

NASDAQ:AIRJ Q2 2025 Earnings Call Transcript

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Operator | Conference Moderator:

Greetings and welcome to the Airdrill Technologies second quarter 2025 earnings call. At this time, all participants are in listen-only mode. A question and answer session will follow a formal presentation. If anyone would require operator assistance, please press star zero on your telephone keypad. Please note this conference is being recorded. It's now my pleasure to turn the conference over to your host, Tom Devine, Vice President, Investor Relations and Finance. Thank you. You may begin.

Tom Devine | Vice President, Investor Relations and Finance:

Thank you and good morning. With me today for our second quarter earnings call are Matt Jor, Chief Executive Officer, Pat Eilers, Executive Chairman, Brian Barton, Chief Commercialization Officer, and Steven Peng, Chief Financial Officer. During this call, we'll be referring to a presentation which is available on the webcast platform and on the investor section of our website. I would like to point out that many of the comments made during the prepared remarks and during the Q&A section are forward-looking statements that involve risk and uncertainties that could affect our actual results and plans. Many of these risks are beyond our control and are discussed in more detail in the risk factors and the forward-looking statement sections of our filings with the SEC. Although we believe the expectations expressed are based on reasonable assumptions, they are not guarantees of future performance, and actual results or developments may differ materially. And now I'll turn it over to Matt Jor.

Matt Jor | Chief Executive Officer:

Thanks, Tom, and thanks everybody for joining us today. We're excited to share this morning that AirJewel has now progressed from proving and improving our AirJewel technology to building products and commercialization channels with our global partners. Since going public over a year ago, we've advanced our platform technologies, expanded our partnerships, and set a clear path to market. We're more convicted than ever that our products will enable a sustainable and resilient future for water and energy. That's why I'm eager to reiterate our purpose and vision with you today. Our purpose is clear, freeing the world of its water and energy constraints by delivering groundbreaking sorption technologies. This mission reflects our unwavering commitment to solving two of humanity's most pressing challenges, access to clean water and the increasing energy demand for air conditioning through the transformative power of our platform technologies. It's a bold statement, but it embodies what we've been building since day one. And our vision is equally inspiring and paints the picture of where we're headed, to be the leading technology platform that unleashes the power of water from air. We see a future where communities, industries, and nations can access this abundant resource available in the air all around them. Our platform approach means we aren't just delivering products. We're deploying an ecosystem of solutions, a platform that fundamentally redefines how the world thinks about water and power. This is the path we're on, and it's the future we're building every day. Now let's turn to some of our recent developments that occurred in the second quarter and over the summer. Pat's going to provide an update on our strategic collaborations and projects before I go into some updates on our product and operations. Pat?

Pat Eilers | Executive Chairman:

