expenses associated with our general and administrative organization and professional fees for legal, accounting, and other consulting services. Our general and administrative expenses decreased by \$23,810, or 75%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This decrease was primarily attributable to \$16,644 in costs related to the Business Combination and \$1,958 in costs incurred as a result of becoming a public company during 2023. This decrease was also due to decreased amounts paid for professional services partially offset by an increase in corporate headcount.

*Sales and marketing*

Our sales and marketing expenses consist primarily of personnel-related costs, consultants and information technology costs directly associated with our sales and marketing activities, which include general publicity efforts for the Company. Sales and marketing expenses increased by \$192, or 28%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was primarily attributable to costs associated with growth in employee headcount.

*Research and development*

Our research and development (“R&D”) expenses consist primarily of labor expenses and fees paid to third parties working on and testing specific aspects of our technology, including testing at our Demonstration Plant and development activities under the BHES JDA. R&D expenses increased by \$2,889, or 23%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was primarily due to activities under the BHES JDA and increased activity at the Demonstration Plant.

*Project development*

Project development expenses consist of labor expenses and fees paid to third parties developing commercial scale projects. Our project development expense increased by \$568 or 189%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was due to the initiation of activities related to the development of a utility-scale facility.

*Option settlement*

Option settlement expense of \$79,054 for the the period from June 8, 2023 through June 30, 2023 (Successor) was due to a one-time cost for settlement of an option agreement in connection with the close of the Business Combination.

*Depreciation, amortization and accretion*

Our depreciation, amortization and accretion expenses consist primarily of depreciation on our Demonstration Plant and amortization of intangible assets. Depreciation, amortization and accretion expense increased by \$12,651, or 171%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). As a result of the Business Combination, we adjusted the value of acquired assets to fair value, which resulted in a significant increase in intangible assets for internally developed technology and the fair value of our Demonstration Plant. These increases resulted in an increase in related amortization and depreciation expense in the Successor Period.

*Interest income (expense)*

Our interest income (expense) increased by \$6,903, or 325%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). Interest income increased due to asset accretion on investments, the deployment of cash into fixed income securities and interest-bearing short-term investments, and the timing of receipt of proceeds in the Business Combination.

*Change in Earnout Shares liability and Warrant liability*

The change in Earnout Shares liability and Warrant liability was \$15,240, or 1,510%, for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). The change in Earnout Shares liability and Warrant liability was predominately due to the change in the fair value of the Private Placement Warrants and Public Warrants which were issued in connection with the closing of the Business Combination.

*Income tax benefit*

Our income tax benefit increased by \$1,681 for the three months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from April 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023

(Successor). The three months ended June 30, 2024 (Successor) includes a cumulative tax benefit of \$1,647 related to finalizing deferred taxes as of the Closing Date of the Business Combination. Refer to Note 3 for additional discussion.

**Comparison of the Six Months Ended June 30, 2024 (Successor) to the Periods from January 1, 2023 Through June 7, 2023 (Predecessor) and June 8, 2023 Through June 30, 2023 (Successor)**

The following table sets forth our condensed results of operations data for the periods presented:

	Period from		January 1 – June 7, 2023 (Predecessor)	\$ Change	% Change
	January 1 - June 30, 2024 (Successor)	June 8 – June 30, 2023 (Successor)			
Revenue	\$ 238	\$ —	\$ 175	63	36 %
Cost of revenue	30	—	3	27	900 %
Gross profit	208	—	172		
Operating expenses					
General and administrative	14,097	24,409	12,861	(23,173)	(62) %
Sales and marketing	1,628	156	869	603	59 %
Research and development	26,751	5,836	14,311	6,604	33 %
Project development	1,291	18	479	794	160 %
Option settlement	—	79,054	—	(79,054)	n/m
Depreciation, amortization and accretion	40,079	4,920	5,802	29,357	274 %
Total operating expenses	83,846	114,393	34,322		
Operating loss	(83,638)	(114,393)	(34,150)		
Other income (expense)					
Interest income (expense)	16,719	2,126	(30)	14,623	698 %
Change in Earnout Shares liability and Warrant liability	1,671	1,009	—	662	66 %
Other income (expense)	8	—	4	4	100 %
Net other income (expense)	18,398	3,135	(26)		
Net loss before income tax	(65,240)	(111,258)	(34,176)		
Income tax benefit	6,391	672	—	5,719	851 %
Net loss after income tax	(58,849)	(110,586)	(34,176)		
Net loss attributable to non-controlling interests	(43,160)	(75,585)	—		
Net loss attributable to NET Power Inc.	\$ (15,689)	\$ (35,001)	\$ (34,176)		

n/m = not meaningful

**Revenue**

We have not generated material revenue to date. We have generated revenue through various contracts with potential future license customers for access to testing results, other data and feasibility studies. We have also generated revenue for conducting syngas testing at our Demonstration Plant. Revenue increased by \$63, or 36%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). Revenue during these two periods was not significant.



*General and administrative*

General and administrative expenses decreased by \$23,173, or 62%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This decrease was primarily due to \$16,644 in costs related to the Business Combination and \$1,958 in costs incurred in the Successor Period as a result of becoming a public company during the six months ended June 30, 2023. This decrease was also due to decreased amounts paid for professional services partially offset by an increase in corporate headcount.

*Sales and marketing*

Our sales and marketing expenses consist primarily of personnel-related costs, consultants and information technology costs directly associated with our sales and marketing activities, which include general publicity efforts for the Company. Sales and marketing expenses increased by \$603, or 59%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was primarily attributable to increased headcount and engagement of external consultants to support increased marketing activities.

*Research and development*

Our R&D expenses consist primarily of labor expenses and fees paid to third parties working on and testing specific aspects of our technology, including testing at our Demonstration Plant and development activities under the BHES JDA. Research and development increased by \$6,604, or 33%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was primarily due to timing of development activities under the BHES JDA.

*Project development*

Project development expenses consist of labor expenses and fees paid to third parties developing commercial scale projects. Project development increased by \$794, or 160%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase was due to the initiation of activities related to development of a utility-scale facility and costs related to future projects.

