Q1 2024 Investor Update

Montana Technologies Corporation (Nasdaq: AIRJ)

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**MONTANA TECHNOLOGIES PARTICIPANTS**

Matt Jore, Chief Executive Officer

Pat Eilers, Executive Chairman

Stephen Pang, Chief Financial Officer

Tom Divine, Vice President of Investor Relations and Finance

**TRANSCRIPT**

**Operator**

Greetings and welcome to the Montana Technologies' First Quarter 2024 Investor Update. At this time, all participants are in a listen only mode. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Tom Divine, Vice President, Investor Relations and Finance. Thank you, you may begin.

**Tom Divine**

Thanks Diego, and thank you all for joining us on the company's first quarter earnings call. On the call today are Matt Jore, our Chief Executive Officer; Pat Eilers, our Executive Chairman; and Stephen Pang, our Chief Financial Officer.

I would like to note that many of the comments during this earnings call 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 statements sections of our filings with the SEC, including our most recent registration statement on Form S-1. 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 Jore, our Chief Executive Officer.

**Matt Jore**

Thanks, Tom. First I'd like to welcome everyone for joining our first ever quarterly earnings call. It's a really exciting time for Montana Technologies, and I'm eager to provide everyone with a recap of a very busy first quarter.

Montana Technologies is a unique and compelling recent entrant into the equity markets for a number of reasons. First and foremost, we believe that our proprietary AirJoule®® technology, which I'll explain in more detail in a few minutes, is transformational with respect to air conditioning and atmospheric water harvesting. We believe that these two markets, air conditioning and water harvesting, have a total addressable market of around $450 billion dollars.

We also have established several strategic partnerships with industry leaders to help us scale efficiently and commercialize our AirJoule® technology. These partners include BASF on the supply side, GE Vernova and CATL, our joint venture partners, and Carrier Global Corporation on the demand side in the HVAC markets. We believe we will be able to leverage these partnerships to scale the manufacturing and productization of the AirJoule® technology in a capital efficient manner under our key components business plan. We call it AirJoule® inside.

In order for us to be successful as we grow and move Montana Technologies forward, we've assembled a strong management team that has experience in public companies across all sectors of the energy industry. Stephen Pang joined us recently as Chief Financial Officer, and Stephen brings a tremendous amount of Wall Street experience, which we believe will be invaluable as we start our journey as a public company. We also brought on a new Chief Legal Officer in Chad MacDonald, whose past experience has been focused on transactional and securities law, both in-house at public companies and at top law firms. And Tom Divine, who you heard from at the front of this call, is an experienced public company investor relations executive who will lead our investor communications at every step of our journey.

We also have the benefit of having an incredibly qualified board of directors.

Two of our directors have been involved with Montana for many years as investors, and I'm thrilled that they're continuing to serve on our Board after the completion of our recent business combination. Stu Porter is the founder and Managing Partner of Denham Capital,

a large private equity firm focused on sustainable infrastructure and the energy transition; and Max Baucus, former US Ambassador to China and former six-term US Senator from the State of Montana.

We've also added the expertise of Paul Dabbar and Dr. Marwa Zaatari. Paul is a former Under Secretary for Science at the Department of Energy, where he was the principal advisor on fundamental energy research, energy technologies, and science. Dr. Zaatari is a renowned expert in the areas of building science and indoor air quality, and she is an influential leader of the American Society of Heating, Refrigerating, and Air Conditioning Engineers.

As part of our recent business combination and the associated capital raise, we were really fortunate to attract Carrier not only as our commercialization partner for HVAC deployment, but also as a strategic investor. Ajay Agrawal, who is the Senior Vice President of Global Services, Business Development, and Chief Strategy Officer at Carrier, joined the board of Montana Technologies, as did Kyle Derham, who is a partner at the Rice Investment Group. The Rice Investment Group, which also participated in our private capital raise, has a long and successful track record of investing across the energy technology space. And we are thrilled to have Ajay and Kyle on our board.

Last but certainly not least, is Pat Eilers, our Executive Chairman. Pat is the founder and Managing Partner of Transition Equity Partners, with a focus on energy transition and with expertise in energy efficiency. Transition Equity Partners has been a long-term key investor in Montana Technologies.

Pat was also the CEO of Power and Digital Infrastructure Acquisition II Corp., the SPAC predecessor to Montana Technologies Corporation. Pat was instrumental in that business combination, as well as in the associated capital raise. We simply wouldn't be here if it wasn't for Pat's leadership, so I'm thrilled that he has stepped into the role of Executive Chairman.

I'd also like to take a minute to mention a couple members of our technology team. Pete McGrail, our Chief Technology Officer, and JJ Jenks, our VP of Technology, developed the initial concept for the AirJoule® system when they worked together at the Pacific Northwest National Lab. They joined the team at Montana Technologies to help us as we took that concept and made it a reality.