Yeah, thanks, Matt. Over the last couple of months, we've announced six new strategic collaborations that are helping us accelerate the commercialization of our AirJewel technology. In June, we announced an MOU with the developer of an AI hyperscale data center to advance the integration of AirJewel's waste heat to water technology for data center applications. We've talked at length in the past about how attractive the data center market is for us. Data centers use millions of gallons of water per day in their cooling systems, which poses a massive risk for data center operations in water stress regions. Recently, Sam Altman of OpenAI said that the future data centers, which could go beyond 10 gigawatts of power each, will require new technologies and new construction techniques. Our technologies are needed to improve water usage effectiveness, known as WUE, reduce reliance on municipal supplies, and build greater site independence. AirJewel is well positioned to be one of those technologies. Another recent announcement is our air-to-water project with the City of Hubbard, Texas. This will demonstrate our ability to use free waste heat to generate water. In the city of Hubbard, which is located in central Texas between Waco and Dallas, their water supply comes out of a well at a temperature of around 140 degrees Fahrenheit. The water then has to be cooled with an evaporative chiller before it can be treated for human consumption. In this project, we'll be putting an AirJewel A250 right at the well to capture the geothermal heat and use it to produce distilled water from air. This project will demonstrate the ability to use waste heat of any kind from sources such as industrial operations or power generation to produce water from air at scale. This project includes working alongside the CINDY engineers to pursue regulatory certification demonstrating that the water produced meets potability standards. This will enable AirJewel to support high volume municipal and industrial customers with onsite water production. We're grateful to be working with Mayor Alderman and Chief Patrick on this project for the benefit of the Hubbard community. Another intriguing collaboration we're exploring is with a company that provides anti-corrosion solutions to the US military. Imagine a storage depot full of sensitive hardware and electronics equipment. If this Expensive and specialized equipment is not stored at precise humidity levels. The moisture in the air can cause corrosion and render it useless. This is an expensive problem, costing the Department of Defense on average more than \$20 billion a year on corrosion-related maintenance. Most facilities providing corrosion-resistant solutions rely on conventional technology to dehumidify the air, primarily desiccant wheels. Desiccant wheels require a lot of energy and are very expensive to operate. AirJewel's market-leading efficiency at removing moisture from air could significantly reduce operating expenses for customers, and in the case of the military, the taxpayer. Also during the second quarter, we announced a strategic project with GE Vernova to explore integrating our waste heat to water application into GE Vernova's product offerings. We see massive potential in pairing AirJewel water generators with gas turbines or reciprocating engines and utilize their waste heat to produce distilled water. Our AirJewel system operating in Dubai is continuing to effectively showcase AirJewel's technology and performance to potential customers in the Middle East. One of our board of directors, Dr. Marwa Zatar, recently visited Dubai and had the opportunity to see the system in action, as you can see on slide six of our presentation. The Middle East is an important market for us, especially given the water scarcity in the region and significant growth of high tech and water intensive industries. And recent expedition in Dubai included a model showing the form of the future was specifically mentioned atmospheric water generation as an innovative approach to address water scarcity challenges. We're also looking forward to deploying systems in the U.S. In June, we announced an agreement to sell an air jewel system to the Arizona State University, one of the world's foremost research institutions in the field of atmospheric water harvesting. Once we deliver this system in the fall, The team at ASU intends to provide independent scientific validation of AirJewel's performance and engage with regional customers. Lastly, in June, we added two new directors who both bring incredible experience to the board, Denise Sterling and Thomas Murphy. Denise most recently served as Chief Financial Officer at Core Scientific, a publicly traded data center developer and operator. and she has many years of public company finance and accounting experience. Tom Murphy spent most of his career as a partner at the accounting firm Crow where he led the SEC commercial audit practice. Tom has also been appointed as our chair of our audit committee, a role for which he is perfectly suited given his background as an auditor. Both Denise and Tom attended their first board meeting in late July in Delaware and we were thrilled with our contributions right out of the gate. Okay, back over to you, Matt, for the rest of the quarterly

updates.

Matt Jor | Chief Executive Officer:

Thanks, Pat. Moving on to slide seven, we've talked on prior earnings calls about our A1000 water generator, which is the foundation for our modular water generation platform for industrial-scale water users. Now we've introduced our A250 product, which is uniquely suited for that industrial dehumidification application that Pat referenced. Brian will go into more detail about this product line later. I'm excited to be announcing this because it demonstrates that AirJewel is not one product for one application. It's really a technology platform that supports differentiated products across water generation, dehumidification, and air conditioning. Using groundbreaking sorption technologies in our AirJewel systems, we can deliver more efficient and more economical solutions to customers across diverse markets. by unleashing the power of water from air. On the operations side, we've expanded our footprint in Newark to accommodate much larger environmental testing chambers. We've also continued to build our proprietary coating lines where we produce our sorbent coated contactors. And we've optimized the facility for manufacture and assembly of the air dual systems. That entire team, including our remarkable board of directors, was in Newark in late July for board meetings an official, even though we've been there a year, ribbon-cutting ceremony for the facility. It was a great event with several elected officials in attendance, along with representatives from our commercialization partners, GE Vernova and Carrier, as well as our UAE partner, 10X. We were eager to show off what Brian and the team have been doing in Newark, and we're just thrilled with how that facility and team have come together over the past year. On the financial front, which Stephen will cover later in more detail, We completed a \$15 million private placement anchored by our partner GE Vrnova. This transaction closed in April, and it also brought several new institutional investors into our shareholder base. At the end of the quarter, we had \$30.5 million of cash on the balance sheet and zero debt, by the way, providing us the runway to support our commercialization efforts. Now I'll turn it over to Brian to give you an update on our product and commercialization roadmap. Hey, Brian.