*Option settlement*

Option settlement expense of \$79,054 for the period from June 8, 2023 through June 30, 2023 (Successor) was due to a one-time cost for settlement of an option agreement in connection with the close of the Business Combination.

*Depreciation, amortization and accretion*

Our depreciation, amortization and accretion expenses consist primarily of depreciation on our Demonstration Plant and amortization of intangible assets. Depreciation, amortization and accretion expense increased by \$29,357, or 274%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). As a result of the Business Combination, we adjusted the value of acquired assets to fair value, which resulted in a significant increase in intangible assets for internally developed technology and the Demonstration Plant. These increases resulted in an increase in related amortization and depreciation expense in the Successor Period.

*Interest income (expense)*

Interest income (expense) increased by \$14,623, or 698%, for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). Interest income increased due to the deployment of cash into fixed income securities and interest-bearing short-term investments subsequent to the Business Combination.

*Change in Earnout Shares liability and Warrant liability*

The change in Earnout Shares liability and Warrant liability increased by \$662, or 66% for the six months ended June 30, 2024 (Successor), as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023

(Predecessor) and June 8, 2023 through June 30, 2023 (Successor). This increase is due to the change in the fair value of the Private Placement Warrants and Public Warrants.

*Income tax benefit*

Our income tax benefit increased by \$5,719 for the six months ended June 30, 2024, as compared to amounts for the combined periods from January 1, 2023 through June 7, 2023 (Predecessor) and June 8, 2023 through June 30, 2023 (Successor). The increase is due to a cumulative tax benefit of \$1,647 related to finalizing deferred taxes as of the Closing Date of the Business Combination in the six months ended June 30, 2024 and a lower effective tax rate for the period from June 8, 2023 through June 30, 2023 (Successor) due to permanent differences for expenses associated with the closing of the Business Combination.

## Liquidity and Capital Resources

Our principal sources of liquidity are cash, short-term investments and investments in highly liquid available-for-sale securities. Historically, our sources of liquidity have also included raising additional capital through the sale of equity. We may issue additional equity securities in the future. We measure liquidity in terms of our ability to fund the cash requirements of our R&D activities and our near-term business operations, including our contractual obligations and other commitments. Our current liquidity needs primarily involve R&D activities for the ongoing development of our technology, general and administrative costs, and expenditures to purchase long-lead items related to our first commercial scale facility.

The following table summarizes our liquidity position as of the dates indicated:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
	<b>(Successor)</b>	<b>(Successor)</b>
Cash and cash equivalents	\$ 405,145	\$ 536,927
Available-for-sale securities	101,653	—
Short-term investments	100,000	100,000
Total liquidity	<u>\$ 606,798</u>	<u>\$ 636,927</u>

As of June 30, 2024, we had short-term investments totaling \$100,000, which was comprised of a single six-month certificate of deposit custodied by a domestic banking institution and available-for-sale securities comprised of investment grade, fixed income securities totaling \$101,653. Additionally, our current liabilities were \$14,557 and \$12,021 at June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively.

We believe we have the ability to manage our operating costs, including R&D expenditures, such that our existing liquidity will be sufficient to fund our obligations for the next 12 months following the filing of this Quarterly Report. We believe that our current sources of liquidity on hand should be sufficient to fund our general corporate operating expenses as we work to commercialize our technology, but certain costs are not reasonably estimable at this time and we may require additional funding. More specifically, we may require additional funding in order to successfully construct our first utility-scale plant and to originate additional Net Power plant opportunities.

## Cash Flow Summary

The following table shows our cash flows from operating activities, investing activities and financing activities for the presented periods:

	<b>Period from</b>		
	<b>January 1 - June 30,</b>	<b>June 8 - June 30,</b>	<b>January 1 - June 7,</b>
	<b>2024 (Successor)</b>	<b>2023 (Successor)</b>	<b>2023 (Predecessor)</b>
Net cash used in operating activities	\$ (10,837)	\$ (35,492)	\$ (10,623)
Net cash (used in) provided by investing activities	\$ (118,591)	\$ 7,454	\$ (2,431)
Net cash provided by financing activities	\$ 61	\$ 319,663	\$ 15,836

## Operating Activities

Cash used in operating activities was \$10,837 for the six months ended June 30, 2024 compared to \$46,115 for the six months ended June 30, 2023. Our net cash used in operating activities to date have been primarily comprised of payroll, material and supplies, facilities expense, and professional services related to R&D, including the BHES JDA, and general and administrative activities. This change was primarily due to costs associated with the completion of the Business Combination and our corresponding transition to operating as a public company during the six months ended June 30, 2023. As we continue to increase hiring and build out the Company, we expect our cash used in operating activities to increase significantly before we start to generate any material cash inflows from our operations.

***Investing Activities***

During the six months ended June 30, 2024, net cash used in investing activities was \$118,591 compared to cash provided by investing activities of \$5,023 for the six months ended June 30, 2023. Our cash used in investing activities for the six months ended June 30, 2024 primarily reflects the investment of a portion of the proceeds received from the PIPE Financing in investment grade fixed income securities and capital expenditures related to our Demonstration Plant and long-lead items for our first utility scale plant.

***Financing Activities***

Our cash provided by financing activities was \$61 for the six months ended June 30, 2024 compared to \$335,499 for the six months ended June 30, 2023. This change was driven by proceeds from the PIPE Financing, less transaction expenses and shareholder redemptions during the six months ended June 30, 2023.

**Commitments and Contractual Obligations**

***Asset Retirement Obligation***

We hold a lease for the approximately 218,900 square feet of land under the Demonstration Plant. In addition, we have an oxygen supply agreement with the lessor to supply oxygen to the Demonstration Plant. The lease expires on the earlier of (i) January 1, 2031 and (ii) the termination of our oxygen supply agreement with the lessor. The term of the oxygen supply agreement expires on January 1, 2030 with automatic 12-month renewal terms. The oxygen supply agreement may be terminated by us or by the lessor upon 24 months written notice prior to the expiration date of its current term. The underlying lease requires the removal of all equipment and the obligation to restore the land to post-clearing grade level, which has resulted in the recognition of an asset retirement obligation liability of \$2,146 and \$2,060 as of June 30, 2024 and December 31, 2023, respectively.