Finally, I want to mention Bryan Barton. Bryan came over from GE Vernova, where he was on the ventures team, and is now leading the joint venture that we recently closed with GE Vernova. And Dave Moore, leader of the GE research team for the atmospheric water project. Dave is Acting CTO for our joint venture with GE.

The Montana Technologies story really begins in 2020 when I was introduced to Pete McGrail, who was then leading the research at the Pacific Northwest National Lab, and the concept that he and JJ developed to use Metal Organic Frameworks, or MOF, which act as a super-porous sponge to extract water from air and enable self-regenerating air conditioning at the lowest possible energy consumption. Now dubbed AirJoule®, a reference to "energy and water from air," the system makes use of the thermal energy associated with water vapor to harvest liquid water and dehumidify air. AirJoule® takes advantage of this natural thermal energy to assist a low energy pressure swing under vacuum. We at Montana realized that this unique concept could have the potential to transform the current technology used for air conditioning and could enable cost-effective atmospheric water harvesting.

Over the last four years, we've taken this concept and innovated around it to improve the energetics and efficiency. We've added additional proprietary components, methods, and controls necessary to optimize this internal thermal energy and enable reliable operation under vacuum pressures. We've developed significant additional IP for these components, methods, and controls.

Now let me explain the basic process and importance of our proprietary AirJoule® technology. The atmosphere surrounding the earth is filled with water molecules in vapor form – in fact, the atmosphere is the world's largest freshwater aquifer, and AirJoule® taps into that aquifer at an unprecedented low cost of energy. We believe that, in addition to reducing the cost and energy of air conditioning, AirJoule® has the potential to facilitate a solution to water scarcity around the world. How AirJoule® does this is quite elegantly simple. AirJoule® has two chambers that alternate between an open state and a closed state. As humid air flows into an AirJoule® chamber that is in an open state, it passes through contactors coated with this special material, MOF.

The chemical properties of the MOF coating allow it to act as a giant sponge, and it adsorbs the water vapor molecules out of the air. This process is known as adsorption. As the chemical bonding between the water vapor molecules and the MOF occurs, thermal energy is naturally created. This "free" thermal energy is transferred to MOF-coated contactors in a second identical chamber that is in a closed state. The closed chamber is drawn under vacuum and water vapor molecules flow through our vacuum swing compressor to harvest water vapor molecules from the MOF coating, assisted by the thermal energy transferred from the open chamber. This process of water vapor harvesting is known as desorption. As the water vapor molecules pass through our proprietary vacuum swing compressor, they are partially compressed so that they change phase to pure liquid water inside our proprietary vacuum condenser. The end result is de-humidified

air and pure, PFAS-free distilled water. The two chambers then alternate open and closed states to maintain a continuous process.

When you think about it, AirJoule® technology allows us to take in the ambient, humid air all around us and output conditioned air and pure, PFAS-free water for a fraction of the cost of any existing technology. And when you start to think of the impact that this can have around the world, the numbers get really big. We estimate the global total addressable HVAC market to be around $350 billion and estimate that the total addressable market for atmospheric water harvesting will grow to over $100 billion. We think the atmospheric water harvesting market has the potential to be even larger than that of HVAC, eventually. So that's a total addressable market of $450 billion that's ripe for transformation by AirJoule®.

We've also been paying attention to the data center industry, which has been rapidly expanding to accommodate the immense computing power needed by artificial intelligence and high-performance computing. A recent report from Goldman Sachs estimates that power demand for data centers will grow by 160% between now and 2030. The amount of water needed to cool these data centers is also growing significantly, and that is hampering the development of new data centers as municipalities balk at their water requirements. We believe that our proprietary AirJoule® technology can be deployed at these data centers to help reduce municipal water consumption and allow for greater reuse of water for evaporative cooling.

So, as you can tell, we're very excited about the next few years as we begin to scale our manufacturing processes in conjunction with our joint venture partners and customers. As early as this summer, we expect to provide pre-production AirJoule® units to key customers, and we look forward to providing a technological update on our latest AirJoule® units, including new frontiers achieved from a watt-hour per liter of water production and energetics perspective. We also invite any interested parties to reach out to us if you are interested in visiting our, or our joint venture's, facilities in Montana, New York, or Delaware to see the AirJoule® technology for themselves.

I've talked for too long now, so let me pass it over to Pat Eilers, our Executive Chairman, to give some comments about the recent business combination and even discuss our partnerships in a little bit greater detail. Pat?

**Pat Eilers**

Thanks Matt. And thanks for that great overview of the company and the AirJoule® technology. As Matt mentioned, I'm the founder and Managing Partner of Transition Equity Partners, which is a private equity firm focused on energy transition. I was also the CEO of

Power & Digital Infrastructure Acquisition II Corporation, which successfully IPO'd in December of 2021 with a focus on energy transition and energy efficiency. Shortly after, in January 2022, we met Matt and the Montana Technologies team, which culminated in our initial private investment into the company that year. We continued to monitor their progress and just over a year later, in March 2023, we were in Ronan, Montana, along with four PhD's from GE Vernova's technical team, and we saw the AirJoule® technology work for the first time with our very own eyes.