Brian Barton | Chief Commercialization Officer:

Thanks, Matt. Turning to slide eight, we've laid out how we're thinking about an air dual as a technology platform. The core technology, which consists of our advanced sorbents, vacuum chamber design, and process for separating moisture from air, provides the foundation for different products and applications. For example, in the middle of the page, we have our A1000 water generator. This will be our primary commercial product for modular, large-scale water generation aimed at industrial operations. In order to develop that product for our 2026 launch, we've been building and operating smaller systems this year, such as our A250 system. This allows us to optimize components and validate design requirements as we go. We've also been building out and are preparing to deploy several A250 systems. In talking to customers, we realized that there's a market for these smaller A250 systems, specifically for industrial dehumidification. We can deliver this product at our current performance specifications and reduce energy consumption by up to 80% compared to the incumbent systems. So rather than just serving as an engineering stepping stone to get us to the A1000, the A250 will be a product launched in 2026. So far in 2025, we've been successful in optimizing the system to achieve market-leading performance. Now, during the second half of the year, we're working on productizing and delivering pre-production systems to our customers. As we focus on the products to come, it's useful to remind everyone that the core of our technology platform is the Sorbent Chamber. To take this core component across the finish line, we've been working with our supply chain partners, like BASF, to provide the Sorbent at scale, and are otherwise working on scaling and designing for manufacturing the Chamber system. We anticipate that our initial products will all leverage the same sorbent chamber design. In this way, an A1000 system is simply a scaled up version of A250 with more sorbent chambers. This engineering decision enables our team to focus on optimizing the performance, quality, and cost of this core component. As we scale this sorbent chamber into the marketplace and continue to make improvements, all of our products will keep improving. And the real winner in this is our customers, who will

see the levelized cost of water and the levelized cost of separating water from air continuing to decrease. On the right side of the page is another example of a future differentiated product that utilizes the AirDuel platform. Integrating AirDuel into Carrier's next-gen air conditioning system is a longer-term goal for us, but it will benefit from the engineering and productization that we are doing this year with the A250 and the A1000. Moving to slide nine, you can see how vastly superior the A250's performance is compared to the incumbent technology, which is a traditional desiccant wheel dehumidifier. This is the workhorse of the industrial dehumidification market, but it's an energy hawk. It requires over two kilowatt hours to remove one liter of water from the air. The A250 system is expected to use only 0.4 kilowatt hours per liter. That's an 80% reduction in energy, which translates directly into massive OPEX savings of up to \$10,000 per year per unit, delivering a significantly lower cost of ownership to the customer. This industrial dehumidification market is relatively modest in size. We estimate around \$3 billion in annual sales. But we expect that by delivering a superior product with this magnitude of cost savings, we'll be able to compete and attract meaningful market share. And we'll be able to leverage the lessons learned from this product offering as we continue to launch our A1000 water generator. When we talk about utilizing low-grade waste heat to produce distilled water at scale, we're talking about the A1000. In the images on slide 10, we've shown a modular configuration that can scale to meet the needs of even the largest water consumers like data centers and other industrial operators. The water requirements for data centers are enormous. A 100-megawatt data center could utilize 1,000 air-dual A1000 systems to supply it with all of the water it needs. With the rapid growth of data center development projected to grow by as much as 30 gigawatts by 2030, this is a huge market for us. We've talked in the past about tapping into waste heat that's handled by cooling systems, but we're also excited to be exploring the vast amounts of waste heat from power generators, like gas turbines and resit engines. Many new data center builds are now procuring these gen sets on their campuses for prime power, AKA their base load. And they emit tremendous amounts of waste heat that's relatively straightforward to capture. As Pat mentioned, We've already announced an MOU with the developer of a hyperscale data center, and we're working with them to integrate AirJewel into their data center designs to improve water and energy efficiency and site resilience. So as you can see, we're making significant progress when it comes to the AirJewel products, and we remain on track for commercialization in 2026. Now let me turn it over to Stephen for the financial update.