***Leases***

As of June 30, 2024, future minimum lease payments attributable to the Company's lease arrangements are approximately \$2,378.

The Company leases corporate office space in Durham, North Carolina, and Houston, Texas. The lease for the Company's corporate office space in Houston, Texas, commenced July 11, 2024. The Company also entered into a land lease agreement with OXY, a related party, on March 8, 2024, for land in West Texas with commencement of the lease to occur no later than December 31, 2024. The term of the Company's land lease has not yet commenced.

***Joint Development Agreement***

As of June 30, 2024 and December 31, 2023, we have committed to funding a portion of the remaining development costs incurred under the BHES JDA through a combination of cash and equity. The BHES JDA's total value is \$140,000. As of June 30, 2024, we recognized approximately \$20,287 of inception-to-date cash expenses and approximately \$20,287 of inception-to-date share-based expenses related to the BHES JDA. The share-based expense excludes \$5,079 of realized loss on share issuance.

***Off-Balance Sheet Arrangements***

As of June 30, 2024 and December 31, 2023, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

***Capital Commitments***

As of June 30, 2024, we have committed to purchase certain components of industrial machinery for use at our Demonstration Plant and at our first utility-scale plant. The total gross commitments, which were initially unrecognized on our balance sheet, totaled \$80,035. As of June 30, 2024, there was \$55,635 remaining related to these commitments.

**Critical Accounting Policies and Estimates**

There have been no material changes to our discussion of critical accounting estimates from those set forth in our Annual Report.

### **Emerging Growth Company Accounting Election**

Section 102(b)(1) of the Jumpstart our Business Startups Act of 2012 (the “JOBS Act”) exempts emerging growth companies (“EGC’s”) from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect not to take advantage of the extended transition period and comply with the requirements that apply to non-EGC’s, and any such election to not take advantage of the extended transition period is irrevocable. We expect to be an EGC at least through the end of 2024 and will have the benefit of the extended transition period. We intend to take advantage of the benefits of this extended transition period.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

### **Item 4. Controls and Procedures**

#### *Evaluation of Disclosure 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, 2024. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2024.

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.

#### *Changes in Internal Control over Financial Reporting*

No changes in our internal control over financial reporting occurred during the fiscal quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Part II - Other Information

### Item 1. Legal Proceedings

From time to time, the Company is party to certain legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not currently expect these matters to have a materially adverse effect on the financial position or results of operations of the Company.

### Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information called for by this Item. However, for a discussion of the material risks, uncertainties and other factors that could have a material effect on us, please refer to Part I, Item 1A. "Risk Factors" in our Annual Report.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

#### *Unregistered Sales of Equity Securities*

On May 15, 2024, the Company issued 650,248 shares of Class B Common Stock and OpCo issued 650,248 Class A units to BHES as payment for costs incurred pursuant to the Amended and Restated JDA during the first quarter of 2024. The issuances by the Company and OpCo were exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act. These transactions did not involve any public offering, any underwriters, any underwriting discounts or commissions, or any general solicitation or advertising.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

#### *Insider Trading Arrangements*

During the three months ended June 30, 2024, none of our directors or "officers" (as such term is defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
2.1+	<a href="#">Business Combination Agreement, dated as of December 13, 2022, by and among Rice Acquisition Corp. II, Rice Acquisition Holdings II LLC, Topo Buyer Co. LLC, Topo Merger Sub, LLC and NET Power, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on December 14, 2022).</a>
2.2	<a href="#">First Amendment to the Business Combination Agreement, dated as of April 23, 2023, by and among Topo Buyer Co. LLC and NET Power, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on April 24, 2023).</a>
3.1	<a href="#">Certificate of Incorporation of NET Power Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 14, 2023).</a>
3.2	<a href="#">Bylaws of NET Power Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on June 14, 2023).</a>
10.1	<a href="#">Executive Form Restricted Stock Unit Grant Notice and Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2024).</a>
10.2	<a href="#">Form of Performance Stock Unit Grant Notice and Award Agreement</a>
10.3	<a href="#">Stock Option Grant Notice and Award Agreement of Daniel J. Rice IV</a>
31.1	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
0.104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Certain schedules or similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to provide a copy of any omitted schedule or similar attachment to the SEC upon request

**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 hereunto duly authorized.

Dated: August 12, 2024

NET Power Inc.

By: /s/ Akash Patel

Name: Akash Patel

Title: Chief Financial Officer

(Principal Financial Officer)



**NET POWER INC.  
2023 OMNIBUS INCENTIVE PLAN**

**PERFORMANCE STOCK UNIT GRANT NOTICE**

Pursuant to the terms and conditions of the NET Power Inc. 2023 Omnibus Incentive Plan, as amended from time to time (the “**Plan**”), NET Power Inc., a Delaware corporation (the “**Company**”), hereby grants to the individual listed below (“**you**” or the “**Participant**”) the number of performance stock units (the “**PSUs**”) set forth below. This award of PSUs (this “**Award**”) is subject to the terms and conditions set forth herein and in the Performance Stock Unit Agreement attached hereto as Exhibit A (the “**Agreement**”), the restrictive covenants (the “**Restrictive Covenants**”) set forth in the Company’s Amended & Restated Executive Severance Plan (the “**Executive Severance Plan**”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

**Type of Award:** Performance Stock Units

**Participant:**

**Date of Grant:**

**Target Number of PSUs:**

**Performance Period:** The three-year period commencing April 2, 2024, and ending April 2, 2027 (the “**Performance Period**”).

**Vesting:** Subject to Section 2 of the Agreement, the Plan and the other terms and conditions set forth herein, the PSUs shall vest, if at all, based on achievement of the performance vesting conditions set forth on Exhibit B during the Performance Period, subject to your continued employment by, or provision of services to, the Company or an Affiliate thereof from the Date of Grant through the Certification Date (as defined on Exhibit B). The percentage of the Target PSUs actually earned during the Performance Period are referred to herein as the “**Earned PSUs**”.