The reason why I was drawn to Montana Technologies from an investor perspective, and why we ultimately decided to pursue this merger, is because I believe this is one of the most attractive energy efficiency opportunities that I've seen in my 25 years of investing over $2 billion in energy transition opportunities.

From an investor perspective, you always consider technology risk, scaling of manufacturing risk, and finally, market penetration risk.

Well, as of March 2023, Montana Technologies put technology risk in its rear-view mirror, demonstrating that the AirJoule® technology was now proven and works.

The risk that comes with scaling and the capital-intensity, generally in the billions of dollars, required for scaling manufacturing is mitigated by the partnerships that Montana Technologies has established with global industry leaders, including BASF, GE Vernova, CATL, and Carrier.

Finally, as Matt mentioned earlier, we estimate a $450 billion total addressable market between HVAC and water harvesting. The transformational technological leap that AirJoule® provides is materially less expensive from both a capex and ongoing opex perspective, lowering costs by as much as 50% than current market technologies. These factors strongly incentivize market adoption.

All of these factors, in my opinion, make Montana Technologies a compelling investment opportunity with a highly attractive Sharpe ratio.

We've mentioned the importance of the partnerships we have, so please allow me to delve into these in more detail.

BASF, the largest chemical producer in the world, is our global supplier of the Metal Organic Frameworks, otherwise known as MOF, that we use to coat the contactors in the AirJoule® unit. As Matt described, these act like sponges, soaking up only water molecules from the air.

We've formed joint ventures with GE Vernova and CATL that will advance the manufacturing and distribution of the AirJoule® components and technology in each of their designated geographies around the world.

Our joint venture with GE Vernova is led by Dr. Bryan Barton, with a headquarters and manufacturing facility currently being built out in Wilmington, Delaware. Bryan came from GE Vernova's ventures team, and has extensive experience developing and commercializing technologies. Over the next few months, his focus is on testing and refining our latest AirJoule® unit, as well as coordinating initial pilot projects with a long list of interested customers. He and his team are instrumental in addressing and meeting the demand-pull dynamic from our customers who have seen the technology and realize the positive impact it can have on their energy costs, water usage, and scope 2 emissions.

Finally, we have a binding term sheet to enter into a commercialization and collaboration agreement with Carrier, which is one of the leading HVAC companies in the world and whose founder and namesake, Willis Carrier, is actually credited with inventing modern air conditioning over a hundred years ago. Under our agreement, Carrier will be our exclusive commercialization partner for deploying AirJoule® in the HVAC market across the Americas. Their expertise will be invaluable as we look to integrate AirJoule® technology directly into commercial HVAC systems.

Now, it's my pleasure turn it over to Stephen Pang, who I've known for over a decade and who recently joined us as Montana Technologies' Chief Financial Officer.

**Stephen Pang**

Thanks Pat. During the quarter and prior to the business combination that was completed in March, Montana Technologies raised in excess of $50 million of equity capital through a common private capital raise, along with cash remaining in trust following redemptions. This included commitments from strategic investors like GE Vernova and Carrier, as well as the Rice Investment Group, which is a well-respected and successful investor in the energy space.

We ended the quarter with $37 million dollars on the balance sheet. This cash balance reflects the transaction costs and advisory fees paid in connection with the closing of the business combination. Additionally, it also includes a $10 million capital contribution to our joint venture with GE Vernova, which is consolidated into our financials given our 50% ownership of the joint venture. We report our financials on a consolidated basis as Montana Technologies is deemed to be a primary beneficiary of the JV today.

I would also point out that our March 31$^{st}$ cash balance of $37 million does not include a $6 million subscription receivable that has since been funded following the quarter end.

The cash on Montana Technologies' balance sheet, along with the $10 million of cash which sits at the joint venture entity as I previously mentioned, fully supports the development budget that the joint venture has planned in order to advance the AirJoule® commercialization efforts. I would also note that going forward, Montana Technologies is expected to contribute additional capital to the joint venture based on a business plan and future annual operating budget to be agreed upon with GE Vernova.

With that, I'll pass it back to Matt.

**Matt Jore**

Thank you, Stephen, and we're sure glad to have you aboard.

I'd like to thank everyone for tuning in today, and I hope you now understand why our team is so excited to be in the position we're in. We believe our proprietary AirJoule® technology is positioned to transform the HVAC and water harvesting markets, which we estimate collectively have a $450 billion total addressable market. Not to mention the increasing need for water and cooling in the data center industry as it grapples with the explosive growth of artificial intelligence and high-performance computing. Our pathway to scaling and commercialization is supported by the partnerships we've established with some of the world's most respected and leading players, including BASF, GE Vernova, CATL, and Carrier. We believe these partnerships will allow us to scale and bring AirJoule® to market in a capital efficient manner. And we thank you very much.

**Operator**

This concludes the first quarter earnings call for Montana Technologies. You may disconnect your lines at this time. Thank you for your participation.