Steven Peng | Chief Financial Officer:

Thank you, Brian. We can turn to slide 11 of the presentation to see our financial results for the second quarter. As a reminder, Aerojewel Technologies accounts for 50% ownership in the joint venture using the equity method. These numbers in the table are only for Aerojewel Technologies. The results of the joint venture are reflected in the loss from investment in Aerojewel JV line, which is \$2.1 million for the second quarter, which is in line with the \$2.2 million loss that was incurred in the first. Aerojewel's net operating expenses during the second quarter was \$4.2 million, This is inclusive of the approximately \$545,000 in administrative and engineering expenses reimbursed to us by the joint venture under our statement of work. Operating expenses were higher in the second quarter, primarily due to increased professional fees incurred as a result of our equity-related transactions, along with increased non-cash share-based compensation expense. Our net income for the quarter is \$2.5 million compared to \$14.9 million for the first quarter. The main driver of this difference is primarily the non-cash gains associated with the change in the fair value over earn-out liabilities and subject vesting shares, which are non-cash in nature. During the quarter, the joint venture received a capital contribution of \$5 million from GE Vernova. The \$5 million contributed matched the \$5 million that we had contributed to the joint venture in the first quarter. The \$5 million was also structured as an equity investment in Airdrieu Technologies to mirror the initial \$5 million investment in March 2024 as part of the \$15 million pipe that we completed in April. Alongside GE Verinova's investment, we raised an incremental \$10 million from existing investors and new institutional investors as well. We ended the second quarter with approximately \$31 million of cash sitting on the balance sheet of the two entities. Looking ahead, I'll reaffirm that we have sufficient cash and liquidity to support both our operations and those of the venture to commercialize the technology. With respect to the JV budget, we had guided last quarter that we

anticipated this would come in slightly higher than the original budget, and we now anticipate this to be 2 to 3 million higher than our original guidance of 13 to 15 million, which is driven largely by the acceleration of the productization and field deployments of our pre-production systems. However, the additional cash that we raised through the pipe is more than sufficient to absorb the increased spend, and we remain fully funded to support our commercialization efforts through the rest of this year and into 2026. I'll pass this back to the Q&A portion of the call.

Operator | Conference Moderator:

Thank you. And I'll be conducting a question and answer session. If you'd like to be placed in the question queue, please press star 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star 2 if you'd like to remove your question from the queue. One moment, please, while we poll for questions. And once again, that star 1 is to be placed in the question queue. Our first question is coming from Julia Mitchell from Barclays. Your line is now live.

Julia Mitchell | Analyst, Barclays:

Hi, good morning. Maybe you mentioned it a little bit in the prepared remarks, but maybe flesh out a bit more that opportunity of pairing air joule with the gas turbines and reciprocal engines, please.

Brian Barton | Chief Commercialization Officer:

Hey, Julian. This is Brian. Yeah, the idea in pairing air joule with receipts or gas turbines is really around combined heat and power plus water with air joule. Most RECIP engines operate at 35% efficiency, and combined cycle gas turbines can be in the 60% efficiency. What that means is that there's a lot of megawatts available as heat that can be recaptured that's effectively just dumped into the atmosphere. And so air dual plus utilization of this waste heat is really what we're excited about in terms of offering customers, through partnerships and collaborations, you know,

Julia Mitchell | Analyst, Barclays:

water and power that's helpful thank you and then the waste heat to water demo effort um you know maybe helps understand the choice of location understanding sort of potential partners in the area or you know local tax incentives and so on um any more color you could give on that well first you know just a reminder that we have this strategic project with gu vernova to incorporate air dual products into into their product line

Brian Barton | Chief Commercialization Officer:

And that's all about waste heat reuse for gas turbines. And more specifically, the recent project with the city of Hubbard, you know, Hubbard is a very unique situation where the sourcing of their drinking water comes from a well that is very high temperature, above 140 degrees Fahrenheit. And the city has to do a lot of work to treat that water before being delivered to the community. And so in this case, you know, Air Jewel, is tapping into that geothermal heat. So we're just going to pull heat off of that well line and then use that heat to separately drive the air-jewel system to create water and going through that with one of the first examples of using waste heat in this setting.