**Settlement:** The Earned PSUs shall be settled in Shares in accordance with Section 4 of the Agreement.

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By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Stock Unit Grant Notice (this "**Grant Notice**"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice, and have had an opportunity to obtain the advice of counsel prior to executing this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations arising under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

Notwithstanding any provision of this Grant Notice or the Agreement, if you have not executed and delivered to the Company this Grant Notice within 90 days following the Date of Grant set forth above, then this Award will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

**NET POWER INC.**

By:  \_\_\_\_\_

Name: Danny Rice

Title: Chief Executive Officer

**PARTICIPANT**

\_\_\_\_\_  
Name:

## EXHIBIT A

### PERFORMANCE STOCK UNIT AGREEMENT

This Performance Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “**Agreement**”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between NET Power Inc., a Delaware corporation (the “**Company**”), and #ParticipantName# (the “**Participant**”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

**1. Award.** In consideration of the Participant’s past and/or continued employment with, or service to, the Company or an Affiliate and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “**Date of Grant**”), the Company hereby grants to the Participant the number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one Share, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; *provided, however*, that, depending on the level of performance determined to be attained with respect to the Performance Goal (as set forth on Exhibit B) for the Performance Period, the portion of the Target PSUs that may vest and become the Earned PSUs hereunder may range from 0% to 200% of the Target PSUs. Unless and until the Target PSUs have become vested and become Earned PSUs in the manner set forth in the Grant Notice, the Participant will have no right to receive any Shares or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

**2. Vesting of PSUs.**

(a) Except as otherwise provided in this Section 2, the Target PSUs shall vest, if at all, and become the Earned PSUs in accordance with the vesting schedule set forth in the Grant Notice. Upon the Participant’s Termination of Service prior to the Certification Date (but after giving effect to any accelerated vesting pursuant to this Section 2), any unvested PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 10:

(i) Upon the Participant’s Termination of Service due to the Participant’s death or Disability, all PSUs, if any, that remain unvested shall immediately vest at the target level of performance as of the date of such Termination of Service;

(ii) upon the Participant's Termination of Service without Cause or for Good Reason (each as defined in the Executive Severance Plan), a pro-rated portion of the outstanding and unvested PSUs shall vest based on the actual performance achieved by the Company during the Performance Period, with such portion determined by multiplying the number of such PSUs by a fraction, (A) the numerator of which equals the number of calendar days that the Participant was employed by, or providing services to, the Company between Date of Grant and the date of the Participant's Termination of Service and (B) the denominator of which equals the number of calendar days in the Performance Period; and

(iii) upon a Change in Control (as defined in the Executive Severance Plan), (A) to the extent the PSUs are not assumed by the surviving entity in connection with such Change in Control, all PSUs, if any, that remain unvested shall immediately become vested as of the date of such Change in Control in an amount equal to the greater of (1) the Target PSUs or (2) the number of PSUs based on the actual performance achieved by the Company on the date immediately preceding the date of the Change in Control; and (B) to the extent the PSUs are assumed by the surviving entity in connection with such Change in Control, upon the Participant's Termination of Service by the Company or an Affiliate without Cause during the Change in Control Protection Period (as defined below), all PSUs, if any, that remain unvested shall immediately become vested as of the date of such Termination of Service in an amount equal to the greater of (1) the Target PSUs or (2) the number of PSUs based on the actual performance achieved by the Company on the date immediately preceding the date of the Change in Control. As used herein, the "**Change in Control Protection Period**" means, with respect to a Change in Control, the period commencing on the date that is three months prior to the date on which such Change in Control is consummated and ending on the date that is 24 months after the date on which such Change in Control is consummated.

**3. Dividend Equivalent Rights.** The Participant is hereby granted dividend equivalent rights with respect to each PSU. In the event that the Company declares and pays a regular cash dividend in respect of its outstanding Shares (which, for clarity, does not include any extraordinary cash dividend) and, on the record date for such dividend, the Participant holds PSUs granted pursuant to this Agreement that have not been settled, the Company shall record the amount of such dividend (a "**Subject Dividend**") in a bookkeeping account. Within 60 days after the date on which a PSU becomes an Earned PSU, the Company will pay the Participant an amount equal to (a) the aggregate value of the Subject Dividends, *multiplied by* (b) the number of PSUs that become vested on such date under this Agreement. For clarity, if any of the PSUs are forfeited by the Participant pursuant to the terms of this Agreement, then the Participant shall also forfeit all Dividend Equivalent Rights with respect to such forfeited PSUs. No interest will accrue on the Dividend Equivalent Rights between the declaration and payment of the applicable dividends and the settlement of the Dividend Equivalent Rights.

**4. Settlement of PSUs.** Subject to Section 6, any PSUs that become the Earned PSUs at the conclusion of the Performance Period shall be settled into an equal number of Shares on a date selected by the Company that is on or within 60 days following the Certification Date (such selected date, the "Settlement Date"); *provided, however*, that, in the case of accelerated vesting of PSUs pursuant to Section 2(b), the Settlement Date shall occur on a date selected by

the Company that is within 60 days following the accelerated vesting of such Earned PSUs. All Shares issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of Shares shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

**5. Restrictive Covenants.**

The Participant acknowledges and agrees that the grant of the PSUs further aligns the Participant's interests with the Company's long-term business interests, and as a condition to the Company's willingness to enter into this Agreement, the Participant agrees to abide by the Restrictive Covenants, which are deemed to be part of this Agreement as if fully set forth herein. The Participant acknowledges and agrees that the Restrictive Covenants are reasonable and enforceable in all respects. By accepting this Award, the Participant agrees to be bound, and promises to abide, by the terms of the Restrictive Covenants and expressly acknowledges and affirms that this Award would not be granted to the Participant if the Participant had not agreed to be bound by such Restrictive Covenants.

(a) Notwithstanding any provision in this Agreement or the Plan to the contrary, in the event the Committee determines that the Participant has failed to abide by any of the terms of the Restrictive Covenants or the provisions of any other confidentiality, non-disclosure, non-competition, non-solicitation, non-disparagement or other restrictive covenants in any other agreement by and between the Company or any Affiliate and the Participant, then, in addition to and without limiting the remedies set forth in the Executive Severance Plan:

(i) all PSUs that have not been settled as of the date of such determination (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company; and

(ii) the Participant shall, within 30 days following the Participant's receipt of a written notice from the Company, pay to the Company a cash amount equal to the Fair Market Value of any Shares previously received by the Participant pursuant to the settlement of the PSUs as of the date of receipt of such Shares.