Julia Mitchell | Analyst, Barclays:

Great. Thank you.

Operator | Conference Moderator:

Yep. Thank you. Next question today is coming from Jake Zichelski from Alliance Resource Partners. Your line is now live.

Jake Zichelski | Analyst, Alliance Resource Partners:

Hi, guys. Thanks for taking my questions. Hey, Jake. Just starting with the MOU with the hyperscaler that you mentioned, Are you able to provide any additional color here? I mean, I realize the ink is still drying. I'm just trying to get a handle on what you feel like you might be in as far as moving towards something definitive down the road.

Matt Jor | Chief Executive Officer:

Hey, Pat?

Pat Eilers | Executive Chairman:

Yeah, no, I can take that for sure. Thanks for the question. I think everything that we announce, including this one, are opportunities that we think are near term in, you know, ideally less than a year to capitalize on the opportunities we have, including this one. So I think the ability to use waste heat, which we've already demonstrated, works. And as you're probably familiar, you know, converting electricity into compute throws off massive heat. That heat is usually either cooled or evacuated into the atmosphere and it just so happens to be an input for us to be able to, you know, grab atmospheric water that can then be used for data center cooling needs. So we're very excited about the opportunity on that front. Okay, that's helpful.

Jake Zichelski | Analyst, Alliance Resource Partners:

And then just maybe can you touch on how you're managing some of the noise around tariffs and how that might be impacting equipment sourcing as you head toward commercialization next year?

Matt Jor | Chief Executive Officer:

Yeah, Jake, it's a good question. I guess the entire country is watching for tariffs. The good news for us is we are in that stage where we've got the flexibility to source components from suppliers. We're evaluating a number of suppliers' for each different component. We already, Brian already mentioned BASF with the sorbent materials. We've also got other vendors for those sorbent materials that are domestic as well. So we're keeping an eye on it. The good news is we haven't set pricing and vendor, embedded vendors at the moment. As we go into 2026, that'll be top of mind.

Jake Zichelski | Analyst, Alliance Resource Partners:

Got it. Okay. That's all for me. Thanks again. Thanks, Jake.

Operator | Conference Moderator:

Thank you. Next question is coming in from Amit Dayal from HCV. Your line is now live.

Amit Dayal | Analyst, HCV:

Thank you. Good morning, guys. Congrats on all the progress. This smaller A250 offering, you know, it looks, you know, it sounds good that you are, you know, being a bit more aggressive in terms of bringing products to market. But is the key leading value proposition just around energy savings with this offering?

Brian Barton | Chief Commercialization Officer:

Hi, Ahmed. Thanks for the question. Primarily, it's energy savings for dehumidification. Yes, 100%. It provides the A250 as a dehumidifier. Currently operating in our research floor here is performing equivalently in terms of the humidity decrease and the actual work done, but at a tremendous energy savings. And so that's really an immediate opportunity. And, you know, as iterated in the prepared remarks, you know, it's basically a miniaturized version of A1000. It's all the same shared components. So it's really, you know, a great finding for us that this product is going to be able to service the dehumidification market and provide a tremendous amount of energy savings.

Amit Dayal | Analyst, HCV:

Understood. Can you give me any examples, guys, of – you know, what kind of settings this would be ideal for and who you are going after in terms of customers, you know, for this product?

Brian Barton | Chief Commercialization Officer:

Yeah, let me just expand on that a little bit. So the dehumidification market with desiccant wheels is quite diverse. Desiccant wheels find themselves in battery manufacturing and pharmaceuticals, you know, and other very sensitive applications. They also are used prevalently as mentioned in the prepared remarks, in storage, storing high-value assets that could be subject to corrosion. So these can be primarily metal components, but also electronics. And so when we think about taking this dehumidifier to market, the easiest market for us to go after initially is this type of storage environment. followed by some industrial applications that are going to be, you know, kind of the next market for us to go after with respect to the performance and the controls. So hopefully that provides some additional color.

Amit Dayal | Analyst, HCV:

Well, that's very helpful. Thank you. It just helps to understand, you know, who you may be pursuing from a customer perspective.