**6. Tax Withholding.** To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company regarding the payment of any income tax, social insurance contribution or other applicable taxes that are required to be withheld in respect of this Award, which arrangements include the delivery of cash or cash equivalents, Shares (including previously owned Shares (which are not subject to any pledge or other security interest), net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of

previously owned Shares, the maximum number of Shares that may be so withheld (or surrendered) shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash to the Participant. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

7. **Non-Transferability.** During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

8. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the Shares to be issued or (b) in the opinion of legal counsel to the Company, the Shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Shares hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Shares hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to

make any representation or warranty with respect to such compliance as may be requested by the Company.

**9. Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any Shares that may become deliverable hereunder unless and until the Participant has become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in the Plan or this Agreement.

**10. Execution of Receipts and Releases.** Any issuance or transfer of Shares or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such Person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; *provided, however*, that any review period under such release will not modify the date of settlement with respect to any Earned PSUs.

**11. No Right to Continued Employment, Service or Awards.** Neither the adoption of the Plan nor the award of the PSUs hereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Participant's employment by the Company, or any such Affiliate, or any other entity shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Participant or the Company, or any such Affiliate, or other entity for any or no reason whatsoever, with or without Cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and such determination shall be final, conclusive and binding for all purposes. The grant of the PSUs hereunder is a one-time benefit that was made at the sole discretion of the Company and does not create any contractual or other right to receive any grant of Awards in the future or any benefits in lieu of any Awards in the future, including any adjustment to wages, overtime, benefits or other compensation. Any future Awards will be granted at the sole discretion of the Company.

**12. Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction,



including reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 12 shall be cumulative and in addition to any other remedies to which such party may be entitled.

**13. Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

NET Power Inc.  
Attn: Legal Department  
320 Roney Street, Suite 200  
Durham, North Carolina 27701

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

**14. Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be made via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

**15. Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

**16. Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the

PSUs granted hereby; *provided, however*, that (a) the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement; and (b) the Restrictive Covenants are in addition to and complement (and do not replace or supersede) all other agreements and obligations between the Company or any Affiliate and the Participant with respect to confidentiality, non-disclosure, non-competition, non-solicitation, non-disparagement and other restrictive covenants. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force or effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; *provided, however*, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

**17. Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive such party of the right to take action at any time while or after such breach or condition giving rise to such right occurs.

**18. Company Recoupment of Awards.** The Participant's rights with respect to this Award shall in all events be subject to (a) any right that the Company may have under any Company recoupment policy, including the Company's Clawback Policy, as in effect from time to time, or any other agreement or arrangement with the Participant, and (b) any right or obligation that the Company may have regarding the clawback of "incentive-based compensation" under Section 10D of the Exchange Act and any applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission or any other Applicable Law.

**19. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions of Delaware law.

**20. Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the Person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

**21. Headings; References; Interpretation.** Headings are for convenience only and are not deemed to be part of this Agreement. The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to Sections shall, unless the context requires a different construction, be deemed to be references to the Sections of this Agreement. The word “or” as used herein is not exclusive and is deemed to have the meaning “and/or.” All references to “including” shall be construed as meaning “including without limitation.” Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. All references to “dollars” or “\$” in this Agreement refer to United States dollars. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

**22. Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be as effective as delivery of a manually executed counterpart of the Grant Notice.

**23. Section 409A.** This Agreement and the PSUs are intended to comply with, or be exempt from, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan or this Agreement to a “specified employee” (as defined under Section 409A of the Code) as a result of such employee’s separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in this Agreement) upon expiration of such delay period. Notwithstanding the foregoing, neither the Company nor any of its Affiliates makes any representation that the PSUs provided under this Agreement are exempt from, or compliant with, Section 409A of the Code, and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

*[Remainder of Page Intentionally Blank]*

## **EXHIBIT B**

This **Exhibit B** to the Grant Notice contains the performance requirements and methodology applicable to this Award. Subject to the terms and conditions set forth in the Plan and the Agreement, the portion of the Target PSUs, if any, that become the Earned PSUs, if any, will be determined upon the Committee's certification of the achievement of the performance criteria in accordance with this **Exhibit B**, which shall occur as soon as practicable following the end of the Performance Period, but in any event within 60 days following the end of the Performance Period (the "**Certification Date**"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Grant Notice, the Agreement or the Plan, as applicable.

1. **Performance Goal**. The Performance Goal applicable to this Award shall be the Company's Absolute TSR (as defined below) during the Performance Period.
2. **Determination of Earned PSUs**. Subject to the Participant's continued employment by, or provision of services to, the Company or an Affiliate thereof from the through the Certification Date (except as otherwise provided in **Section 2** of the Agreement), the percentage of the Target PSUs that become Earned PSUs will be determined in accordance with table set forth below:

<b>Performance Level</b>	<b>Absolute TSR (%)</b>	<b>Earned PSUs (% of Target PSUs)*</b>
Maximum	≥ 15%	200%
Target	12%	100%
Threshold	10%	50%
< Threshold	< 10%	0%

\*The percentage of the Target PSUs that become the Earned PSUs for performance between the threshold and target achievement levels or between the target and maximum achievement levels will be calculated using linear interpolation. For purposes of clarity, (i) no portion of the Target PSUs will become the Earned PSUs if the Company does not attain at least the threshold level of Absolute TSR for the Performance Period and (ii) in no event shall the number of Earned PSUs exceed 200% of the Target PSUs. Any of the Target PSUs that do not become the Earned PSUs in accordance with the Agreement, including this **Exhibit B**, and all rights arising from such Target PSUs and from being a holder thereof will terminate automatically on the Certification Date without further action by the Company and will terminate and be forfeited without further notice and at no cost to the Company.

3. **Definitions**.

"**30-Day VWAP**" means, as of any date of determination, the volume-weighted average price of one Share, as reported in transactions on the applicable stock exchange or market, during the last 30 consecutive trading days.