Matt Jor | Chief Executive Officer:

One thing I might add, sorry to interrupt, but one thing I might add, Brian, is the volumes are pretty substantial. for these units.

Amit Dayal | Analyst, HCV:

Yeah. So, so, so in that context, guys, then, you know, one customer could order like four or five, 10 of these units at a time. Is that how we should think about it? Or is it maybe a smaller size of deployment per customer?

Brian Barton | Chief Commercialization Officer:

No, I think that's accurate. I mean, just to give a marketing context, um, maybe the mats, uh, reference. There's about 1.3 million dehumidification systems globally installed, and they have various sizes of offerings in terms of how much air they can dehumidify. And so this is a pretty substantial market. And with AirJewel, you know, launching a product with such substantial energy savings, we think we can capture, you know, a good chunk of that market. Of course, you know, going into the market selectively. But yes, we anticipate that the you know, our initial customer engagements are going to be excited to replace many units. At the same time, of course, there's always, you know, proof points and validations. So, you know, that's expected for kind of the ramp curve. But I do anticipate a significant future volume.

Amit Dayal | Analyst, HCV:

So, you know, I was getting to that part. How long do you think, I mean, it looks like you're ready to, you know, place these, the A250s with customers for testing, potential customers for testing, et cetera. How much time do you think they may need, like three months, six months, nine months to just get confident about the results they're seeing from this offer?

Brian Barton | Chief Commercialization Officer:

Yeah, let's just talk a little bit about timing. So the A250 and the A1000 are right now still targeting, right, mid-2026 product launches. the exact timing for when A250 gets launched as a formal product ready to take POs. We're working on the details of that. We'll provide a more meaningful update in coming quarters. Of course, we'll be working with our customer partners to kind of get these pre-production units into their factory floors as soon as we are capable of. And then, of course, they will want to go through a de-risking on their side to ensure the reliability and the performance, you know, is adequate. So without getting into too much detail, I expect that some customers are going to be relatively risk tolerant to their specific application and some are going to be more cautious in the validation phase before volumes pick up. But I think there are, you know, even with that, there's a significant opportunity you know, to revenue as we kind of go into 2027 especially.

Amit Dayal | Analyst, HCV:

Thank you for that. Just one last one from you guys. The A1000, right, I mean, it's a bigger offering with, you know, better savings and water generation or water distillation capabilities. Like, have you guys done any work on how much, you know, maybe a data center can save, you know, by using this versus, you know, other systems they may be using right now?

Brian Barton | Chief Commercialization Officer:

Yeah, thanks for that. Specifically around the A1000, it's really around the levelized cost of water that we can provide to our customers. And the situation is evolving globally, water scarcity and water security. And data centers in particular, they're building out operations and quite large operations very quickly. And, you know, data centers typically design for N plus one redundancy on all four technologies. Water is and should be one of them. And really, you know, data centers are being built in locations where they may be not secure 100% of their water needs. And so they need to have a technology to fill the gap. So AirDuel is really one of the only technologies that economically for a customer can close the gap on water generation, pulling water out of the air and providing that high-quality water to industrial operations at an attractive levelized cost of water.

Amit Dayal | Analyst, HCV:

Understood.

Matt Jor | Chief Executive Officer:

Also, Amit, you might, Brian, talk about some of the learnings, particularly in Europe, where it might accelerate their permitting process by a couple of years.

Brian Barton | Chief Commercialization Officer:

Yeah, I mean, I think this is not just a European-based thing. Obviously, there's some recent conversations around the requirements in Europe to utilize waste heat from data centers. And, you know, conventionally, that would mean district heating. Otherwise, right, air joules may be one of the only other, I think, practical applications of this scale of heat, you know, taking that heat to water for communities. But to Matt's point, The, you know, oftentimes data centers are looking for power and land and fiber connections and water. And, you know, part of that equation and, you know, doing site selection, the water is sometimes not available, but everything else is super attractive. And so that's really where, you know, we end up having a lot of excitement with our customers.

Amit Dayal | Analyst, HCV:

Got it. Thank you, guys.

Operator | Conference Moderator:

Thanks a lot. Thank you. Next question is coming from Jeffrey Campbell from Seaport Research Partners. Your line is now live.

Jeffrey Campbell | Analyst, Seaport Research Partners:

Thank you, and congratulations on all the progress. I just wanted to ask a couple of questions regarding the Hubbard project, the first one being, should we think of the data gathering and the potential certifications sought from the Hubbard project as different from the work with ASU, or is it complementary? Yeah, thanks, Jeff.

Brian Barton | Chief Commercialization Officer:

They're complementary, but different as well. So the work in Hubbard is primarily a way where we can tap and run for a length of time using that geothermal well that's there. It's not really a geothermal well, but it's a well that's providing hot water. And through operating at length, we will be pursuing the certifications that are required for Air Jewel to be a potable water, you know, utility, for example. So we'll be, you know, pursuing those with Texas Commission on Environmental Quality, as well as NSF. And so that program, that deployment at Hubbard is really after those certifications, as well as just demonstrating long-term, you know, well, outdoor deployment, whereas ASU is for independent academic validation as well as being a regional showcase for a number of customers in the Phoenix area.

Jeffrey Campbell | Analyst, Seaport Research Partners:

So, it sounds like the end of the year. Go ahead. I'm sorry.

Pat Eilers | Executive Chairman:

No, no, Jeff. Complete your thought and then I was just going to add just additional color.

Jeffrey Campbell | Analyst, Seaport Research Partners:

I was just going to say it sounds like the data that you're gathering at Hubbard would be similar to the sort of data that you've gathered and the UAE with the demonstration with the pilot facilities you've had there. In other words, you know, a unit that's primary reason for being there is to create a water source, a potable water source.

Matt Jor | Chief Executive Officer:

Yeah, that unit is a standalone system, Jeff. It doesn't use waste heat. It doesn't have to. So it's sitting in a nice location just pumping out water. You saw Marwa with a picture of that water. That unit will be – an A250 will be placed in that same location here in the coming months.

Jeffrey Campbell | Analyst, Seaport Research Partners:

And then – Yeah, Jeff, how long – Oh, yeah, go ahead. I'm sorry.

Pat Eilers | Executive Chairman:

No, no, please keep going, Jeff. I'll come in at the end. I apologize.

Jeffrey Campbell | Analyst, Seaport Research Partners:

No, here's – well, here's my last one. I just wondered how long is the unit – me and Sal, Hubbard going to remain there, and is there any indication of where it might go next?

Brian Barton | Chief Commercialization Officer:

Yeah, so the unit will remain in Hubbard as long as we need to remain in Hubbard to achieve some of the certifications that we're pursuing. And then we'll be using that deployment to go to the next customer, which is we'll provide more specific guidance in future calls.

Matt Jor | Chief Executive Officer:

I found it interesting, Brian, to listen to Christian talk about the thermal energy coming out of that well. It's enough to support, Jeff, 80 A1000 systems. So, you know, long term, we believe we'll make a great impact for the city of town of Hubbard as a demonstration unit for other areas in Texas where water stress and drought is incumbent there.

Pat Eilers | Executive Chairman:

Yeah, Jeff, I was just going to offer, I apologize to continue to battle here with you, is that this is Pat Eilers. When you think about the progression of the commercialization of this technology, you know, Matt and team started in Montana with Pacific Northwest National Lab. We partnered with General Electric, and we're fortunate to, at their global research center in Schenectady, New York, I see the evolution going to ASU as a furtherance of an independent researcher who's an expert in the field, then being able to do this validated scientific analysis and publish research on an independent basis, and then as you step forward into what we've accomplished in Dubai and now will accomplish in Hubbard, Those are actually systems now put out beyond the scientific approach in specific applications that I think will demonstrate to the research community and our investors of the opportunity set that we have in front of us. And hopefully that progression helps you kind of, you know, put that progression logically in place.