“**Absolute TSR**” is determined on an annualized basis as follows, the calculation of which shall be adjusted by the Committee to give effect to any stock dividends, stock splits, reverse stock splits and similar transactions:

$$\text{Absolute TSR} = \left( \frac{(\text{Ending Price} + \text{Dividends Paid})}{\text{Beginning Price}} \right)^{\frac{1}{N}} - 1$$

“**Beginning Price**” means the Company’s 30-Day VWAP for the period ending on the first day of the Performance Period.

“**Dividends Paid**” means the total of all cash dividends paid on one Share during the Performance Period.

“**Ending Price**” means the Company’s 30-Day VWAP for the period ending on the last day of the Performance Period.

“**N**” means the number of partial and complete calendar years in the Performance Period.

#### 4. **Miscellaneous**

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit B, shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

The Committee may adjust the performance metrics set forth in this Exhibit B to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in the Company’s financial statements, notes to the financial statements, management’s discussion and analysis, or other Company public filing.

**NET POWER, INC.**  
**2023 OMNIBUS INCENTIVE PLAN**  
**STOCK OPTION GRANT NOTICE**

Pursuant to the terms and conditions of the NET Power, Inc. 2023 Omnibus Incentive Plan, as amended from time to time (the “**Plan**”), NET Power, Inc., a Delaware corporation (the “**Company**”), hereby grants to the individual listed below (“**you**” or the “**Participant**”) the right and option to purchase all or any part of the number of shares of Common Stock set forth below (“**Option**”) subject to the terms and conditions set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the “**Agreement**”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

<b>Type of Option:</b>	Non-Qualified Stock Option
<b>Participant:</b>	Daniel J. Rice, IV
<b>Date of Grant:</b>	April 2, 2024
<b>Total Number of Shares Subject to this Option:</b>	2,459,893 shares
<b>Exercise Price:</b>	\$11.30 per share
<b>Expiration Date:</b>	April 2, 2034
<b>Vesting Schedule:</b>	Subject to the Agreement, the Plan and the other terms and conditions set forth herein, this Option shall vest and become exercisable upon achievement of all of the vesting conditions set forth on <u>Exhibit B</u> .

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Stock Option Grant Notice (this “**Grant Notice**”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice, and have had an opportunity to obtain the advice of counsel prior to executing this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations arising under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

Notwithstanding any provision of this Grant Notice or the Agreement, if you have not executed and delivered to the Company this Grant Notice within 90 days following the Date of Grant set forth above, then this Option will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

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*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

**NET POWER, INC.**

By: /s/ Ralph Alexander \_\_\_\_\_  
Name: Ralph Alexander

Title: Chair of the Compensation Committee of the Board of Directors

**PARTICIPANT**

/s/ Daniel J. Rice, IV  
Daniel J. Rice, IV

Signature Page to  
Stock Option Grant Notice

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## EXHIBIT A

### STOCK OPTION AGREEMENT

This Stock Option Agreement (together with the Grant Notice to which this Agreement is attached, this “**Agreement**”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between NET Power, Inc., a Delaware corporation (the “**Company**”), and Daniel J. Rice, IV (the “**Participant**”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award.** In consideration of the Participant’s employment with the Company or an Affiliate and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “**Date of Grant**”), the Company hereby irrevocably grants to the Participant the right and option (“**Option**”) to purchase all or any part of an aggregate of the number of shares of Common Stock set forth in the Grant Notice on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. This Option shall be treated as an Option that is not an Incentive Stock Option.

2. **Exercise Price.** The exercise price of each share of Common Stock subject to this Option shall be the exercise price set forth in the Grant Notice (the “**Exercise Price**”), which has been determined to be not less than the Fair Market Value of a share of Common Stock at the Date of Grant. For all purposes of this Agreement, the Fair Market Value of Common Stock shall be determined in accordance with the provisions of the Plan.

3. **Exercise of Option.**

(a) Subject to the earlier expiration of this Option as provided herein, this Option may be exercised, by (i) providing written notice to the Company in the form prescribed by the Committee from time to time at any time and from time to time after the Date of Grant, which notice shall be delivered to the Company in the form, and in the manner, designated by the Committee from time to time and (ii) paying the Exercise Price in full in a manner permitted by Section 3(e); provided, however, that this Option shall not be exercisable for more than the number of shares of Common Stock subject to this Option with respect to which this Option has become vested and exercisable pursuant to Exhibit B or as provided in this Section 3.

(b) Notwithstanding anything in the Grant Notice, Exhibit B, this Agreement or the Plan to the contrary, subject to Section 10:

(i) Upon the Participant’s Termination of Service by the Company without Cause or due to the Participant’s resignation for Good Reason (as defined below) (each, a “**Qualifying Termination**”):

(A) if the Stock Price Hurdle (as defined in Exhibit B) has been achieved prior to the date of the Participant’s Termination of Service, the Participant shall

retain this Option, which shall remain subject to vesting upon the achievement of the Operational Hurdles (as defined in Exhibit B) (to the extent not previously achieved) prior to the Expiration Date set forth in the Grant Notice (the “**Expiration Date**”) and, notwithstanding Section 6.8 of the Plan, to the extent vested, this Option may be exercised at any time on or prior to the Expiration Date; and

(B) if the Stock Price Hurdle has not been achieved prior to the date of the Participant’s Termination of Service, then this Option shall immediately terminate and cease to be exercisable as of the date of such Termination of Service; provided, however, that if such Termination of Service occurs prior to September 2, 2026 and the Company’s stock price has equaled or exceeded \$30 during any period of 60 consecutive trading days immediately preceding the date of such Termination of Service, then notwithstanding Exhibit B, the Participant shall retain the Applicable Pro-Rated Portion (as defined below) of this Option, which shall remain subject to vesting upon the achievement of the Operational Hurdles (to the extent not previously achieved) prior to the Expiration Date and, notwithstanding Section 6.8 of the Plan, to the extent vested, this Option may be exercised at any time on or prior to the Expiration Date. As used herein, the “**Applicable Pro-Rated Portion**” means (I) the total number of shares of Common Stock subject to this Option, *multiplied by* (II) the total number of days that have elapsed from the Date of Grant through the date of the Participant’s Termination of Service, *divided by* the total number of days between the Date of Grant and September 2, 2026.

(ii) Upon the Participant’s Termination of Service due to death or Disability, the Stock Price Hurdle and the Operational Hurdles will automatically be deemed achieved (to the extent not already achieved) upon such Termination of Service and this Option may be exercised by the Participant (or the Participant’s estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of the Participant) at any time on or prior to the Expiration Date.

(iii) Upon the Participant’s Termination of Service by the Company or an Affiliate for any reason other than as set forth in Section 3(b)(i) or Section 3(b)(ii), then this Option shall immediately terminate and cease to be exercisable as of the date of such Termination of Service.

(c) Upon a Change in Control, notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 10:

(i) If this Option is not assumed in its entirety by the surviving entity in connection with such Change in Control, then this Option will be converted into the right to receive a cash payment equal to (A) the total number of shares of Common Stock subject to this Option, *multiplied by* (B) the Change in Control Price, *minus* the Exercise Price.

(ii) If this Option is assumed in its entirety by the surviving entity in connection with such Change in Control, then the Stock Price Hurdle shall be measured based on whether the Change in Control Price equals or exceeds \$30 and:

(A) if the Change in Control Price equals or exceeds \$30, then the Participant shall retain this Option, which shall remain subject to vesting upon the achievement of the Operational Hurdles (to the extent not previously achieved) prior to the Expiration Date and, notwithstanding Section 10.1 of the Plan, to the extent vested, this Option may be exercised at any time on or prior to the Expiration Date; provided, however, that if the Participant incurs a Qualifying Termination during the Change in Control Protection Period (as defined in the Executive Severance Plan (as defined below)), all outstanding Operational Hurdles shall immediately be deemed achieved as of the date of such Qualifying Termination.

(B) if the Change in Control Price is less than \$30, then, unless otherwise determined by the Committee, this Option shall immediately terminate and cease to be exercisable as of the date of such Termination of Service.

(d) This Option shall not be exercisable in any event after the Expiration Date set forth in the Grant Notice.

(e) The Exercise Price for the shares of Common Stock as to which this Option is exercised shall be paid in full at the time of exercise (i) in cash (including check, bank draft or money order payable to the order of the Company or wire transfer of immediately available funds), (ii) if permitted by the Committee in its sole discretion, by delivering or constructively tendering to the Company shares of Common Stock having a Fair Market Value equal to the Exercise Price (provided such shares used for this purpose must have been held by the Participant for such minimum period of time as may be established from time to time by the Committee to avoid adverse accounting consequences), (iii) through a “cashless exercise” in accordance with a Company established policy or program for the same, (iv) by “net issuance exercise” pursuant to which the Company reduces the number of shares of Common Stock otherwise deliverable upon exercise of this Option by a number of shares with an aggregate Fair Market Value equal to the aggregate Exercise Price at the time of exercise or (v) any combination of the foregoing. No fraction of a share of Common Stock shall be issued by the Company upon exercise of an Option or accepted by the Company in payment of the exercise price thereof; rather, the Participant shall provide a cash payment for such amount as is necessary to effect the issuance and acceptance of only whole shares of Common Stock.

(f) The holder of this Option shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company in respect of any shares of Common Stock purchasable upon the exercise of any part of this Option unless and until such shares of Common Stock shall have been issued by the Company to such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Common Stock are issued, except as provided in Section 4.3(b)(iii) of the Plan.

(g) For purposes of this Section 3, the “**Good Reason**” means the occurrence of any of the following prior to the Participant’s date of Termination of Service and without the Participant’s written consent: (i) a material diminution in the Participant’s position, reporting

relationship, responsibilities or duties or the assignment of the Participant to a position, responsibilities or duties of a materially lesser status or degree of responsibility than his position, responsibilities or duties as of the Date of Grant (including, following a Change in Control, the Participant ceasing to be the chief executive officer of a publicly-traded company) or (ii) the failure of the Company to nominate the Participant for election as a member of the Board or the failure of the Company to use efforts consistent with the Company's efforts with respect to other members of the Company's Board slate to encourage the Company's stockholders to elect the Participant to the Board once nominated. Notwithstanding the foregoing provisions of this definition or any other provision of this Agreement to the contrary, any assertion by the Participant of a Termination of Service for Good Reason shall not be effective unless all of the following conditions are satisfied: (A) the Participant must provide written notice to the Company of the Participant's intent to terminate employment for Good Reason, specifying in reasonable detail the alleged condition(s) giving rise to Good Reason, within 30 days after the initial occurrence of such condition(s); (B) the condition(s) specified in such notice must remain uncorrected for 30 days following the Company's receipt of such written notice; and (C) the date of the Participant's Termination of Service must occur within 60 days after the initial occurrence of the condition(s) specified in such notice or 10 days after being advised by the Company in writing that the alleged condition will not be corrected, whichever event occurs later; otherwise, the Participant will be deemed to have irrevocably waived the Participant's rights to terminate employment for Good Reason on the basis of such condition(s).

#### **4. Restrictive Covenants.**

(a) The Participant acknowledges and agrees that the grant of this Option further aligns the Participant's interests with the Company's long-term business interests, and as a condition to the Company's willingness to enter into this Agreement, the Participant agrees to abide by the restrictive covenants (the "**Restrictive Covenants**") set forth in the Company's Amended & Restated Executive Severance Plan (the "**Executive Severance Plan**"), which Restrictive Covenants are deemed to be part of this Agreement as if fully set forth herein. The Participant acknowledges and agrees that the Restrictive Covenants are reasonable and enforceable in all respects. By accepting this Option, the Participant agrees to be bound, and promises to abide, by the terms of the Restrictive Covenants and expressly acknowledges and affirms that this Option would not be granted to the Participant if the Participant had not agreed to be bound by such Restrictive Covenants.

(b) Notwithstanding any provision in this Agreement or the Plan to the contrary, if the Committee determines that the Participant has failed to abide by any of the terms of the Restrictive Covenants or the provisions of any other confidentiality, non-competition or non-solicitation covenant in any other agreement by and between the Company or any Affiliate and the Participant, then, in addition to and without limiting the remedies set forth in the Executive Severance Plan:

(i) Any portion of this Option that remains unexercised as of the date of such determination will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company; and

(ii) The Participant shall, within 30 days following the Participant's receipt of a written notice from the Company, pay to the Company a cash amount equal to the Fair Market Value of any shares of Common Stock previously received by the Participant pursuant to this Option as of the date of receipt of such shares.