Jeffrey Campbell | Analyst, Seaport Research Partners:

Well, yeah, I'll just follow. The thing I've always kind of wondered with this is if the more academic stuff is ultimately going to surround verifying the potability of the water or the quality of the water, because obviously a data center, if they're going to put up a lot of money and put a bunch of A1000s in there, they've already arrived at some level of belief in the system to make those investments. And then In the UAE, we saw the picture of water there. We know that it's working. If they've had a pilot and they want to come back with a more permanent system, that's another point of verification that they're satisfied that the system's behavior is advertised. Never want to knock having additional data and additional credibility, but just wondering if With Hubbard, we know that there's a specific endpoint that's being pursued, which is to get certified as a potable water utility. So that's really why I asked about ASU in regard to that, because it seems like it's more open-ended, although I think there was a reference to trying to take heat off of a smokestack or something, or they were doing that with another system, and maybe AirJewel will be compared to that as well. Cooling gas, thanks.

Brian Barton | Chief Commercialization Officer:

You know just one other thing on asu deployment right phoenix area is a very different humidity and temperature profile than Texas or really maybe anywhere in the world and. Partly the engagement with Paul is going to be looking as well at lower humidity sorbents and so you know Paul is going to be providing. This academic validation of the quality of water, you know when you're pulling air from. different humidity, temperature, locations, what is the quality of water. And they've done a lot of work in that field. They're the leading researchers in, you know, assessing both efficacy of water generation systems, like how productive they are, as well as the quality of water. And then, you know, with looking at novel sorbents kind of going in

there as well, provides that additional kind of research validation, you know, with pulse.

Jeffrey Campbell | Analyst, Seaport Research Partners:

Yeah, that's a great last point.

Matt Jor | Chief Executive Officer:

The other thing about ASU, Jeff, is not only validation of the technology, but there is a huge need. I think it's pretty well known for housing projects that are stymied by the fact that the groundwater isn't available to support them. It's funny that humans are going to locations and building in locations like that, but that's a fact. And so... we think that this ASU validation will be a great contribution to the solution we believe is to help those, not just data centers, but housing projects.

Jeffrey Campbell | Analyst, Seaport Research Partners:

Right, and I think the point about further research on different sorbents is a good point as well, because if we're not careful, we sort of think of this as a static project or a static product that's just looking for different ways to be utilized, but You're continuing to evolve it and trying to perhaps widen the range of use cases in terms of how extreme the location is, how little humidity, how much humidity, and so forth.

Brian Barton | Chief Commercialization Officer:

Yeah, we haven't really talked about some of the technology things that we're working on with respect to sorbent. But you think about our product and you realize that the sorbent is the thing doing all of the work. how much water we get out per hour, it's all about the sorbent's capability to take up that water and take it up quickly. And so really the main differentiator and the thing that will allow Aerojoule to continue to have the best products into the future is maximizing the sorbent and the capability of that coated contactor to provide a lot of water in a small footprint. All right.

Matt Jor | Chief Executive Officer:

yeah and all i can add to that jeff is the is the fact that ge renova we we've got the ongoing uh daily and weekly routine with the the ge renova experts on sorbent development it's one of the reasons we pulled together and then brian of course has chemists and chemical engineers in the facility in newark that are contributing to that effort oh thanks i think that's really great color

Pat Eilers | Executive Chairman:

Yeah, Jeff, we've been very deliberate on how we're putting our units into the market. Some is for scientific validation, which we already know the answer to, but it has to be independent. That's ASU. And then getting the product to Dubai and getting the product to Hubbard is now a further advancement of seeing it in actual use in the end market applications that we're very excited about. And hopefully it excites you as well. Certainly. Thanks.

Operator | Conference Moderator:

Thanks, Jeff. Thank you. We have reached the end of our question and answer session. I'd like to turn the floor back over to Matt for any further closing comments. Thanks, Kevin.

Matt Jor | Chief Executive Officer:

Thanks, everybody, for joining us today and your continued belief in AirJewel. We're making exciting progress, moving from innovation to product and from product to commercialization. Every step brings us closer to our vision of unleashing the power of water from air. and fulfilling our purpose of freeing the world from its water and energy constraints. The road ahead is full of opportunity, and with the momentum and our global partners we have today, we're ready to seize it. We look forward to updating you on our continued progress in the quarters ahead. Thank you.

Operator | Conference Moderator:

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time, and have a wonderful day. We thank you for your participation today.