5. **Tax Withholding.** To the extent that the receipt, vesting or exercise of this Option results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company regarding the payment of any income tax, social insurance contribution or other applicable taxes that are required to be withheld in respect of this Option, which arrangements include the delivery of cash or cash equivalents, Common Stock (including previously owned Common Stock (which are not subject to any pledge or other security interest), net exercise, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Option), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net exercise or the surrender of previously owned Common Stock, the maximum number of shares of Common Stock that may be so withheld (or surrendered) shall be the number of shares of Common Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Option, as determined by the Committee. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash to the Participant. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or exercise of this Option or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

6. **Non-Transferability.** Except as otherwise set forth in Section 6.7 of the Plan, this Option shall not be Transferable by the Participant other than by will or by the laws of descent and distribution, and this Option shall be exercisable, during the Participant's lifetime, only by the Participant. Any attempted Transfer of this Option shall be null and void and of no effect, except to the extent that such Transfer is permitted by the preceding sentence.

7. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Common Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No shares of Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition,

shares of Common Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Common Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

**8. Legends.** If a stock certificate is issued with respect to shares of Common Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Common Stock is then listed. If the shares of Common Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

**9. Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Common Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Common Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Common Stock, except as otherwise specifically provided for in the Plan or this Agreement.

**10. Execution of Receipts and Releases.** Any issuance or transfer of shares of Common Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such Person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate.

**11. No Right to Continued Employment, Service or Awards.** Neither the adoption of the Plan nor the award of this Option hereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of this Option hereunder is a one-time benefit that was made at the sole discretion of the Company and does not create any

contractual or other right to receive any grant of Awards in the future or any benefits in lieu of any Awards in the future, including any adjustments to wages, overtime, benefits or other compensation. Any future Awards will be granted at the sole discretion of the Company.

**12. Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 12 shall be cumulative and in addition to any other remedies to which such party may be entitled.

**13. Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

NET Power Inc.  
Attn: Legal Department  
320 Roney Street, Suite 200  
Durham, North Carolina 27701

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

**14. Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be made via a Company electronic mail system or by reference to a

location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

**15. Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

**16. Entire Agreement; Amendment.** This Agreement (including the Restrictive Covenants) constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to this Option; provided, however, that (a) the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement and (b) the Restrictive Covenants are in addition to and complement (and do not replace or supersede) all other agreements and obligations between the Company or any Affiliate and the Participant with respect to confidentiality, non-disclosure, non-competition or non-solicitation. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force or effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

**17. Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive such party of the right to take action at any time while or after such breach or condition giving rise to such right occurs.

**18. Company Recoupment of Awards.** The Participant's rights with respect to the award of this Option shall in all events be subject to (a) any right that the Company may have under any Company recoupment policy, including the Company's Clawback Policy, as in effect from time to time, or any other agreement or arrangement with the Participant and (b) any right or obligation that the Company may have regarding the clawback of "incentive-based compensation" under Section 10D of the Exchange Act and any applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission or any other Applicable Law.



**19. Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

**20. Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the Person(s) to whom this Option may be transferred by will or the laws of descent or distribution.

**21. Headings; References; Interpretation.** Headings are for convenience only and are not deemed to be part of this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including Exhibit B attached hereto, and not to any particular provision of this Agreement. All references herein to Sections and Exhibit B shall, unless the context requires a different construction, be deemed to be references to the Sections and Exhibit B of this Agreement. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." All references to "including" shall be construed as meaning "including without limitation." Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. All references to "dollars" or "\$" in this Agreement refer to United States dollars. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

**22. Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be as effective as delivery of a manually executed counterpart of the Grant Notice.

[Remainder of Page Intentionally Blank]

## **EXHIBIT B**

### **VESTING EVENTS**

Subject to the Agreement, the Plan and the other terms and conditions set forth herein, this Option shall vest and become exercisable when the Stock Price Hurdle and all of the Operational Hurdles (each as defined below) have been achieved (the “**Achievement Date**”), so long as the Participant remains continuously employed by the Company or an Affiliate from the Date of Grant through the Achievement Date.

1. **Stock Price Hurdle**: The “**Stock Price Hurdle**” will be achieved as of the first date on which the Company’s stock price equals or exceeds \$30 for the 60 consecutive trading days immediately preceding such date; provided, however that the Stock Price Hurdle cannot be achieved prior to September 2, 2026.

2. **Operational Hurdles**: The “**Operational Hurdles**” shall consist of three performance metrics (each, an “**Operational Hurdle**”) and will be achieved upon the dates set forth below:

(a) **SN1 First-Fire**: The date that is 12 months after the date on which natural gas is first ignited at the Company’s or its Subsidiaries’ first utility-scale plant.

(b) **SN2 Licensing Agreement**: The date all applicable parties have executed an agreement related to the first sale by the Company or its Subsidiaries of a license to construct, operate, and maintain a second power plant utilizing the “**NET Power Cycle**,” which consists of combusting natural gas with pure oxygen in a combustor, producing carbon dioxide and water, and compressing the carbon dioxide into supercritical form to spin a turboexpander, producing power (the “**License Agreement**”).

(c) **SN2 FID**: The date of documentation of a final investment decision by the licensee under the License Agreement to proceed with constructing the second power plant utilizing the NET Power Cycle.

3. **Miscellaneous**. Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit B, shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel J. Rice IV, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2024 of NET Power Inc.;
  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; and
    - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's
-

fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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 12, 2024

By: /s/ Daniel J. Rice IV

Daniel J. Rice IV  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Akash Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2024 of NET Power Inc.;
  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; and
    - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's
-

fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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 12, 2024

By: /s/ Akash Patel

Akash Patel

Chief Financial 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**

In connection with the Quarterly Report of NET Power Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Rice IV, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2024

By: /s/ Daniel J. Rice IV

Daniel J. Rice IV  
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**

In connection with the Quarterly Report of NET Power Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Akash Patel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2024

By: /s/ Akash Patel

Akash Patel

Chief Financial Officer

(Principal Financial Officer)